



## CORPORATE GOVERNANCE

### 1. Structure and shareholders of the UNILABS Group

#### Group structure

Unilabs SA is a limited company incorporated under Swiss law with its registered office at Geneva, in Switzerland. The bearer shares are listed on the SWX, Swiss Exchange, code ULB, No. ISIN CH 0012561640. The stock market capitalisation of Unilabs SA as at May 31, 2005, based on the number of shares in circulation and the price of the bearer share on May 31, 2005, i.e. CHF 36.90, free float according to the SWX definition, stood at approximately CHF 220 million.

Specialising in clinical testing, the Unilabs Group is present through its affiliated companies in Switzerland, France, Spain, Italy and Russia. The companies affiliated to the Unilabs Group included in the consolidation scope are stated in the list of consolidated subsidiaries on page 31 of the annual report with an indication of their names, registered office, share capital, percentage ownership and their proprietary shareholding interests. No company listed on the stock market is included in this scope of consolidation. Some activities are centralised or co-ordinated and managed from the Group headquarters, while the operational functions are delegated to a manager for each country.

The management and executive structure of the Unilabs Group is as follows:

- Mr. Blaise Mentha, Chief Executive Officer until August 12, 2005, effective date of his resignation; as from that date, Mr. Edgard Zwirn, Executive Chairman, has assumed the duty of Chief Executive Officer for Swiss operations while Mr. Tobias Fenster has assumed the duty of Chief Executive Officer for international operations,
- Mr. Bruno Adam, Chief Financial Officer, head of Group Financial affairs,
- Prof. Raymond Auckenthaler, Chief Medical Officer, head of Scientific and Medical Affairs for the Group,
- Mr. Stéphane de Buren, Chief Marketing and Sales Officer, head of Group Marketing and Customer Development, as from March 1, 2005,
- Mr. Roland Mauduit, Chief Information Officer, head of Information Technology for the Group, until January 17, 2005; as from that date, this duty was assumed by Mr. Eric Baerts,
- Mr. Michel Paccard, Chief Marketing and Sales Officer, head of Group Marketing and Customer Development, until October 31, 2004, and Chief Business Development Officer as from November 1, 2004,

- Mrs. Nicole Regamey, Chief Human Resources Officer, head of the Group Human Resources policy,
- Mr. Eric Wavre, Chief Administration Officer and Secretary to the Board of Directors, in charge of legal and administrative affairs of the Group,
- Mr. Günter Konrad, Chief Operating Officer Switzerland,
- Mrs. Marie-Cécile Chrétien, Chief Operating Officer France,
- Mr. Tobias Fenster, Chief Executive Officer International operations,
- Mr. Marcelo Weisz-Brassay, Chief Operating Officer Spain,
- Mrs. Mariella Enoc, Chief Operating Officer Italy.

Figures with a breakdown by country will be found on page 30 of this annual report.

#### Major shareholders

As at May 31, 2005, the group consisting of Mrs. and Messrs. Marguerite Zwirn, Edgard Zwirn, Léopold Zwirn, Stanley Zwirn, Eleonora Gherardi, Alessandra Gherardi, Giorgio Gherardi and Nicolas Weisz-Brassay, together with Unilabs Group Ltd., Charminster Trading Ltd. and Forbes Associates Ltd., held 4,800,000 registered shares and 1,649,200 bearer shares representing 40.4% of the nominal capital and 52% of the voting rights, according to the notification given to the Company and publication in the Swiss Official Commercial Gazette on June 25, 2002. The Company has not been informed and is not aware of any change in the membership of the above group or in the number of shares owned since the aforementioned publication.

The situation was unchanged as compared to that as of May 31, 2004.

May 31	2005		2004	
	Registered shares	Bearer shares	Registered shares	Bearer shares
Families' group	4,800,000	1,649,200	4,800,000	1,649,200

As at May 31, 2005, Unilabs SA held 151,252 bearer shares, representing less than 5% of the nominal capital and of the voting rights.

As at May 31, 2004, Unilabs SA held 193,229 bearer shares, representing less than 5% of the nominal capital and of the voting rights.

## CORPORATE GOVERNANCE

Pursuant to Article 659a, the voting right carried by shares held in treasury by Unilabs SA has been suspended.

May 31	2005 Bearer shares	2004 Bearer shares
Unilabs SA	151,252	193,229

To the best of the knowledge of Unilabs SA, no person or body other than those referred to above owns more than 5% of the shares in Unilabs SA. There is also no cross-shareholding interest in excess of 5%.

Any investor who, either directly or indirectly or in concert with third parties, acquires, holds or sells for his own account shares in Unilabs SA and whose shareholding interest following that transaction reaches, exceeds or falls below the thresholds of 5%, 10%, 20%, 33 1/3%, 50% or 66 2/3% of the voting rights, regardless of whether he is authorised to exercise them, must inform Unilabs SA and the body responsible for public notification of shareholding interests at SWX Swiss Exchange. This declaration must be made within 4 stock market working days of the date on which the obligation to declare is generated. The management of Unilabs SA is also required to publish the declaration within a maximum time limit of 2 stock market working days of its receipt.

### Cross-shareholdings

Unilabs SA and the Unilabs Group do not have any cross-shareholdings pursuant to the directive on corporate governance.

## 2. Capital structure

### Share capital

The share capital of Unilabs SA amounts to CHF 10 million, divided into 4.8 million registered shares of CHF 0.50 and 7.6 million bearer shares of CHF 1.00. Only the bearer shares are listed on the SWX Swiss Exchange. The rights carried by the two kinds of shares are described in Section 6 of this report.

### Conditional and authorised capital

As at May 31, 2005, Unilabs SA had a maximum conditional share capital of CHF 80,000, which may be used for the issue of not more than 80,000 new bearer shares of CHF 1.00 each, which must be fully paid up by the exercise of the option rights granted to the staff of the Company or of its subsidiaries on the basis of a shareholding option plan. The situation was therefore unchanged as compared to that as of May 31, 2004.



### Change of capital in the last three financial years

There was no modification of the equity capital during the last three financial years 2002/2003, 2003/2004 and 2004/2005.

The changes in share capital, reserves and retained earnings are as follows:

	Bearer shares CHF 1.00	Registered shares CHF 0.50	Amount of bearer and registered shares CHF	Conditional capital Bearer shares CHF	Paid-in surplus, general reserve and reserve for own shares CHF	Retained earnings CHF
May 31, 2002	7,600,000	4,800,000	10,000,000	80,000	41,615,780	10,287,022
Changes	-	-	-	-	8,826,361	(23,981,851)
May 31, 2003	7,600,000	4,800,000	10,000,000	80,000	50,442,141	(13,694,829)
Changes	-	-	-	-	(33,290,646)	30,846,263
May 31, 2004	7,600,000	4,800,000	10,000,000	80,000	17,151,495	17,151,434
Changes	-	-	-	-	1,442,239	(3,845,699)
May 31, 2005	7,600,000	4,800,000	10,000,000	80,000	18,593,734	13,305,735

The option rights are strictly limited to staff of the Company or of its subsidiaries and the preferential subscription right of the present shareholders is expressly excluded for such shares. The exercise of each option right will confer upon its owner the possibility of subscribing to a new share in the Company at the issue price, which will be defined in the framework of the participation plan drawn up by the Board of Directors. These provisions are based on Article 5bis of the articles of incorporation of Unilabs SA.

Unilabs SA does not have any authorised equity capital increase pursuant to Article 651 of the Swiss Code of Obligations.

### Options issued

As of May 31, 2004, Unilabs SA had an option plan on bearer shares in virtue of which staff and Board members have received share purchase options. This plan was decided by the Executive Committee on August 7, 2000 and ratified by the Board of Directors. This plan allocated 400,000 options to the executive staff and Board members of the Unilabs Group. Each option gave the right to acquire one share at the price of CHF 55.00 between 8 August 2003 and 7 August 2004 inclusive. When the decision was taken to grant options, the price stood at CHF 45.00 per share. The purpose of this option plan was to enable the executives and the Board members to benefit from a medium-term participation and to encourage the executive staff to remain in employment with the Unilabs Group so that the interests of the executive staff and directors converge with those of the shareholders.

# CORPORATE GOVERNANCE

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In order to guarantee the exercise of the options without any particular risk to the Company, shares had been bought back on the market and were held by Unilabs SA to ensure that they be available for delivery when the option rights were exercised.

The Board of Directors ratified the proposal from the Executive Committee relating to the determination of the beneficiaries of options, the number of options granted, the exercise price conditions and the date of the allocation. The options could be taken up at any time during the exercise period. Except under certain specific circumstances, all the options in which the rights had not yet been exercised lapsed in the event of cessation of the employment relationship or at the end of the term of office of a Board member.

The share quotation did not reach the price of CHF 55.00 during the exercise period of the options from August 8, 2003 to August 7, 2004. Accordingly, no option was exercised and the plan has now expired.

No option plan was issued during the year ended May 31, 2005, and no such plan is presently open, or as of May 31, 2005.

### Participating and non-voting shares and convertible loans

Unilabs SA did not issue any participating or non-voting shares, or any convertible loan.

## 3. Board of Directors

The areas of responsibility of the Board of Directors and members of the Executive Management are defined by the law and by the articles of incorporation of Unilabs SA.

The Board of Directors of Unilabs SA currently consists of six members, all of them non-executive with the exception of Mr. Edgard Zwirn, the Executive Chairman.

In compliance with the articles of incorporation, a majority of the members of the Board of Directors are Swiss nationals with a domicile in Switzerland. The following list gives information on the names, date of taking up duties, term of office and nationality of the persons who currently have seats on the Board of Directors, together with details of their professional background and the main posts held by them previously.

### Edgard Zwirn

- Chairman of the Board of Directors and Chief Executive Officer until May 31, 2003; Executive Chairman since June 1, 2003; member of the Board since June 1989; his term of office expires on November 29, 2005.
- Belgian nationality.
- Graduate in economic and political science from the Free University of Brussels.
- After holding managerial positions in Belgian companies, active mainly in the field of clinical testing and software for medical applications and leased equipment, Mr. Zwirn became a founder and member of the Board of Directors of RAID SA, a Belgian laboratory operating in pharmaceutical and food analysis in Brussels. In 1987, he became a board member of IESA Investissements SA, a Swiss financial company based in Geneva specialising in financial investments. With a group of investors, Mr. Zwirn founded in 1987 Unilabs Holdings SA, which acquired the Swiss clinical testing laboratories of the Metpath group and in 1989 founded Unilabs SA of which he became chairman of the Board of Directors and member of the Executive Committee, Audit Committee and Compensation Committee. Still in 1987, Mr. Zwirn, together with a group of investors, founded Unilab Corporation (USA) which was active in the field of clinical testing and of which he was a board member until 1992. Since that date, Unilab Corporation has not had any link with Unilabs.
- Other directorships: Mr. Zwirn is a board member of Selo Press Group and of Unilabs Holdings SA.

#### Alessandra Gherardi

- Member of the Board of Directors since February 1997, her term of office will expire on November 29, 2005.
- Swiss nationality.
- Holder of a management and psychology diploma from Webster University Geneva.
- Mrs. Gherardi held posts successively in a trust company working in the field of the incorporation and management of companies and was chief executive officer of the Selo Press Group from 1998 to 2002.
- Mrs. Gherardi holds no other directorships.

#### Jean Buhler

- Member of the Board of Directors since November 1996; his term of office will expire on November 29, 2005.
- Swiss nationality.
- Graduate in business sciences from Fribourg University.
- Mr. Buhler is a member of the general management of Union Bancaire Privée, in charge of the Swiss clientele and the Eastern European zone. Previously Mr. Buhler who joined UBS in 1975, held managerial positions in Geneva as head of institutional customers of the bank (1978-1984) and then in charge of private banking (1978-1992); he was a member of the general management of the Unigestion bank (1992-1996) and subsequently of the general management of Banque Hypothécaire du Canton de Genève (1996-1999).
- Mr. Buhler holds no other directorships.

#### Alex Hoffmann

- Member of the Board of Directors since November 1999. His term of office will expire on November 29, 2005.
- Swiss nationality.
- Holder of a university degree in economic science from the University of Geneva and a doctorate in economic science from the University of Neuchâtel.
- Mr. Hoffmann has been chairman of the Board of Directors of the Clariden Bank Group since 2000. Previously he was head of investment policy and a member of the Managing Committee (1973-1976) at Clariden Bank, manager of the Geneva branch (1976-1981) and head of the asset management sector of the bank (1981-1986) before being appointed chief executive of the bank and chairman of the Management Committee (1986-1999).
- Other directorships: Mr. Hoffmann is chairman and/or board member of companies affiliated with the Clariden group and of their investment and occupational benefits funds; he is a director of Téléverbier SA.

#### Patrick Schellenberg

- Member of the Board of Directors since June 1989; his term of office will expire on November 29, 2005.
- Swiss nationality.
- Holder of a first degree in law from the University of Geneva and licensed to practice as an attorney.
- Mr. Schellenberg, attorney at the Geneva bar, is a member of the Law Office of Budin and Partners in Geneva. He specialises in the fields of arbitration, business and company law, mergers and acquisitions and private international law. Previously he was a substitute judge at the Court of Justice in Geneva (Appeal Court) and a partner in the Law Office of Lalive, Budin and Partners.
- Other duties: member of the Association of Business Law in Geneva, the Swiss Arbitration Association and the French Arbitration Committee.
- Other directorships: Mr. Schellenberg has been a director of Lukoil SA and Litasco SA since August 2003.

#### Pierre Schifferli

- Member of the Board of Directors since June 1989; his term of office will expire on November 29, 2005.
- Swiss nationality.
- Holder of a first degree in law from Geneva University and licensed to practice as an attorney.
- Mr. Schifferli is a partner in the law office of Python, Schifferli, Peter in Geneva. Previously he was an assistant at the Faculty of Law in Geneva and then a member of the Law Office of Lenz, Schlup, Briner and de Coulon.
- Other duties: Mr. Schifferli is a member of the International Bar Association and of the Swiss Association for Arbitration Law.
- Political mandate: Mr. Schifferli was elected Député au Grand Conseil of the Canton of Geneva in the autumn of 2001.
- Other directorships: Mr. Schifferli is a director of the shipping companies: Massocéan, Massshipco, Massmariner, Masstrader and Masscape.

### CORPORATE GOVERNANCE

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There are no reciprocal representations at the level of the Board of Directors of Unilabs SA and other stock market-listed companies. Business relations between the Unilabs SA Group and some members of the Board of Directors are described in Section 5 of this report on page 53.

All members of the Board of Directors are elected for a term of office of one year until the date of the next annual general meeting of shareholders. They may be re-elected several times, as the articles of incorporation of Unilabs SA do not limit the number of successive terms of office which the members may hold. Candidates for election or re-election are proposed by the Board of Directors at the general meeting of shareholders. The Board of Directors works under the supervision of its Chairman. As at May 31, 2005, the Board of Directors had not appointed a vice-chairman or director-delegate. The Board of Directors meets 4 to 6 times each year. During the year ended May 31, 2005, the Board met 4 times and took decisions 4 times through circular resolutions. The members of the General Management may be invited to attend for the discussion of specific items on the agenda. An Executive Committee, an Audit Committee and a Compensation Committee assist the Board of Directors in the performance of its tasks.

#### Executive Committee

The main task of the Executive Committee is to prepare major decisions of the Board of Directors. In that capacity it:

- prepares and draws up the Business Plan to be submitted to the Board of Directors for approval;
- prepares and draws up the budget to be submitted to the Board of Directors;
- issues recommendations concerning acquisitions put forward for ratification by the Board of Directors;
- delivers an opinion, and decides, on transactions and operations falling within its terms of reference which must be ratified by the Board of Directors.

The Executive Committee meets as often as the business of the Company so requires. The Executive Committee works under the supervision of the Chairman of the Board of Directors. The Executive Committee met 4 times during the year ended May 31, 2005.

The Executive Committee has three members:

- Edgard Zwirn, Chairman
- Giorgio Gherardi, Swiss nationality  
Member of the Executive Committee since 1997. After studying business at Namur, Belgium and Paris, France, Mr. Gherardi was a member of the Executive Committee and Board of Directors of Banque Commerciale Immobilière SA Suisse (1975-1980) and Chairman of Credit Hold SA in Luxembourg (1976-1982). Co-founder in 1987 of Unilab Corporation (USA) and of Unilabs Holdings SA.
- Patrick Schellenberg, member.

The members of the General Management may be invited to attend meetings of the Executive Committee when agenda items so require.

#### Audit Committee

The main task of the Audit Committee is to assist the Board of Directors to perform its obligations relating to accounting principles, internal audits and practices followed by the Group in drawing up its accounts and financial reports. The Audit Committee has the following main tasks:

- to ensure the establishment of financial reports and adequate reporting on the Group's financial situation;
- to ensure compliance with the laws, applicable regulations, IFRS accounting standards and internal rules;
- to perform internal supervision;
- to supervise the internal audit procedures of the business;
- to ensure the proper conduct of the external audit and to assume on behalf of the Board of Directors the role of intermediary with the external auditors.

The Audit Committee meets 3 to 4 times each year, depending upon the circumstances. During the year ended May 31, 2005, the Audit Committee met 3 times. On May 31, 2005, the Audit Committee had the following members:

- Edgard Zwirn, Chairman with a consultative vote
- Jean Buhler, member
- Alex Hoffmann, member.

## Compensation Committee

The Compensation Committee has the following terms of reference:

- to define the remuneration policy of the Unilabs Group;
- to examine and approve the objectives for the remuneration of members of the General Management and executive staff;
- to assess performance of the members of the General Management;
- to prepare recommendations for the Executive Committee and Board of Directors on stock option and participation plans for the management.

The Compensation Committee meets 3 to 6 times each year. Members of the General Management attend meetings when specific items on the agenda require their presence. As at May 31, 2005, the Compensation Committee had the following members:

- Edgard Zwirn, Chairman
- Patrick Schellenberg, member
- Jean-Pierre Cubizolle, member since 2003 in the capacity of external consultant:

French nationality

Holds an Engineer's degree in fluid mechanic from Ecole Nationale Supérieure de l'Armement, Paris, and an MBA from Whitmore Business School at University of New Hampshire, United States. Mr. Cubizolle was in charge of personnel management for international subsidiaries of Motorola Inc. in Chicago. He then was during 6 years managing partner of Towers Perrin, in charge for all consulting activities in Switzerland and Southern Europe. Mr. Cubizolle is chairman of the board of CC&T Group Holding Ltd. and of CC&T SA (Suisse), and of affiliated companies in Luxembourg, France, Egypt and in Spain. Other duties and mandates: member of the governing board of Fondation AAA, member of the compensation committee of EIM Groupe, chairman of the governing board of Fondation Intertetra member of the governing board of Fondation SupTetra, member of the board of directors of Genyx LLC, Dubai and Chairman of the Galileo pension foundation, Geneva.

The responsibilities of the Board of Directors are those defined by Articles 716 and 716a of the Swiss Code of Obligations, to which the Company's articles of incorporation do not derogate.

The Board of Directors has delegated routine management of the Company to the general management of the Group, with the exception of certain specific matters which fall within the terms of reference of the Executive Committee or Board of Directors, such as decisions on acquisitions, long-term financing, executive management organisation, approval of budgets and business plans, compensation policy and the Group's policy general principles.

The information and controlling instruments available to the Board of Directors in relation to the Executive Committee and the Management consist of the monthly reports on the Group results, comparisons with budgets, and the progress of business in general.

The Audit Committee regularly keeps the Board of Directors informed of its surveillance and control activity undertaken during the year within the framework of its responsibilities as described herein in the Audit Committee section on page 48.

## 4. General Management

The following list sets out the names, nationalities and date of taking up duties with the Unilabs Group of the persons who belong to the General Management in September 2005 or at any time during the year ended May 31, 2005, together with details of their professional training and the main posts held by them. No member of General Management holds any professional or political mandate, except as stated below; further, the Group does not have any management contract with companies or physical persons outside of the Group.

### Blaise Mentha

(resigned as of August 12, 2005, see section 1 above)

- Swiss nationality
- Holder of a degree in law from Geneva University
- Chief Executive Officer of the Unilabs Group since June 2003. Mr. Mentha joined the Group in 1999 and was successively general manager for the French-speaking part of Switzerland and then for the whole of Switzerland before becoming chief operating officer for the entire Group. Previously, Mr. Mentha was managing director of the Bioanalytique group (1993-1999), a clinical testing laboratory group in the French-speaking part of Switzerland, Chief Executive Officer of Clinique de Carouge (1995-1999), founder and managing partner of the Gespower company in Geneva at which he specialised in the creation, organisation and merger of companies, more particularly in the healthcare field (1984-1999).
- Other duties: director of Gespower SA, of AB Group SA, and Privegest SA.

### CORPORATE GOVERNANCE

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#### Tobias Fenster

- Brazilian nationality
- Holder of an engineering diploma from the Catholic University of Rio de Janeiro, a master of science in industrial engineering and a master in business administration from the University of Stanford, California.
- Chief Executive Officer International operations since August 2005 and previously Chief Operating Officer Spain for the Unilabs Group since 1996. Previously Mr. Fenster served as consulting engineer with Booz, Allen et Hamilton Inc, Sao Paolo (1973–1974), associate financial director of Brazil Holanda de Industria SA, plywood production in Rio de Janeiro (1974–1991) and associate director and engineer with Computer Barn SA, an information technology distribution company in Switzerland (1991-1996).

#### Bruno Adam

- French nationality
- Holder of a degree in economics (business administration) from Ecole des Hautes Etudes Commerciales (HEC) at Lausanne University.
- Chief Financial Officer of the Unilabs Group since April 2003. Mr. Adam joined the Unilabs Group when it was founded in 1989. He set up the system for monthly reporting by profit centres, supervised the introduction of IFRS standards in the Group and has looked after the financial and due diligence aspects of the Group and the integration of its acquisitions since its incorporation. He supervised all the internal procedures of the IPO (Initial Public Offering) on the occasion of the stock market listing of Unilabs SA on the Swiss Exchange in 1997. Previously, Mr. Adam worked for Arthur Andersen in Geneva (1973-1988) where he held the post of Senior Audit Manager.

#### Professor Raymond Auckenthaler

- Swiss nationality
- Holder of the Swiss Federal diploma in medicine, FMH specialist in internal medicine, FMH specialist in infectious diseases and FAMH expert in medical microbiology analyses, associate professor at the Faculty of Medicine in Geneva.
- Chief Medical Officer of the Unilabs Group since January 2001. Previously, after seven years of professional training (1970-1977) in the hospitals of Bern, Langenthal and Lucerne, in internal medicine with the capacity of head of clinic, Mr. Auckenthaler held the position of head of clinic, Division for Infectious Diseases at the Cantonal Hospital of Geneva (1977-1980) and then at the Mayo Clinic, Rochester USA (1980-1981) in the Microbiology Section. Mr. Auckenthaler then became deputy medical officer and later director in charge of the Central Bacteriological Laboratory at the University of Geneva (1981-2001) and consultant in infectious diseases (1986-2001).

#### Eric Baerts

- Belgian nationality
- Holder of a degree in information technology (option: management) from Institut d'Enseignement Supérieur in Seraing (Belgium).
- Chief Information Officer of the Unilabs Group since January 2005. Previously, Mr. Baerts served as an analyst programmer with several public bodies in Belgium (1983-1984), analyst programmer and teacher with IDATA Belgium (1984-1988), and then head of distribution and installation for IDATA France (1988-1989); he then was head of Gespower New Technologies in Belgium, a subsidiary of the Unilabs Group (1989-2005).

#### Stéphane de Buren

- Swiss nationality
- Holder of the Swiss Federal diploma in medicine and of its U.S. equivalent (ECFMG diploma) and of a doctorate in digestive surgery from the Geneva University.
- Chief Marketing Officer of the Unilabs Group since March 2005. Previously, Mr. de Buren held positions with Sanofi-Synthelabo, first as medical manager for cardiovascular products (1999-2001), then medical manager and product manager for various products and drugs (2001-2005).

#### Roland Mauduit

(resigned as of January 17, 2005)

- Swiss nationality
- Holder of a first degree in economics and business management from Ecole des Hautes Etudes Commerciales (HEC) at Lausanne University.
- Chief Information Officer of the Unilabs Group since February 2001. Previously, Mr. Mauduit served as an analyst programmer with CIEV in Lausanne (1983–1985), then as a commercial engineer with IBM (Switzerland) SA in Lausanne and Geneva (1985–1987) and managing director of DATA Consulting SA in Lausanne, a consultancy and computer services company (1987–2001).

#### Michel Paccard

- French nationality.
- Holder of a degree in agronomic engineering from the Higher School of Agricultural engineering (ESITPA), Val de Reuil, and of a diploma in specialised higher studies in business administration (DESS) at the IAE of Jean Moulin University, Lyon III.
- Chief Business Development Officer of the Unilabs Group since November 2004 and previously Chief Marketing Officer of the Unilabs Group (2000-2004). Previously, Mr. Paccard served as agricultural attaché to the French Embassy in Mexico (1989–1990). Within the DOUX group, he occupied the post of internal auditor with GALINA (1991–1992) before being promoted executive director of the Swiss subsidiary SODEDIS (1992–1997). He continued his career as national sales manager for NUTRILAIT SA in Geneva, a franchise holder from the DANONE group in Switzerland (1998-2000).
- Member of the French Foreign Trade Council.

#### Nicole Regamey

- Swiss nationality.
- Holder of diplomas as translator, translator-interpreter and parliamentary interpreter from Geneva University.
- Chief Human Resources in the Unilabs Group since February 2000. Previously, Mrs. Regamey created and managed the Human Resources Department at Habsburg Feldman Fine Art Auctioneers (1988–1992) before going on to become human resources manager and assistant to the Group Chairman of Montres Breguet SA (1992–1996) and head of human resources of SIG Pack SAPAL SA, SIG Group (1996–2000).

#### Eric Wavre

- Swiss nationality.
- Holder of a first degree in law from Geneva University and licensed to practice as an attorney.
- Secretary General and Chief Administration Officer of the Unilabs Group since January 1994. Previously Mr. Wavre, after practising as an attorney at the Geneva bar (1976–1978), worked for Swiss Bank Corporation (1978–1993), which has since merged with UBS. He held the post of lawyer in the legal service of the bank, before becoming a member of the management responsible for commercial lending at the Geneva Branch (1982-1988), manager of the Luxembourg subsidiary and head of the Geneva branch with responsibility for the commercial division (1990-1993).

#### Günter Konrad

- Swiss nationality.
- Graduate in biotechnology from the Federal Polytechnic School of Zurich and doctor of medicine

from Zurich University.

- Chief Operating Officer Switzerland of the Unilabs Group since December 2001. Previously Mr. Konrad worked as an assistant doctor at the hospitals of Sursee, internal medicine and Lucerne, anesthetics (1990–1993) before joining the Unilabs Group in 1994 as laboratory manager of Diagnostica in Zurich and then as scientific manager for Switzerland.

#### Marie-Cécile Chrétien

- French nationality.
- Holder of the state diploma of doctor in pharmacy from the University of Lille II, the diploma in specialised studies (DES) in medical biology: haematology, bacteriology, bio chemistry, parasitology and immunology; she also holds a Master of Business Administration, Executive Programs, from ESSEC Management Education (Paris).
- Chief Operating Officer France of the Unilabs Group since November 2002. Previously Mrs. Chrétien served as an intern in pharmacy at the hospitals of Lille (1984–1987) and as a manager of various laboratories (1987–1992). Mrs. Chrétien worked for ABBOTT (1992-2001), first as head of clinical and regulatory projects in France in the field of infectious immunology reagents, then as head of operational products in haematology for the French subsidiary (1996–1999) and Manager Haematology Scientific Affairs, zone Europe (1999–2001).

#### Mariella Enoc

- Italian nationality.
- Holder of a classical first degree.
- Chief Operating Officer Italy for the Unilabs Group since 1997. Previously, Mrs. Enoc opened a clinical testing laboratory at Novara and Vercelli. She was then in charge of the development of Centro Diagnostico Italiano in Milan (1977–1987) before joining the Istituto Medico di Torino of Turin in 1988, which became a subsidiary of the Unilabs Group.
- Mrs. Enoc is managing director of CETAD, a technology park of the Piedmont Region in the capacity of representative of the Piedmont Regional Authorities and member of the Central Commission of the CARIPLO Foundation.

#### Marcelo Weisz-Brassay

- Holder of a degree in economics from the Ecole des Hautes Etudes Commerciales (HEC) at Lausanne University, of a Master in management of healthcare organization from Arthur Andersen Madrid, and a Master in business administration from the Instituto de Empresa Madrid and.
- Chief Operating Officer Spain since August 2005, previously General Manager of the Group's Spanish subsidiaries since 1993.

## CORPORATE GOVERNANCE

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### 5. Remuneration, participation and loans

#### Remuneration policy of the Unilabs Group

The remuneration policy of the Unilabs Group is based on performance-related salaries. The remuneration plan of the Group is designed to attract, retain, motivate and reward executive personnel and staff in order to achieve the Company's strategic and financial objectives while ensuring overall remuneration which is equitable internally and competitive externally in compliance with market conditions.

The remuneration plan of the Unilabs Group for members of the General Management comprises three components:

- The basic salary and fringe benefits  
The basic salary and fringe benefits remunerate the work done and are defined in the light of the market conditions.
- The short-term participation in results (bonus)  
The bonus system enables managers to participate in the recurring results of the Company. The attainment of personal targets, higher corporate profit and positive growth of results, are criteria which must be satisfied to qualify for higher payment than the basic salary.
- The medium-term participation is ensured by regularly setting up stock option plans.  
Stock option plans created in the past represent the medium-term component of the remuneration. The aim is to retain the loyalty of the option beneficiaries over an extended period and to ensure that their personal interest coincides with the interests of shareholders by increasing the shareholder value of the Group.

With a view to maintaining competitive salaries, the Compensation Committee and Management of the Group regularly analyse conditions of remuneration and employment on the markets on which the Group is present.

The remuneration of the Board members is based on a flat-rate allowance linked to their attendance at meetings of the Board; they also participate in the stock option plans put in place by the Group.

#### Remuneration granted to serving members and former members of the management bodies

The total remuneration granted in the financial year 2004/2005 to the executive members of the Board of Directors and members of the General Management totalled CHF 7.6 million as compared to CHF 7.0 million in the financial year 2003/2004. This amount includes fees, salaries, bonuses, contributions by the employer to the pension fund and benefits in kind, together with the sums paid to the members of the managerial bodies whose duties ended during the financial year ended on May 31, 2005 and on May 31, 2004, respectively. It also includes the amounts paid to the managers through management or consultancy companies.

The total remuneration paid to non-executive members of the Board of Directors stood at CHF 84,000 for the year ended May 31, 2005 and at CHF 87,000 for the year ended May 31, 2004.

The above figures do not include the bonuses paid in 2003/2004 for the 2002/2003 financial year, but do include the bonuses payable in September 2004 for the financial year 2003/2004 as well as the bonuses payable in September 2005 for the financial year 2004/2005.

In the financial year 2004/2005 (as well as in the financial year 2003/2004) no additional amount has been paid to members of the Board of Directors or General Management who terminated their employment in the financial year 2004/2005 or at a previous date.



## Shares/options granted

In the financial years 2004/2005 and 2003/2004, no shares or options were granted to members of the management bodies.

## Shares owned

As at May 31, 2005, the executive members of the Board of Directors and the members of the General Management (including persons affiliated to them, i.e. the group of shareholders defined in Section 1 of this report) held 4,800,000 registered shares and 1,667,174 bearer shares in Unilabs SA. The non-executive members of the Board of Directors owned 42,972 bearer shares in Unilabs SA.

As at May 31, 2004, the executive members of the Board of Directors and the members of the General Management (including persons affiliated to them, i.e. the group of shareholders defined in Section 1 of this report) held 4,800,000 registered shares and 1,746,021 bearer shares in Unilabs SA. The non-executive members of the Board of Directors owned 40,642 bearer shares in Unilabs SA.

	2004/2005		2003/2004	
	Registered shares	Bearer shares	Registered shares	Bearer shares
Shares held by management	4,800,000	1,710,146	4,800,000	1,786,663
Including executive members	4,800,000	1,667,174	4,800,000	1,746,021
Including non-executive members	-	42,972	-	40,642

## Options owned

As at May 31, 2005, the executive and non-executive members of the Board of Directors and the General Management did not hold any more options.

The option plan decided on August 7, 2000, has now expired and no option was exercised (see pages 45 and 46 herein).

## Additional fees and other remuneration

Additional fees and other remuneration paid by the Unilabs Group for services rendered in the financial year 2004/2005 to members of the Board of Directors and persons affiliated to them totalled CHF 258,649 paid to the law offices of Budin and Partners for the mandates entrusted to them for legal consultancy and/or the conduct of legal proceedings on behalf of the Unilabs Group.

For the financial year 2003/2004, such additional fees and other remuneration paid to the law offices of Budin and Partners were CHF 162,019 on one hand and those paid to the law offices of Python, Schifferli, Peter and Partners on the other hand were CHF 5,500.

## Highest overall remuneration and stock options granted to a single member of the Board of Directors.

The highest overall remuneration paid to a single member of the Board of Directors in the financial year 2004/2005 stood at CHF 1.45 million and for the financial year 2003/2004 at CHF 1.2 million. No stock options were allocated during this financial year.

## Loans to management bodies

The Unilabs Group has no guarantees, loans, advances or credits outstanding in favour of members of the Board of Directors or general management, including persons affiliated to them, as at May 31, 2005 (situation identical to that as at May 31, 2004) and granted no such benefits in the financial years 2003/2004 and 2004/2005.

## CORPORATE GOVERNANCE

### 6. Shareholders rights

#### Right to information

Pursuant to Swiss law, any shareholder is authorised to seek information from the Board of Directors during the general meeting of shareholders to the extent that such information is needed to exercise shareholders rights and does not jeopardise the interests of the Company, in particular commercial secrets. The books and files can only be consulted by the shareholders in virtue of an authorisation granted by the Board of Directors or General Meeting.

Swiss law and the articles of incorporation of Unilabs regulate the rights of shareholders to information. Shareholders in Unilabs SA are entitled to all the information stipulated by current Swiss legislation.

The General Meeting of shareholders must be held each year within six months of the end of the financial year, i.e. before 30 November each year. In accordance with Article 699 al. 3 and 4 of the Swiss Code of Obligations and to Article 11 of the Company's articles of incorporation, one or more shareholders representing together 10% or more of the share capital may request the convening of a General shareholders' Meeting. Shareholders representing shares totalling a nominal value of CHF 1 million may request putting an item on the agenda. Such requests for a meeting and for putting an item on the agenda must be made in writing and indicate the items to be discussed and the proposals.

Should the Board of Directors not execute the request within a reasonable time, the convocation may be decided by a justice decision upon the request of the claimant.

An Extraordinary General Meeting may be convened by a resolution of shareholders adopted at a previous General Meeting or at any time by one or more shareholders representing at least 10% of the share capital pursuant to the Swiss Code of Obligations and the articles of incorporation of Unilabs SA.

The convening of a General Meeting must be notified to the shareholders by means of a notice published in the Swiss Official Commercial Gazette not less than twenty days before the date of the meeting for shareholders who own bearer shares and by registered letter addressed to each of the shareholders whose name has been entered in the Company's share register not less than twenty days before the date of the meeting in the case of registered shareholders. This notice must list the items entered on the agenda,

together with the motions of the Board of Directors and shareholders who have asked for a General Meeting to be convened. Any shareholder whose name appears in the Company's register of registered shares or who holds a bearer share is entitled to attend the General Meeting. Voting rights are reserved for registered shareholders or those who are able to prove their capacity of shareholders. In order to participate, a shareholder holding registered shares must be registered on the shareholders' register 30 days prior to a shareholder' meeting. The articles of incorporation of Unilabs SA provide for two categories of shares: shares with privileged voting rights known as Type A registered shares with a nominal value of CHF 0.50 and ordinary Type B bearer shares with a nominal value of CHF 1.00. In compliance with the Swiss Code of Obligations and the articles of incorporation of Unilabs SA, voting rights are exercised in proportion to the number of shares held by each shareholder without regard to their nominal value; each share therefore carries an entitlement to one vote.

Determination of the voting right in proportion to the number of shares does not apply to the:

1. appointment of the statutory auditors;
2. designation of experts responsible for verifying all or parts of the management;
3. organisation of a special audit;
4. decision to open proceedings seeking to determine responsibility.

Each group of shareholders (shares Type A and shares Type B) is entitled to at least one representative on the Board of Directors. The group which intends to exercise this right must choose its candidate by the majority expressed in that group at a meeting convened in advance at the request of a share-holder in the group. The General Meeting cannot refuse to elect the candidate chosen in this way without sound reasons for doing so.

The articles of incorporation of Unilabs SA do not contain any clause derogating from Swiss law requiring a quorum to hold a General Meeting of shareholders. The General Meeting is validly constituted, regardless of the number of shareholders present or represented. It takes its decisions and proceeds to its elections by an absolute majority of the votes carried by the shares which are represented. Decisions that have to be taken by qualified majorities in compliance with the law are reserved, as the articles of incorporation do not make any derogation in this regard.

## 7. Acquisition of control and defensive measures

Pursuant to the Swiss law on stock markets, any person who either directly, indirectly or acting in concert with third parties, acquires shares in Unilabs SA enabling him to exceed the threshold of 33 1/3% of the voting rights in Unilabs SA, regardless of whether he is authorised to use those rights, must submit an offer to acquire all the listed shares of Unilabs SA. This obligation does not apply if the voting rights have been acquired by donation, succession, and inheritance division, in virtue of a matrimonial regime or through proceedings for compulsory enforcement.

In the framework of the obligation to submit an offer, the articles of incorporation of Unilabs SA do not include an opting-up or opting-out clause within the meaning of Art. 22 et. seq. of the Swiss Federal Law on stock markets and trade in transferable securities (LBVM).

In the event of any change in control over the shareholding structure of the Group, an indemnity is payable to the management companies and consultancy companies of two directors equivalent to their contractual annual remuneration due until 31 May 2007; a third person is entitled to an indemnity which may reach up to 2% of the market capitalisation of Unilabs SA until September 30, 2006.

## 8. Auditors

Each year the General Meeting of Unilabs SA elects a statutory auditor and an auditor of the Group financial statements. At the Ordinary General Meeting of November 30, 2004, the shareholders re-elected Ernst & Young SA, Geneva as statutory auditor and auditor of the Group financial statements for the financial year 2004/2005 ending on May 31, 2005.

Ernst & Young SA Geneva (formerly ATAG Ernst & Young SA) was elected to serve as statutory auditor and auditor of the Group financial statements for the first time at the Extraordinary General Meeting of February 24, 1997. Laurent Bludzien, senior auditor-in-charge of Ernst & Young SA, has supervised the audit of the annual statutory accounts of Unilabs SA and the consolidated financial statements of the Unilabs Group since June 1, 2002.

The total value of the fees paid for the audit of the financial statements of the Unilabs Group and for the audit of the statutory accounts of subsidiaries amounted to CHF 582,000 for the year ended May 31, 2005 and CHF 521,000 for the year ended May 31, 2004. For the financial years 2004/2005 and 2003/2004, additional fees were paid as follows:

	2004/2005 CHF	2003/2004 CHF
Additional fees:	273,899	362,621
- tax consultancy	188,247	133,478
- sundry advice	14,903	94,417
- services rendered in connection with financial due diligence procedures for acquisitions and/or potential acquisitions	70,750	134,726

The Audit Committee supervises the process of presentation of financial information on behalf of the Board of Directors. For that purpose, the Committee held several meetings with the auditors who are responsible for assessing the conformity of the audited annual accounts with the accounting principles applied by the Unilabs SA Group, namely the IFRS standards. The Audit Committee also verified the compatibility of the services rendered by Ernst & Young SA in areas other than auditing with the independence of the auditors. At these various meetings, the Audit Committee discussed the scope and general organisation of the audit with the independent auditors.

## 9. Information policy

The General Meeting of shareholders for the financial year 2004/2005 will be held on November 29, 2005 in Geneva.

Unilabs SA is governed by the rules of the Swiss Federal Law on stock markets and trade in transferable securities (LBVM), the implementing ordinances and the rules issued by the SWX Swiss Exchange.

Unilabs SA publishes half-yearly interim accounts.

The calendar of events will be found on page 56 of this report.

Further information will be found on the Unilabs web site [www.unilabs.com](http://www.unilabs.com)