

MERIDIAN BIOSCIENCE INC

Form 11-K

June 28, 2007

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**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2006

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-8344

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Meridian Bioscience, Inc.

Savings and Investment Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Meridian Bioscience, Inc.

3471 River Hills Drive

Cincinnati, OH 45241

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**Meridian Bioscience, Inc. Savings and Investment Plan
Financial Statements
As of December 31, 2006 and 2005 and for the year ended December 31, 2006
Contents**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Participants and Administrator

Meridian Bioscience, Inc. Savings and Investment Plan

We have audited the accompanying statements of net assets available for plan benefits of Meridian Bioscience, Inc. Savings and Investment Plan (the Plan) as of December 31, 2006 and 2005, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2006 and 2005, and the changes in net assets available for plan benefits for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at the end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Grant Thornton LLP

Cincinnati, Ohio

June 14, 2007

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Meridian Bioscience, Inc. Savings and Investment Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31,

| | 2006 | 2005 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 252 | \$ |
| Investments, at fair value: | | |
| Common stock | 35,886 | 32,797 |
| Registered investment companies | 19,515,315 | 15,132,004 |
| Common/collective trusts | 1,154,765 | 894,936 |
| Participant loans | 345,080 | 284,464 |
| Total investments | 21,051,046 | 16,344,201 |
| Receivables: | | |
| Participant contributions | 32,372 | 31,750 |
| Employer contributions | 518,102 | 460,592 |
| Other | | 20 |
| Total receivables | 550,474 | 492,362 |
| Employee contribution refunds payable | (12,474) | (33,372) |
| Net assets available for plan benefits, at fair value | 21,589,298 | 16,803,191 |
| Adjustment from fair value to contract value for interest in common/collective trusts relating to fully-benefit responsive investment contracts | 21,932 | 15,995 |
| Net assets available for plan benefits | \$ 21,611,230 | \$ 16,819,186 |

The accompanying notes are an integral part of these statements.

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Meridian Bioscience, Inc. Savings and Investment Plan
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
 For the year ended December 31, 2006

| | |
|--|--------------------------|
| Additions to net assets attributed to: | |
| Participant contributions | \$ 1,620,843 |
| Employer contributions | 1,081,977 |
| Rollover contributions | 47,229 |
| Dividend and interest income | 1,537,437 |
| Net appreciation in fair value of investments | 882,906 |
| Total additions | 5,170,392 |
| Deductions to net assets attributed to: | |
| Benefit payments | 1,181,235 |
| Deemed distributions of participant loans | 10,503 |
| Administrative expenses | 4,245 |
| Total deductions | 1,195,983 |
| Transfers from OCI Savings and Investment Plan | 817,635 |
| Net increase | 4,792,044 |
| Net assets available for plan benefits: | |
| Beginning of year | 16,819,186 |
| End of year | \$ 21,611,230 |

The accompanying notes are an integral part of these statements.

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**Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE A DESCRIPTION OF PLAN

The following description of the Meridian Bioscience, Inc. Savings and Investment Plan, (the Plan), is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

1. General

The Plan is a defined contribution plan covering all employees of Meridian Bioscience, Inc. and its domestic subsidiaries (the Company) who have met certain service requirements as defined in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

2. Participation

Employees become eligible for participation in the Plan on their hire date.

3. Trustee

Merrill Lynch Trust Company, FSB (Trustee) is designated as the trustee of the Plan and invests and holds all contributions made to the Plan.

4. Contributions

Eligible employees may contribute, on a pre-tax basis, an elective contribution of up to 100% of their annual earnings through salary deductions (Deferred Contribution), subject to the annual contribution limit of \$15,000, as defined by the Internal Revenue Code. Participants over the age of 50 may contribute up to an additional \$5,000. Participants may also contribute amounts representing distributions from other qualified plans. The Company makes matching contributions equal to 100% of the first 3% of each participant s Deferred Contribution for employees who have met the eligibility requirements for such matching contributions. In addition, the Company makes, at its discretion, an employer profit sharing contribution. The Company elected to make profit sharing contributions of \$504,690 and \$447,742 for the 2006 and 2005 plan years, respectively.

5. Participant Accounts

Each participant s account is credited with the participant s contributions and an allocation of the Company s contributions and the plan earnings thereon. Allocations of the Company s profit sharing contributions are based on participants earnings and Plan earnings are allocated based on account balances, as defined.

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**Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE A DESCRIPTION OF PLAN (continued)

6. Vesting

Participants are immediately vested in their voluntary contributions and actual earnings thereon. Vesting in the Company's contributions plus actual earnings thereon is based on years of continuous service as follows:

| Years of Service | Vesting Percentage |
|------------------|--------------------|
| Less than 1 year | 0% |
| 1 year | 20% |
| 2 years | 40% |
| 3 years | 60% |
| 4 years | 80% |
| 5 years | 100% |

7. Participant Loans

Participants may borrow from their fund accounts up to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from 1-5 years, or longer for the purchase of a primary residence. The loans are collateralized by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Interest rates on new loans ranged from 5.25% to 9.25% during the 2006 Plan year. Principal and interest are paid ratably through monthly payroll deductions.

8. Payment of Benefits

Upon termination of employment due to death, disability or retirement, a participant may elect to receive (a) an annuity; (b) installments payable in cash or in kind (rollover to another eligible fund), or part cash and part in kind over a period not to exceed participant's life expectancy; or (c) a single lump sum payment in cash or in kind, or part in cash and part in kind. For termination of employment due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Terminated participants with vested account balances greater than \$5,000 may elect to leave their accounts in the Plan for an indefinite period of time.

9. Expenses of the Plan

The Company pays certain expenses of the Plan and provides certain administrative services at no cost to the Plan. If not paid by the Company, administrative expenses become a liability of the Plan.

10. Forfeitures

In the event that a participant terminates employment prior to 100% vesting, the portion of employer contributions which is not vested is forfeited at that time. The forfeited amounts are used to reduce future employer contributions. At December 31, 2006 and 2005 there were \$3,724 and \$35,250, respectively, of forfeited nonvested accounts. During 2006, \$69,312 was reallocated from forfeited nonvested accounts.

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**Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE A DESCRIPTION OF PLAN (continued)

11. Investment Options

The Plan allows participants to elect how their contributions and the Company's contributions will be directed among investment fund options based upon the individual investment objectives of the participants.

The common stock held by the plan is an investment directly in the Company's common stock.

12. Plan Consolidation

Meridian Bioscience, Inc. completed the acquisition of OEM Concepts, Inc. on January 31, 2005. On January 1, 2006, OEM Concepts, Inc.'s Savings and Investment Plan became part of the Plan. Assets of \$817,635 were transferred into the Plan during the plan year related to this consolidation.

NOTE B SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits as of the date of the financial statements and the reported amounts of changes in net assets available for plan benefits during the reporting period. Actual results could differ from those estimates.

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**Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005**

NOTE B SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Investment Valuation and Income Reporting

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Participant loans are valued at their outstanding balances, which approximate fair value. The Plan's interest in the collective trust is valued based on information reported by the investment advisor using the audited financial statements of the collective trust at year-end. Meridian Bioscience, Inc. common stock is traded on a national securities exchange and is valued at the last reported sales price on the last business day of the Plan year.

Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are calculated using the specific identification method. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents in the statement of changes in net assets available for plan benefits the net appreciation or depreciation in the fair value of its investments, which consists of realized gains and losses and unrealized gains and losses on those investments.

4. Payment of Benefits

Benefits are recorded when paid.

5. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for Plan benefits.

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Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

NOTE B SIGNIFICANT ACCOUNTING POLICIES (continued)6. Fully-Benefit Responsive Investment Contracts held in Common/Collective Trusts

During 2006, the Company adopted Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-1-1, *Reporting of Fully-Benefit Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP). As described in the FSP, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully-benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through the ML Retirement Preservation Trust. The Statement of Net Assets Available for Plan Benefits, as of December 31, 2006, presents the fair value of the investment in the common/collective trust as well as the adjustment of the investment in the common/collective trust from fair value to contract value relating to investment contracts. The FSP requires retroactive application; therefore, the difference between fair value and contract value related to the common/collective trust is also presented on the 2005 Statement of Net Assets Available for Plan Benefits in the accompanying financial statements. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

NOTE C INVESTMENTS

The following investments represent 5% or more of the Plan's net assets:

| | 2006 | 2005 |
|---|-------------|-------------|
| American Funds Washington Mutual Investors Fund | \$4,091,657 | \$3,278,966 |
| Blackrock Value Opportunities Fund | 2,983,507 | 2,881,675 |
| Blackrock Basic Value Fund | 2,767,712 | 1,950,010 |
| American Funds Euro Pacific Growth Fund | 2,325,527 | 1,741,381 |
| American Funds Bond Fund of America | 1,414,285 | 1,214,395 |
| Blackrock Small/Mid Cap Growth Fund | 1,225,988 | 1,035,142 |
| Blackrock Fundamental Growth Fund | 1,183,689 | 1,027,382 |
| ML Retirement Preservation Trust** | 1,176,697 | 910,931 |

During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$882,906.

** The fair values of the fund were \$1,154,765 and \$894,936 at December 31, 2006 and 2005, respectively.

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Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

NOTE D TAX STATUS

The Plan received a determination letter from the Internal Revenue Service dated April 30, 2002 stating that the Plan is qualified under the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. The Plan was subsequently amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company believes the Plan, as amended and restated, is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

NOTE E PRIORITIES UPON TERMINATION OF THE PLAN

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan is terminated, participants will become 100% vested in their accounts.

NOTE F PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments held during the years ended December 31, 2006 and 2005 include shares of the Company's common stock and shares of mutual funds managed by the Trustee and therefore, these transactions qualify as party-in-interest transactions. No fees were paid by the Plan in 2006 for investment management services.

NOTE G RECONCILIATION TO FORM 5500

As of December 31, 2006, the Plan had \$6,030 of pending distributions to participants who had withdrawn from the Plan. This amount is recorded as a liability in the Plan's Form 5500; however, this amount is not recorded as a liability in the accompanying statements of net assets available for plan benefits in accordance with accounting principles generally accepted in the United States of America. Also, the Plan invests in a common/collective trust that is included in net assets available for plan benefits at contract value, but is stated at fair value in the Plan's Form 5500. The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 as of December 31, 2006:

| | |
|--|---------------|
| Net assets available for plan benefits per the financial statements | \$ 21,611,230 |
| Less: Accrued benefit payments | (6,030) |
| Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts | (21,932) |
| Net assets available for plan benefits per the Form 5500 | \$ 21,583,268 |

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Meridian Bioscience, Inc. Savings and Investment Plan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

NOTE G RECONCILIATION TO FORM 5500 (continued)

The following is a reconciliation of total additions per the statement of changes in net assets available for plan benefits to total income on the Form 5500 for the year ended December 31, 2006:

| | |
|--|--------------|
| Total additions per the financial statements | \$ 5,170,392 |
| Less: Adjustment from contract value to fair value for fully-benefit responsive investment contracts | (21,932) |
| Total income per the Form 5500 | \$ 5,148,460 |

The following is a reconciliation of benefits paid per the statement of changes in net assets available for plan benefits to benefit payments on the Form 5500 for the year ended December 31, 2006:

| | |
|--|--------------|
| Total benefits paid per the financial statements | \$ 1,181,235 |
| Add: Accrued benefit payments | 6,030 |
| Total benefit payments per the Form 5500 | \$ 1,187,265 |

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SUPPLEMENTAL INFORMATION

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Meridian Bioscience, Inc. Savings and Investment Plan
EIN 31-0888197 Plan No 001
FORM 5500, SCHEDULE H, PART IV, LINE 4i-
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2006

| (a) | (b) Description of investment including maturity date, rate of interest, collateral, par or | (c) | (d) Current value |
|--|--|------|----------------------|
| Identity of issuer, borrower, lessor, or similar party | maturity value | Cost | |
| Registered Mutual Funds | | | |
| American Funds Balanced Fund | 17,459 shares | ** | \$ 331,018 |
| American Funds Bond Fund of America | 106,178 shares | ** | 1,414,285 |
| American Funds Euro Pacific Growth Fund | 50,665 shares | ** | 2,325,527 |
| American Funds Growth Fund of America | 31,732 shares | ** | 1,029,717 |
| American Funds Washington Mutual Investors Fund | 117,915 shares | ** | 4,091,657 |
| Delaware Emerging Markets Fund | 16,794 shares | ** | 274,409 |
| Evergreen Small Cap Fund | 14,458 shares | ** | 343,962 |
| * Blackrock Fundamental Growth Fund | 60,889 shares | ** | 1,183,689 |
| * Blackrock Small/Mid Cap Growth Fund | 82,558 shares | ** | 1,225,988 |
| * Blackrock Basic Value Fund | 83,290 shares | ** | 2,767,712 |
| * Blackrock Global Allocation Fund | 24,839 shares | ** | 451,083 |
| * Blackrock Value Opportunities Fund | 123,082 shares | ** | 2,983,507 |
| PIMCO Total Return | 60,505 shares | ** | 628,036 |
| Templeton Foreign Fund | 34,070 shares | ** | 464,725 |
| Total registered mutual funds | | | 19,515,315 |
| Common/Collective Trusts | | | |
| * ML Ret Preservation Trust | 1,176,697 shares | ** | 1,154,765 |
| Total common/collective trusts | | | 1,154,765 |
| * Common Stock Meridian Bioscience, Inc. | 1,463 shares | ** | 35,886 |
| * Participant Loans | Interest rates ranging from 5.00% to 10.50%, maturing | | 345,080 |

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through 2014

Total assets held for investment purposes \$ 21,051,046

* Indicates
party-in-interest.

** Cost of asset is not
required to be
disclosed as
investment is
participant-directed.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Meridian Bioscience, Inc. Savings and
Investment Plan

Date: June 28, 2007

By: /s/ Melissa Lueke
Melissa Lueke
Vice President Finance, Chief
Financial Officer

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INDEX TO EXHIBITS

Exhibit No. Description

23.1 Consent of Grant Thornton LLP

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