

# ANNUAL REPORT 2007



**BOIRON**

# Person responsible for the Reference Document

## Person responsible for the Reference Document:

Thierry BOIRON  
Director and Chief Executive Officer

## Declaration by the Person Responsible for the Reference Document:

I declare that to the best of my knowledge, and having taken the appropriate measures to ensure such is the case, the information in this reference document is true and accurate, and does not contain any omission that could alter its import.

I declare that to the best of my knowledge, these financial statements were prepared according to the applicable financial standards and give a true and fair view of the businesses, financial position, and income of all entities in the company's scope of consolidation. I also declare that to the best of my knowledge, the attached Management Report (pages 2 to 33) gives a true and fair view of the business trends, financial position, and income of all entities in the company's scope of consolidation, as well as a discussion of their primary risk factors.

I have received an end-of-assignment letter from the statutory auditors stating that they have confirmed the financial statements and financial position given in this reference document, and have read the document as a whole.

Sainte-Foy-lès-Lyon  
April 21, 2008

Thierry Boiron

According to the article 28 of the European regulation n°809 / 2004 of April 29, 2004, the reader is sent back to the previous reference documents concerning certain information :

- The annual Board of Directors report, the financial consolidated statements, the annual accounts, the statutory auditors' report on the financial consolidated and annual accounts relative to the past financial year on December 31, 2006 and appearing in the reference document N D.07-0303 deposited with the Authority of Financial markets on April 6, 2007
- The annual Board of Directors report, the financial consolidated statements, the annual accounts, the statutory auditors' report on the financial consolidated and annual accounts relative to the past financial year on December 31, 2005 and appearing in the reference document N D.06-0330 deposited with the Authority of Financial markets on April 27, 2006

The information included in this reference document others than those quoted above was, if necessary, replaced and/or updated by information included in the present reference document.

# Contents

<b>Person Responsible for the Reference Document</b>	cover page
--	------------

## Financial report

Board of Directors' Report	..... 2
Consolidated financial statements and notes	..... 34
Statutory Auditors' Report on the consolidated financial statements	..... 78

## Corporate Governance

Chairman's Report	..... 79
Statutory Auditors' Report on the Chairman's Report	..... 85
Statutory Auditors	..... 86
Statutory Auditor fees	..... 86

## Legal Information

Organization chart of Boiron Group	..... 87
Legal identity of BOIRON, distribution of profits and Shareholders' Meetings	..... 88
Share capital, voting rights, thresholds	..... 90
Draft Resolutions submitted to the Ordinary Shareholders' Meeting on May 15, 2008	..... 93
Special report on transactions carried out under the share buyback program	..... 95
Description of the share buyback program	..... 96
List of information published or made public during the past 12 months	..... 98

<b>Table of concordance</b>	..... 100
-----------------------------	-----------

BOIRON 2007 Reference Document comprises two separate documents:  
- An institutional prospectus "BOIRON 2008"  
- a 2007 Annual Report

# Board of Director's Report

## March 12, 2008

The success achieved in 2007 was possible through the focused efforts of all Company's teams on the following three fundamentals:

- A human resources policy that allows employees to maintain a healthy work-life balance;
- A team spirit and commitment by capitalizing on cultural differences and different approaches; and
- A constant drive to look ahead and

be flexible in response to changes in the company's environment, so that Boiron can anchor its position as a world-class player.

These fundamentals underpin Boiron's determination to make and stand by the right decisions, whether in terms of expanding internationally, promoting specialty medicines, or investing in research and development.

2008 will be a year for inventing...

and succeeding! Every subsidiary, branch, department, and team will face its share of challenges. The company's performance will depend on employees' ability to overcome obstacles and transform problems into opportunities, so that:

**Every physician in the world can integrate homeopathic medicine into daily practice.**

## 2007 highlights

2007 was marked by the following highlights:

### In France:

- During the Central Works Council meeting on April 19, 2007, the company announced plans to consolidate its operations in Rennes, Rouen, and Montpellier, and restructure the operations at its three Paris sites.
- A legislative act passed in France on November 29, 2007 and ministerial order issued on April 20, 2007 reduced the scope of reimbursements for magistral formulations. These new measures went into effect in the second half of the year.
- On May 2, 2007, all of Dolisos Santé Animale's assets and liabilities were

transferred to Boiron SA, a move that allowed Boiron to restructure its veterinary business.

- The Combined Shareholders' Meeting on May 10, 2007 approved a dividend of €0.30 per share for fiscal 2006.
- A new syrup bottling line went into service at the Messimy plant in July 2007. This new line can produce 150 bottles a minute, and will be used to meet the demand for Stodal® and Quiétude® in France, Romania, Italy, and Poland.
- On July 31, 2007, the French Ministry of Health announced plans to reduce

the social security reimbursement for medications by €0.50 per box, which went into effect when the 2008 social security funding act was passed on December 19, 2007 (French law #2007-1786).

- A new TV ad for Oscillococcinum® directed by Thierry Marchal, a cutting-edge artist recognized for his graphics and his message, hit the small screens in November 2007.

### In Switzerland:

- Following a decision by the Board of Directors on March 8, 2007, Boiron France decided to issue CHF1.1 million of new shares, bringing the Boiron Switzerland share capital to CHF1.4 million.

- Boiron France issued a further CHF2.4 million of new shares following another Board decision on December 14, 2007.

### In Russia:

- On May 10, 2007, the Board of Directors approved the issue of RUB35 million (€1.003 million) of Boiron Russia shares, bringing its share capital to RUB42 million.

**In Italy:**

- A new advertising campaign with the slogan L'Omeopatia: un nuovo modo di curarti<sup>1</sup> was launched in Italy's leading newspapers, magazines, and radio programs during the first quarter of 2007.
- This was followed in May by a second advertising campaign focused on the use of homeopathic medications to treat eye diseases.
- Camilia® was launched on the market on April 1, 2007.

- The following measures were taken in 2007 to streamline the company's distribution processes:
  - The two sites in Rome were consolidated into a single site in January;
  - The branch offices in Verona, Turin, Padua, and Florence were closed on July 1; customers will now be served out from Milan, Rome, and Bologna; and
  - The company signed an agreement to provide 49 workers with unemployment benefits from the Italian social security system.

**In Spain:**

- A royal decree was passed on November 14, 2007 that allows for homeopathic treatments to be registered and authorized as medications, along with an indication; however, the procedural details have yet to be finalized.

## Performance in 2007

### CHANGE IN SCOPE

The following changes took place in Boiron's scope of consolidation in 2007:

- Boiron SA acquired all of Dolisos Santé Animale's assets and liabilities on May 2, 2007, but this transaction did not have a material impact on the company's consolidated financial statements;
- Boiron SA increased its stake in Boiron Italy from 99.88% to 99.91% on December 31, 2007 by purchasing €3,000 of additional shares from Boiron Italy's minority shareholders; Boiron SA recognized €1,000 of negative goodwill on this transaction;
- Boiron SA increased its stake in Similia from 78.80% to 97.52% on December 27, 2007 by incorporating the subsidiary's current account, and recognized €133,000 of goodwill on this transaction.

### BUSINESSES IN 2007

#### CONSOLIDATED SALES 2006 / 2007

Sales (in thousands of euros, IFRS)	2007	2006	2007/2006
<b>France and Others</b>	<b>268,977</b>	<b>257,084</b>	<b>4.6%</b>
France	255,692	244,717	4.5%
Caribbean	5,494	5,270	4.2%
Others	7,791	7,096	9.8%
<b>Europe excluding France</b>	<b>133,120</b>	<b>109,550</b>	<b>21.5%</b>
Italy	46,273	42,404	9.1%
Spain	20,623	19,002	8.5%
Belgium	20,689	19,918	3.9%
Switzerland	2,693	2,474	8.8%
Poland	13,235	8,105	63.3%
Russia	12,577	4,044	211.0%
Others	17,029	13,604	25.2%
<b>North America</b>	<b>32,197</b>	<b>32,040</b>	<b>0.5%</b>
USA	23,804	23,928	-0.5%
Canada	8,393	8,112	3.5%
<b>Total Boiron Group</b>	<b>434,294</b>	<b>398,674</b>	<b>8.9%</b>

<sup>1</sup> Homeopathy, a new method for self-treatment

In the above table, sales are classified according to the destination of the products rather than where they are produced. A classification based on production location is given in the segment

information in the notes to the consolidated financial statements.

Consolidated sales rose 8.9% to €434,294 thousand in 2007, up from €398,674 thousand in 2006. At constant

exchange rates, the increase for the full year was 9.5%. Sales climbed 7.3% in the first half, then 11.5% and 9.6% in the third and fourth quarters, respectively.

### EVOLUTION OF SALES IN 2007 BY GEOGRAPHIC AREA AND PRODUCT CATEGORY

	Non-Proprietary Homeopathic Medicines	OTC Specialties	TOTAL (including other products)
FRANCE AND OTHERS*	3.0%	9.5%	4.6%
EUROPE EXCLUDING FRANCE	6.7%	32.7%	21.5%
NORTH AMERICA	2.1%	-0.8%	0.5%
<b>TOTAL</b>	<b>3.6%</b>	<b>18.1%</b>	<b>8.9%</b>

\* France, direct export except Europe and North America

In the **France and Other** region, sales of non-proprietary homeopathic medicines put up 3.0%, from €6,260 thousand in 2006, to €211,974 thousand in 2007. More specifically, sales in metropolitan France rebounded to 2005 levels after falling 3.1% in 2006. Sales in metropolitan France grew 2.7% in the first half, 7.1% in the third quarter, and 1.2% in the fourth quarter. The third quarter of 2007 was impacted by around €2 million of bills that were recognized in the fourth quarter in 2006.

Sales of OTC specialties increased 9.5%, or €6,115 thousand, in 2007 to reach €70,509 thousand, fuelled primarily by growing sales of Oscillococcinum®, Camilia®, and Stodal® in metropolitan France.

In the **Europe excluding France** region, sales of non-proprietary homeopathic medicines advanced 6.7%, or €3,052 thousand, in 2007 to reach €48,559 thousand, led by:

- A 4.0% climb in Italy due to several advertising campaigns highlighting the advantages of homeopathic treatments for a variety of illnesses;

- A 6.6% rise in Spain following increased promotional efforts at pharmacies; and
- A 53.2% growth in Poland on the heels of a weak 2006, a year hurt by massive build-up of wholesaler inventory at the end of 2005.

Sales of OTC specialties reached 32.7%, or €20,650 thousand, to €83,880 thousand on the back of:

- A 211.1% (€8,534 thousand) increase in Russia, driven by Oscillococcinum®;
- A 65.1% (€4,437 thousand) growth in Poland, with marked increases in the sales of Stodal® and Drosetux® syrups, as well as Oscillococcinum®, Homéoptic®, and Homéovox®;
- A 14.5% (€3,188 thousand) increase in Italy, where advertising campaigns boosted the sales of Oscillococcinum® (especially the new 30-dose format), Euphralia® (collyrium), Camilia® (introduced in the second quarter of 2007), and Stodal®; and
- Demand in Romania for Oscillococcinum® and Sédatif PC®.

**In the North America** region, sales of non-proprietary homeopathic medicines rose 2.1%, due to:

- A 1.8% increase in the US, or 10.4% at constant exchange rates, led by sales of tubes (mostly Arnica) and kits of Arnica tubes and gels used for cosmetic surgery; and
- A 2.8% growth in Canada, or 8.5% at constant exchange rates, following expansion into western Canada and mass-market retailers.

Sales of OTC specialties slipped 0.8% in North America at current exchange rates, as a result of:

- A 3.6% decrease in the US at current exchange rates, although at constant exchange rates sales rose 4.8% (sales in the US were led by Arnica gels and creams, while sales of Oscillococcinum® declined 3.0%); and
- An 8.4% growth in sales of OTC specialties in Canada at current exchange rates, or a 12.8% increase at constant exchange rates, driven by mass-market sales of Camilia® and Oscillococcinum®.

## CONSOLIDATED INCOME

BOIRON Group Income Statement Consolidated (in thousands of euros)	2007	2006	2007/2006
Sales	434,294	398,674	+8.9%
Current operating income	43,737	26,599	+64.4%
Reorganization expenses	0	8,512	NS
Net income - Group share	27,130	10,245	+164.8%
Cash flow	62,037	37,334	+66.2%

**Current operating income** grew from €26,599 thousand in 2006 to €43,737 thousand in 2007. As a percentage of sales, current operating income stood at 10.1% in 2007, a 64.4% improvement from 6.7% in 2006.

Production costs came in at €90,339 thousand, or 20.8% of sales in 2007, against €88,421 thousand, or 22.2% of sales in 2006. The gross margin rose 10.9% while sales grew 8.9%.

Preparation and distribution costs showed a 1.1% increase, from €137,850 thousand in 2006 to €139,393 thousand in 2007, but declined as a percentage of sales from 34.6% to 32.1%. Personnel expenses held steady while shipping and transport costs dropped €1,542 thousand; costs decreased to efficiency gains were recognized in current operating expenses.

Marketing expenses climbed 8.9% in 2007, from €90,652 thousand to €98,797 thousand, primarily as a result of:

- Higher personnel expenses and greater marketing efforts at distributors (mostly in France); and
- Increased advertising expenditures in Russia, Italy, Poland, Hungary, and the US.

R&D expenses totaled €5,706 thousand in 2007, up 77.5% from €3,214 thousand in 2006, reflecting the company's desire to invest more heavily in this strategic area.

Regulatory expenses grew 39.5%, or €1,128 thousand, to €3,982 thousand in 2007, due to the need to hire more employees and use external service providers to support the company's international expansion.

Support department costs increased 7.7% to €52,992 thousand, and represented 12.2% of sales in 2007, slightly lower than 12.3% in 2006. The change can be attributed to:

- Higher personnel expenses at Boiron France due to employee profit-sharing and additional financial and IT staff, and to a lesser extent at Boiron Russia due to its restructuring;
- A larger contingencies and losses provision at Boiron France; and
- The elimination of consulting fee payments in France and Italy.

The company recognized €8,512 thousand of **restructuring costs** in 2006, mostly in France. In 2007, costs related to efficiency gains in Italy and Belgium were recognized in current operating expenses and allocated to the corresponding departments. These costs totaled €4,057 thousand, with €1,102 thousand spent in France, €1,873 thousand in Italy, and €1,083 thousand in Belgium.

The **tax rate** paid by the company fell to 39.0% in 2007, from 44.9% in 2006 (vs. a theoretical tax rate of 34.4%), as a result of permanent differences in France, Russia, and Italy.

The company's **net income** was €27,130 thousand in 2007, up 166% from €10,245 thousand in 2006. Net income as a percent of sales grew from 2.6% in 2006 to 6.3% in 2007, giving an earnings per share of €1.25 in 2007, compared with €0.47 in 2006.

## CONSOLIDATED CASH FLOW

The company's cash position was €50,297 thousand at December 31, 2007, compared with €34,083 thousand at December 31, 2006.

Cash flow from operating activities totaled €56,130 thousand in 2007, up from €38,945 thousand in 2006 thanks to higher sales and improved profitability. The company also spent a considerable amount on restructuring costs in 2006. Boiron's income tax payment rose from €1,346 thousand in 2006 to €3,609 thousand in 2007: this tax relates only to Boiron's subsidiaries; the corporation benefited from

a tax loss carryforward obtained during the Dolisos merger. Interest payments during the year amounted to €1,452 thousand, consisting mostly of interest on the Pierre Fabre current account.

Cash flow from investing activities was €18,255 thousand. The company spent €16,391 thousand on tangible fixed assets, mostly at Boiron France (at the Messimy plant and Dijon distribution center), Boiron Spain, Unda, and Herbaxt, and €3,724 thousand on intangible assets at Boiron France and Unda. Sales of tangible assets totaled €1,538 thousand, and took place in

France (sales of the sites at Toulouse, Niort, Rouen, and Brest). The company paid down €15,352 thousand of debt in 2007, including €13,945 thousand on the Pierre Fabre current account.

The fiscal 2007 dividend payout to Boiron shareholders was €6,584 thousand, or €0.30 per share, compared with €8,096 thousand, or €0.37 per share for fiscal 2006.

## CONSOLIDATED BALANCE SHEET

The company had €428,390 thousand of assets at December 31, 2007, a slight increase from €412,058 thousand at December 31, 2006. The most significant changes were the following:

- On the assets side, intangible assets grew €1,696 thousand following IT investments in France and Belgium. Tangible assets decreased €1,286 thousand as a result of the sales of sites in France and Italy. Deferred tax assets fell €12,561 thousand after Boiron France used the tax loss carryforward obtained during the Dolisos merger. Cash and cash equivalents and accounts receivables increased €19,056 thousand and €8,405 thousand, respectively, reflecting the higher level of business in 2007. The company had €1,435 thousand of

assets held for sale at the end of the year (against €526 thousand at end-2006), which consisted of sites in France and Italy.

- On the liabilities and equity side, non-current financial liabilities fell €15,701 thousand, mostly from repayments made on the Pierre Fabre current account. Non-current provisions increased €2,052 thousand, primarily reflecting reclassifications between current and non-current liabilities. Current financial liabilities grew €2,150 thousand in 2007, mostly from liabilities in France; current provisions decreased €3,468 thousand due to the aforementioned reclassifications and the reversal of restructuring cost provisions recognized in 2006 (for France, Italy, and

Belgium). Accounts payable ticked up €1,380 thousand, mostly from payables in France and Poland. Other current liabilities rose €9,811 thousand after provisions for employee profit-sharing and higher pharmaceutical tax liabilities resulted in larger social security expenses in France, Poland, and Spain.

## International Businesses

<b>Income Statement</b> (in thousands of euros)	<b>2007</b>	<b>2006</b>	<b>2007/2006</b>
Sales	434,294	398,674	+8.9%
Current operating income	43,737	26,599	+64.4%
Net income - Group share	27,130	10,245	+164.8%
<b>Net income</b> (in thousands of euros)	<b>2007</b>	<b>2006</b>	<b>2007/2006</b>
<b>France and Others</b>	<b>23,823</b>	<b>9,613</b>	<b>+147.8%</b>
France	23,411	9,159	+155.6%
Caribbean	480	446	+7.6%
Others	-68	8	N/A
<b>Europe (excluding France)</b>	<b>1,473</b>	<b>-957</b>	<b>N/A</b>
Italy	-1,645	-2,270	+27.5%
Spain	2,070	1,926	+7.5%
Belgium	-68	-75	+9.3%
Switzerland	-743	-648	-14.7%
Poland	1,617	-89	N/A
Others	242	199	+21.6%
<b>North America</b>	<b>1,834</b>	<b>1,589</b>	<b>+15.4%</b>
United States	1,371	1,371	+0.0%
Canada	463	218	+112.4%
<b>Total Boiron Group</b>	<b>27,130</b>	<b>10,245</b>	<b>+164.8%</b>

### EUROPE

#### ITALY

Boiron Italy acquired all of Dolisos Italy's assets and liabilities on October 2, 2006, meaning that Dolisos Italy was no longer operational in 2007. The following data concerns Boiron's operations in Italy as a whole.

Sales in Italy improved of €3,737 thousand to €44,303 thousand in 2007. Sales of non-proprietary homeopathic medicines rose 3.6%, and were boosted by various advertising campaigns throughout the year. Sales of OTC specialties bounded 14.7% thanks to a 26.8% surge in Oscillococtinum® sales, helped by the new 30-dose format, a 15.5% climb in sales of Euphrasia®, reflecting

heavy advertising around the use of homeopathic treatments for eye diseases, and the introduction of Camilia®, a new product in the country. The gross margin in Italy grew 8.2% to 64.2%.

Current operating income was a loss of €1,053 thousand in 2007, compared with a loss of €912 thousand in 2006. This can be attributed to the following:

- A 16.1%, or €1,598 thousand, increase in preparation and distribution costs following the closure of the Verona, Turin, Padua, and Florence offices (these customers will now be served out from Milan, Rome, and Bologna) and the consolidation of the two Rome sites;

- A 6.2%, or €778 thousand, rise in marketing expenses related to advertising campaigns promoting homeopathic treatments, the use of homeopathic treatments for eye diseases, and the market launch of Camilia®.

The income tax expense was €273 thousand, giving an after-tax income of negative €1,374 thousand, due to recognized permanent differences.

The Italian operations generated a net loss of €1,646 thousand in 2007, an improvement from the €2,270 thousand loss in 2006.

### SPAIN

Sales in Spain climbed 8.7% to €20,622 thousand in 2007. Sales of non-proprietary homeopathic medicines grew 6.7% and accounted for 58.5% of the total sales. Sales of OTC specialties jumped 11.6% driven by higher sales of Oscillococcinum®, Stodal®, and Sédatif PC® (up by 16.2%, 24.3%, and 21.8%, respectively).

Current operating income in Spain came in at €2,906 thousand, essentially unchanged from 2006, and reflects:

- A 7.8% growth in the gross margin to 75.8%;
- An 8.8% increase in preparation and distribution costs to €5,244 thousand, as a result of renovation and expansion expenses for the Madrid site;

- An 11.8% climb in marketing expenses for promotions and activities to extend the distribution network.

Net income from Spain totaled €2,070 thousand in 2007, or 10.0% of sales. This is 7.5% higher than the €1,926 thousand of net income generated in 2006.

### BELGIUM

UNDA's consolidated sales advanced 4.8% to €25,010 thousand in 2007; domestic sales rose 3.9% while international sales grew 9.2%. Sales of non-proprietary homeopathic medicines held relatively stable over the year, but sales of OTC specialties grew 9.5% thanks to winter medications like Oscillococcinum®, Stodal®, and Drosetux®, which soared 38.0%, 46.5%, and 58.8%, respectively.

Current operating income fell 59.3% to €338 thousand, due to:

- A 16.4% increase in preparation and distribution costs due to efforts to streamline operations (i.e., the closure of the Charleroi and Anvers sites);
- A 4.8% rise in marketing expenses following the hiring of additional sales staff;
- Offset slightly by a 4.4% expansion in the gross margin as a result of higher sales.

UNDA incurred €834 thousand of restructuring costs in 2006, which were charged to non-current income. Financial income and expenses amounted to €410 thousand.

Unda generated a net loss of €139 thousand in 2007, compared with a loss of €97 thousand in 2006.

### SWITZERLAND

Sales in Switzerland grew 8.9% to €2,693 thousand in 2007. Sales of non-proprietary homeopathic medicines ended the year flat, but those of OTC specialties increased 17.6%, thanks to a 47.3% surge in Oscillococcinum® sales. Most of the company's business in Switzerland comes from French-speaking areas; the company is taking steps to boost sales in German-speaking parts of the country.

Boiron Switzerland's current operating income was a loss of €662 thousand in 2007, compared with a loss of €839 thousand in 2006, and can be attributed to:

- A 23% rise in the gross income to €2,059 thousand, or 76.6% of sales, from €1,674 thousand, or 71.5% of sales in 2006;
- A 56.6% increase in marketing expenses, resulting from efforts to expand distribution among clinics and phar-

macies and €149 thousand of advertising costs carried over from 2006;

- Offset partially by a reduction in support costs (i.e., lower consultant fees).

Boiron Switzerland generated a net loss of €688 thousand before goodwill impairment, compared with a €648 thousand loss in 2006. As a result, the company decided to recognize a €55 thousand goodwill impairment charge for Boiron Switzerland.

### POLAND

Sales in Poland increased 63.3% to €13,234 thousand in 2007, thanks to intense sales and marketing efforts and a favorable base effect in 2006. Sales of non-proprietary homeopathic medicines grew 53.2%, and those of OTC specialties grew 65.1%. The biggest increases were seen in Stodal® (up 68.7%), Oscillococcinum® (up 100.1%), Drosetux® (up 66.8%), Homéoptique® (up 233.8%), and Homéovox® (up 67.1%).

Current operating income swung from a €179 thousand loss in 2006 to a €2,000 thousand profit in 2007, mainly as a result of:

- A 70.1% rise in the gross income to €8,640 thousand, in line with the higher sales;
- A 35.9% increase in preparation and distribution costs, reflecting greater sales and additional staff,
- A 29.5%, or €1,119 thousand, climb in marketing expenses due to heavier advertising and a larger sales force.

Dolisos Poland incurred €125 thousand of restructuring costs in 2006.

Boiron Poland generated a net income of €1,617 thousand in 2007, compared with a net loss of €88 thousand for the combined Boiron Poland and Dolisos Poland operations in 2006.

## NORTH AMERICA

### UNITED STATES

Sales at Boiron USA totaled \$31,596 thousand in 2007, up 6.8%, or \$1,999 thousand, from 2006. However, in euro terms, sales dipped 2.3% to €23,054 thousand. Sales of non-proprietary homeopathic medicines rose 10.4%, or \$1,176 thousand, while those of OTC specialties advanced 4.8%, or \$882 thousand. Sales of Arnica gels and creams grew a robust 29.8%, while sales of Oscillococtinum® declined 3.0% due to a mild 2007 flu season.

Current operating income totaled €2,209 thousand, down 11.1% from €2,486 thousand in 2006, as a result of:

- A 3.4% decline in the gross income, from €18,074 thousand in 2006 to €17,465 thousand in 2007;
- Offset partially by a 2.1% decrease in current operating expenses (excluding cost of goods sold), thanks to careful cost controls.

Boiron USA generated a net income of €1,371 thousand in 2007, against a net income of €1,569 thousand in 2006. Dolisos USA, which was liquidated in 2007, generated a €198 thousand loss in 2006.

### CANADA

Sales in Canada climbed 4.4% to €7,254 thousand in 2007. At constant exchange rates, sales jumped 7.7%. Sales of non-proprietary homeopathic medicines grew 8.5%, while those of OTC specialties rose 12.8%. OTC specialties were led by Camilia® and Oscillococtinum®, up

51.8% and 23.1%, respectively, and Arnica gels and creams, up 23.2%.

At current exchange rates, gross income in Canada increased 10.9% to €512 thousand, while marketing costs edged up 7.9% to €190 thousand.

Current operating income expanded 65.5% to €637 thousand, resulting in a net income of €463 thousand (vs. €218 thousand in 2006).

## FRANCE

### BOIRON FRANCE, THE PARENT COMPANY

#### CONSOLIDATED SALES

Consolidated sales grew 8.6% in 2007 to €289,133 thousand.

In metropolitan France, sales of non-proprietary homeopathic medicines rose 3.4% to €191,095 thousand, while sales of OTC specialties jumped 10.4% to €62,957 thousand. OTC specialties were driven by Oscillococtinum®, Camilia®, and

Stodal®, whose sales advanced 15.1%, 22.4%, and 18.2%, respectively.

Direct exports surged 56.3% in 2007, with a 16.7% increase in exports of non-proprietary homeopathic medicines and a 69.7% increase in exports of OTC specialties. Oscillococtinum® accounted for 76% of the growth in

direct exports, most notably in Russia, Romania, Hungary, and Lithuania. Stodal® sales grew 27.4% in Hungary and Russia, and those of Sédatif PC® increased by 45.8% in Tunisia, Hungary, Lithuania, and Romania.

### CONSOLIDATED INCOME

The consolidated gross margin for 2007 came in at 75.8%, a slight improvement from 74.4% in 2006. Gross income grew 10.9% to reach €24,069 thousand.

The primary expense line items changed in 2007 as follows:

- Preparation and distribution costs fell 1.3%, or €1,414 thousand, to €109,329 thousand as lower shipping costs were offset somewhat by higher personnel expenses;
- Marketing expenses rose 7.6% to €56,853 thousand due to promotional efforts at distributors (personnel expenses and consulting fees to locate new customers) and in the

retail market (mostly in Russia and Hungary);

- R&D expenses rose 77.9% to €2,505 thousand, reflecting the company's desire to invest more heavily in this strategic area;
- Regulatory costs grew up €874 thousand as a result of the company's international expansion;
- Support department costs climbed 13.1% to €4,254 thousand on the back of higher personnel expenses (related to employee profit-sharing). Boiron France benefited from a non-recurring tax gain in 2006.

Current operating income totaled €33,183 thousand, or 10.2% of sales, in 2007, compared with €19,171 thousand, or 6.5% of sales, in 2006.

Restructuring costs amounted to €7,517 thousand in 2006. Costs related to efficiency gains, mostly in support functions, totaled €1,102 thousand in 2007, and were charged to current operating income.

The tax rate for 2007 was 37.7%, essentially the same as the 37.1% tax rate for 2006.

The consolidated net income for 2007 was €21,360 thousand, or 6.6% of sales, a €13,519 thousand improvement from 2006.

### INDIVIDUAL COMPANIES

Sales at Boiron France grew 8.6% to €337,306 thousand in 2007, up from €310,694 thousand in 2006. Operating income rose from €29,792 thousand to €42,971 thousand.

Exceptional items totaled €344 thousand in 2007; exceptional items in 2006 included a €7,517 thousand charge for restructuring costs and amounted to a

negative €7,225 thousand.

Financial income swung from a €350 thousand loss in 2006 to a €2,462 thousand gain in 2007, thanks to better cash flow management.

The average tax rate in 2007 after tax loss carryforwards was 36.3%. As of December 31, 2007, the company had used all of the tax loss carryforwards

obtained from the Dolisos merger.

Boiron France's net income for 2007 was €24,252 thousand, compared with €11,168 thousand in 2006.

The company recognized a €51,111.22 depreciation charge in 2007 for the portion of the purchase price for company cars above €18,300, in accordance with Article 39.4 of the French General Tax Code.

### HERBAXT

Sales at Herbaxt rose from €6,874 thousand in 2006 to €7,781 thousand in 2007. Excluding intra-company sales,

sales were €774 thousand, down 6.9% from 2006 on a comparable basis. Current operating income came in at

€3,052 thousand, for a net income of €2,015 thousand.

### CARIBBEAN

Sales in the Caribbean grew 4.3% to €5,494 thousand in 2007. Sales of non-proprietary homeopathic medicines advanced 2.1%, while those of OTC

specialties increased 7.7% and accounted for 38.6% of the region's total. The higher sales of OTC specialties were driven primarily by strong demand for

Oscillocoquinum®. Current operating income for 2007 was €525 thousand, which resulted in a net income of €480 thousand, up 7.6% from 2006.

### RÉUNION

Boiron Indian Ocean was incorporated on July 1, 2006 following the partial transfer of assets during the Dolisos merger. Therefore the 2006 data include only six months of operations.

Boiron Indian Ocean generated sales of €1,909 thousand in 2007, against €805 thousand in 2006. Current operating income was a loss of €139 thousand, compared with a loss of €50 thousand in

2006. Net income was a loss of €111 thousand, compared with a loss of €25 thousand in 2006.

## RESULTS OF BOIRON France DURING THE LAST FIVE FISCAL YEARS

(Art R225-102 of the French Commercial Code)

<i>Data converted in Euro</i>	2003	2004	2005	2006	2007
<b>I Capital at the end of fiscal year</b>					
a Share Capital	(a) 18,672,000	18,672,000	(b) 22,006,286	22,006,286	22,006,286
b Number of existing ordinary shares	18,672,000	18,672,000	22,006,286	22,006,286	22,006,286
c Number of preferred shares (without right to vote) existing					
d Maximal number of future shares to be emitted d1 by conversion of bonds d2 by exercise of application rights					
<b>II Operations and results of the fiscal year</b>					
a Sales	245,992,297	252,382,763	325,576,633	310,693,856	337,306,116
b Result before taxes, employees profit-sharing, depreciations, cancellations and provisions	51,706,693	38,379,035	21,508,649	28,665,361	56,330,629
c Income tax	8,226,164	7,718,503	903,698	6,945,069	13,814,282
d Employee profit-sharing for the fiscal year	2,387,617	1,758,578	0	1,835,886	3,582,651
e Result after taxes, employees profit-sharing, depreciations, cancellations and provisions	23,263,177	17,654,953	1,930,557	11,167,964	24,252,436
f Distributed profit	9,672,091	9,675,283	8,142,326	6,601,886	(c) 12,071,161
<b>III Profits by share</b>					
a Result after taxes, employees profit-sharing, but before depreciations and provisions	2.20	1.55	0.94	0.90	1.77
b Result after taxes, employees profit-sharing, depreciations and provisions	1.25	0.95	0.09	0.51	1.10
c Dividend distributed by share	0.52	0.52	0.37	0.30	(c) 0.55
<b>IV Personnel</b>					
a Average workforce during the fiscal year	1,926	1,955	2,275	2,603	2,577
b Amount of the payroll for the fiscal year	52,943,664	56,663,219	75,351,082	79,738,220	79,321,572
c Amount paid, during the fiscal year, concerning social benefits (Social Security, charitable works, etc...)	24,656,196	26,730,212	36,267,085	37,022,307	37,582,849

(a) Division of the share value by four: 18,672,000 shares of €1 each at July 1, 2003

(b) Emission of 3,334,286 shares for the benefit of ancient shareholders of Dolisos. Admitted to the quotation on July 5, 2005

(c) According to the resolutions proposed by the Ordinary Shareholders' Meeting, the dividend amounts to €0.55

**SUBSIDIARIES AND INTERESTS ON**

Subsidiaries and interests	Local currency	Capital Share	Shareholders' equities except capital share, including result before profits distribution	Share of the held capital in %	Book value of the held securities	
					gross in thousand euros	net in thousand euros
		Local currency	Local currency			
<b>Subsidiaries (&gt; 50% of the share capital held by the Company)</b>						
Boiron Srl	1000 EUR	2,500	7,247	99.91	624	624
Boiron Inc. Consolidated holds 100% of BOIRON Borneman Inc.	1000 USD	3,588	9,371	100.00	3,452	3,452
Boiron Sociedad Iberica de Homeopatia	1000 EUR	1,099	9,639	98.88	2,109	2,109
Boiron Canada Inc	1000 CAD	2,395	1,752	100.00	1,613	1,613
Boiron GmbH	1000 EUR	511	(598)	100.00	517	-
Unda	1000 EUR	2,850	3,404	61.07	4,627	4,627
Boiron Caraibes	1000 EUR	1,660	3,937	99.04	1,898	1,898
Herbaxt	1000 EUR	384	10,033	99.98	4,192	4,192
C.D.F.H.	1000 EUR	8	34	100.00	8	8
Boiron CZ S.r.o	1000 CZK	3,600	5,421	100.00	99	99
Boiron SK S.r.o	1000 SKK	1,700	4,695	100.00	40	40
Boiron SP z.o.o	1000 PLN	10,099	7,011	100.00	2,624	2,624
Boiron RO Srl	1000 RON	80	889	100.00	43	43
Boiron TN SARL	1000 TND	105	122	99.90	84	84
Boiron MA SARL	1000 MAD	800	756	100.00	77	77
Boiron Hungaria Kft	1000 HUF	49,000	61,122	99.80	187	187
Boiron Russie	1000 RUB	42,000	(691)	100.00	1,202	1,202
Boiron Medicamentos Homeopaticos Ltda (Brésil)	1000 BRL	530	(6)	99.98	200	200
Boiron Belgium	1000 EUR	3,650	69	99.99	3,650	3,650
Boiron Océan Indien	1000 EUR	555	(217)	100.00	555	555
Doliso Italia Srl	1000 EUR	1,000	1,626	100.00	3,214	2,594
Boiron Suisse	1000 CHF	1,400	(2,054)	100.00	747	-
Editions Similia	1000 EUR	43	20	97.53	752	66
Omnium Mercur	1000 EUR	62	749	99.80	-	-
Doliso BV	1000 EUR	102	(299)	100.00	-	-

## DECEMBER 31, 2007 (Art R123-197 of the French Commercial Code)

Loans and advances granted in thousand euros	Loans and advances received in thousand euros	Pledges and approvals given in thousand euros	Average rate for the fiscal year	Last fiscal year sales Local currency	Profit or loss of the last fiscal year Local currency	Dividends received during the fiscal year in thousand euros	Observations
5,942	-	-	-	44,303	(1,577)	-	
-	2,391	22	0.72959	31,882	1,892	931	
-	5,556	-	-	20,690	2,092	1,288	
-	1,788	-	0.68076	10,714	665	134	
-	-	-	-	-	(3)	-	
4,159	163	-	-	25,428	13	97	
-	3,296	-	-	5,513	510	288	
-	3,482	-	-	7,787	1,808	984	
-	-	-	-	145	2	-	
-	-	-	0.03603	39,980	1,328	-	
-	-	-	0.02961	31,967	942	-	
-	1,325	-	0.26434	50,054	6,116	-	
-	-	-	0.29959	4,315	274	-	
-	-	-	0.57298	1,058	41	-	
-	-	-	0.08914	5,679	247	-	
-	-	-	0.00398	616,984	28,320	-	
-	-	-	0.02855	169,224	(929)	-	
-	-	-	0.37544	813	(4)	-	
-	-	-	-	-	3	-	
495	-	-	-	1,948	(166)	-	
-	2,487	-	-	-	173	1,711	
1,403	-	-	0.60876	4,414	(555)	-	
-	-	-	-	130	20	-	
-	-	-	-	-	111	-	
202	-	-	-	-	0	-	No activity

## Proposed distribution of net income

PROPOSED ALLOCATION OF NET INCOME (in euros)	
Profit for the 2007 fiscal year	€24,252,436.34
- Allocation to the legal reserve within the limits of 10 % of capital	€0.00
+ Retained earnings	€8,799,545.71
<b>= Distributable profits</b>	<b>€33,051,982.05</b>
- Dividend of €0.55 per share on the basis of 21,947,566 shares	- €12,071,161.30
= Remaining sum	€20,980,820.75
- Other reserves	- €10,000,000.00
<b>= Balance carried forward</b>	<b>€10,980,820.75</b>

The Board of Directors proposes a dividend of €0.55 for fiscal 2007, corresponding to a payout ratio of 44% of the earnings per share. This entire dividend

will be eligible for the 40% tax deduction allowed by Article 158-III-2 of the French General Tax Code. Treasury shares held by the company on the dividend pay-

ment date, June 5, 2008, will not receive this dividend; any dividends that would have been allocated to these shares will instead be credited to retained earnings.

The following table summarizes the dividends paid over the past three fiscal years.

Fiscal Year	Amount of revenue eligible for the 40% allowance (Article 158-III-2 of the French General Tax Code)		Amount of revenue not eligible for the 40% allowance
	Dividends	Other distributed revenue	
2004	€9,709,440.00 (1)	-	-
2005	€8,142,325.82 (1)	-	-
2006	€6,601,885.80 (1)	-	-

(1) of which carried forward:

- €34,157.00 in 2004,
  - €46,469.82 in 2005,
  - €17,786.10 in 2006
- for dividends not paid out on treasury shares.

## Research and development

Boiron continued to intensify its research programs in 2007, and plans to invest a further €7 million in 2008. In 2007, the company spent 1.3% of its sales, or €5,706 thousand, on R&D, a 77.5% increase from 2006 (when the company spent 0.8% of sales, or €3,214 thousand).

Boiron's R&D strategy consists of identifying the pharmaceutical effects of homeopathic medicines and understanding their mechanisms at high dilutions, as well as proving their efficacy and benefits for the public interest when used by physicians in daily practice.

The company's R&D is focused on the following areas:

- proving the effectiveness of Boiron's treatments for their main indications or in new applications;
- discovering new opportunities to use homeopathic treatments for serious illnesses;
- developing new treatments; and
- assessing the public health benefits of homeopathic treatments through large-scale pharmaceutical and epidemiological trials.

A great deal of research has been done in this field, and major new developments should be announced in the coming years. Dozens of articles on homeopathic treatments have been published in international scientific journals; some of the most notable ones from 2007 are listed below.

- Research on the effects of arsenic dilutions on arsenic toxicity:  
*Banerjee P., Biswas S.J., Belon P., and Khuda-Bukhsh A.R., "A potentized homeopathic drug, Arsenicum album 200, can ameliorate genotoxicity indu-*

ced by repeated injections of Arsenic trioxide in mice." *J. Vet. Med. A.*, (2007) A 54, 1-7.

Belon P., Biswas S.J., Karmakar S.R., Banerjee P., Banerjee A., Das J.K., Pathak S., Choudhury C., Bhattacharjee N., and Guha B. "Is an elevated anticuclear antibody titer in subjects living in two groundwater Arsenic contaminated villages indicative of a time-dependent effect of Arsenic exposure?" *Environmental Science* (2007), Vol. 2 (1), 10-16.

Belon P., Banerjee A., Karmakar R.S., Biswas S.J., Choudhry S.C., Pathak S., and Khuda-Bukhsh A.R. "Homeopathic remedy for arsenic toxicity? Evidence-based findings from a randomized placebo-controlled double blind human trial." *Science of the Total Environment*, 2007, 384, 141-150.

- Research on the effect of Gelsemium Sempervirens on anxiety, published for the first time in 2007:

Venard C., Boujedaini N., Belon P., Mensah-Nyagan A.C., and Patte-Mensah C. "Pharmacological modulators of the glycinergic system regulate allopregnanolone biosynthesis in the rat spinal cord." *Trabajos del Instituto Cajal, Madrid, Tomo LXXXI*, 2007.

4<sup>th</sup> International Meeting Steroids and Nervous System, Torino February 17-21, 2007.

- In allergy applications, further studies into the effects of histamine dilutions in inhibiting basophile degranulation:

Sainte-Laudy J., Bouüedine A., Tourraine F., Orsel I., Brianchon C., Bonnaud F., and Cogne M.

"Use of both CD63 up regulation and IgE down regulation for the flow cytometric analysis of allergen induced basophil activation. Definition of an acti-

vation index." *Inflammation Research*, 2007, 56, 291-296.

- A new article that clarifies the effects of aspirin dilutions on cyclooxygenase 2: Eizayaga F.X., Aguejouf O., Desplat V., Belon P., and Doutremepuich C. "Modifications produced by selective inhibitors of cyclooxygenase and ultra low dose aspirin on platelet activity in portal hypertension."

*World Journal of Gastroenterology*, 2007, 14, 13(38), 5065-5070.

- A clinical trial proving the efficacy of Homeoptic®:

Vingolo E.M., Domanico D., Leopardi S., and Perrotta E.

"Trattamento della irritazioni oculare con collirio omeopatico Euphrasia - Calendula - Magnesia carbonica Boiron."

*Bollettino di Oculista*, Anno 86, No. 1, 2007.

## Human Resources

### HUMAN RESOURCES POLICY AND LABOR AGREEMENTS

Boiron's human resources policy incorporates elements related to both finance and employee welfare. It is based on two main goals: one, involve all employees in important company decisions; and two, ensure that the company will always be able to meet its employee commitments. This policy began to bear fruit in 2007, as it helped ease the integration of the Dolisos merger and introduce a standardized statuses.

By encouraging each employee to contribute on both a personal and professional level, Boiron can help all workers navigate through today's complicated, fast-paced environment, and instill the company with the energy, creativity, and flexibility needed for success.

Boiron has signed 30 labor agreements that are consistent with the following three principles championed by Christian and Thierry Boiron.

Work-life balance - Boiron's part-time and full-time working arrangements can help employees balance their careers and personal lives. Indeed, this balance is the very philosophy behind these arrangements. 24% of Boiron's employees work on a part-time basis by choice.

Team spirit - 250 employees are covered by a retirement preparation agreement, which allows for a transition period as retirement approaches to help individuals adjust to the new lifestyle. During this period, employees will gradually step down from arduous positions and pass their knowledge on to the next generation. This agreement also gives the company important information on exactly when employees plan to retire, so that replacements can be found ahead of time. The agreement will be updated in 2008, in order to maintain its innovative spirit and adapt to continuously evolving labor regulations.

Forward thinking - Boiron is aware of the need to remain flexible, both as a company and in terms of its everyday practices. For example, the company set up a night shift to ensure continuous production of Oscilloccinum®, and introduced a new organizational structure by transferring its Levallois operations to Pantin. Now that Boiron has completed two years of needed restructuring, Christian and Thierry Boiron have affirmed their desire to lead in an approachable, purposeful manner so that every employee feels more and more at home within the company.

### EMPLOYEE DATA IN 2007

The employee data given below include all entities in Boiron's scope of consolidation.

Boiron had 3,851 employees worldwide at December 31, 2007. 2,799 of these employees were based in metropolitan

France (1.1% less than in 2006), with the remaining 1,052 outside France or in the French territories.

### EMPLOYEES IN FRANCE IN 2007

The following tables give consolidated employee data for France at December 31, 2007, and include staff at the Bulgaria promotional office.

#### HEADCOUNT

##### Evolution of the total workforce (BOIRON France)

	2007	2006
Women	659	658
Men	2,107	2,139
<b>Total</b>	<b>2,766</b>	<b>2,797</b>

#### COMPENSATION

##### Global salary increases (BOIRON France)

	2007	2006
General increase	1.28%	1.60%
Promotional increase	1.31%	1.48%
<b>Global increase</b>	<b>2.59%</b>	<b>3.08%</b>

##### Evolution in payroll, personnel expenses

(BOIRON France)

(in thousands of euros)	2007	2006
Compensation	78,355	79,434
Social charges	33,248	32,929
Profit-sharing	7,711	4,104
Other employee benefits (incl. luncheon voucher and other benefits)	4,268	4,093
Retirement gratuities	2,072	2,038
Agreement on Preparation for Retirement	3,208	3,630
Long-term service bonuses	305	(264)
<b>Total personnel costs</b>	<b>129,167</b>	<b>125,964</b>
Social charges / compensation	42.4%	41.5%

#### TRAINING

##### Evolution in training (BOIRON France)

	2007	2006
Workforce (permanent)*	2,644	2,650
Number of trained persons	1,969	1,903
Number of training hours	35,619	26,769

\* Workforce benefiting from a full-time employment contract

#### WORKING HOURS

##### Number of persons working part-time (BOIRON France)

	2007	2006
Part-time selected	2,125	2,120
Full-time	641	677
<b>Total</b>	<b>2,766</b>	<b>2,797</b>

### WORKPLACE ACCIDENTS

The number of workplace accidents at Boiron France was 20.41 per million hours worked in 2007, compared with

18.40 in 2006. The accident severity rate (i.e., the number of man-days lost due to a workplace injury per thousand

hours worked) was 0.31%, against 0.26% in 2006.

### SUBCONTRACTORS

Boiron aims to conduct the majority of its core business in-house, but like all manufacturers, it must occasionally use subcontractors to handle specialty work or provide additional capacity. Therefore, in order to minimize the risk of shortages

and enhance product quality, workplace safety, and environmental performance, Boiron's purchasing department handles all subcontractor hiring procedures, and subcontractors are selected in coordination with all parties concerned. Boiron

typically uses subcontractors for some R&D (fundamental research, pharmacology, and clinical trials), raw materials sourcing, packaging, and distribution.

## Goals

This section discusses the company's goals based on management's current beliefs and expectations. Actual results may differ significantly, especially in light of the risks and uncertainties mentioned below.

### MACROECONOMIC OUTLOOK

- The overall economic climate stands to be less favorable, most notably in the US and to a lesser extent, western Europe. Countries in Eastern Europe should continue to see healthy growth.
- In France it is too early to determine the effects of the public healthcare policy reforms initiated in 2007 (or still being finalized). These reforms include:
  - A reduction in the social security reimbursement of €0.50 per box of medication; and
  - Letting consumers buy some non-reimbursed treatments freely in pharmacies (planned for the second half of 2008), as part of France's Chatel law designed to reform the relationship between pharmacies and drug manufacturers.

### COMPANY FORECASTS

#### ORGANIZATIONAL STRUCTURE

- The only change to the company's scope of consolidation planned for 2008 is the incorporation of the Russian entity as a fully-operational subsidiary (initially scheduled for 2007 but delayed due to technical reasons).

#### INVESTMENTS

- In France, the company plans to carry out the following measures in 2008 in order to meet the growing demand for OTC specialties:
  - A capacity expansion at the Boiron SA Messimy plant;
  - The start-up of a new Oscilloccinum® production unit at Sainte-Foy-lès-Lyon;
  - The start-up of a new single-dose production line to manufacture Homéoptic®, Euphralia®, and Camilia® at the Herbaxt subsidiary.
- The Canadian subsidiary will build a new headquarters in 2008. However, plans to build a new headquarters in the US have been put on hold due to the weakening domestic economy.

- In Belgium, the company will continue to make efficiency improvements at distribution centers and at the Harzé plant in 2008. This will include a renovation of the Brussels distribution center, which will become Unda's new headquarters.

#### SALES AND EARNINGS

- The company expects sales of OTC specialties in France to continue expanding in 2008 as they did in 2007. However, this outlook does not incorporate the potential sales boost if consumers are given free access to Boiron's OTC specialties in pharmacies. Sales of non-proprietary medicines prescribed by doctors could be hurt by the new reduction in the social security drug reimbursement.
- Outside France, sales of OTC specialties should continue to grow in all regions in 2008, although the company intends to keep an eye on a possible slowdown in North American consumer spending.
- Boiron's Italian and Belgian subsidiaries should return to a profit in 2008 following the efficiency improvement initiatives completed in 2007.

# Informations on the issuer's risks

## INDUSTRIAL AND ENVIRONMENTAL RISKS

The Boiron production plants fall under the regulations on Facilities Listed for the Protection of the Environment. The Company therefore applies the provisions associated with its system of declaration which allows it to guarantee minimum impact of its activities on the environment. Moreover, in 2007, an HSE (Health, Safety, and the Environment) unit, dedicated to all these problems, was set up. This will make it possible to accentuate, standardize within the group and boost the existing policy in terms of HSE.

### Protection of biodiversity

#### In our management of supplies...

The base of homeopathic medicines, called the "strain", is of vegetable, mineral or animal origin.

It is obtained from plants taking the preservation of the natural environment into account. In fact, Boiron obtains supplies directly from a network of some hundred growers and picking-up specialists throughout the world. They conduct certification measures certifying a method of biological production (AB label for the non-use of phytosanitary products, traceability of practices, biodiversity, etc.). The various harvest sites are the subject of quality audits, to ensure that all plants used are certified GMO free, in certain cases with regulatory certificates (soya, corn, etc.) and are tested to ensure they are free from radioactive contamination.

Some of the plants used (Hydrastis canadensis for example) are protected by the Washington Convention (or the Convention on the International Trade in Endangered Species of Wild Flora and

Fauna, or CITES) adopted in 1973 which aims to ensure that the international trade in listed species, and in parts and products originating therefrom, does not harm the preservation of biodiversity and relies on a durable use of wild species. The purchase of any of these plants requires a permit so that, among other things, supplies are guaranteed in quantities allowing the natural balances of the farming sites to be preserved.

Boiron uses 505 animal strains, taken from around 280 species. To date, none of these animal species is protected by the Washington Convention. In the past, Boiron used salamander and green lizard which were protected, but has since eliminated the corresponding products. The animals used are mainly insects or animal secretions. Moreover, these are mostly animals reared with veterinary certification. There again, the Company has carried out an audit and certification of suppliers with precise specifications.

The other raw materials used are essentially ethanol, sugar, lactose, and vaseline.

#### ...and in our testing policy

Local tolerance tests are carried out for each launch of a cosmetic range (few in recent years). Other local tolerance tests may be carried out specifically at the request of AFSSAPS (French Agency for the Medical Safety of Healthcare Products). In general, however, registration or marketing authorization files are less stringent in terms of clinical trials with a clinical and toxicological section based on the bibliography. Boiron is also required to conduct abnormal toxicity tests for microbial and fungal strains.

### Control over water and energy consumption

Most energy consumption is used in the treatment of the air (heating, air conditioning and hygrometry of the premises). The water used at the plants comes from the drinking water supply. The use of water is divided between the domestic (toilets, showers, etc.) and the manufacturing (process water, washing plants, etc.).

### Employee information and awareness

Employee information and awareness of these matters are checked monthly while a general communication is issued on the various subjects connected with the environmental problems and different supports (communication packs, intranet, and in the future, a column in the Company newsletter).

## Technical measures implemented for this purpose

In addition to the efforts made in terms of personnel information and awareness, certain technical measures have been implemented to actually reduce consumption.

### Boiron production plants

- Cleaning production machinery on the spot, which consists in carrying out the washing phase in closed cycle;
- Switching off the refrigeration units and associated re-circulation pumps at night during mid-season;
- Programming the charging units for the lift trucks so that the chargers do not consume energy when not charging;

- Reduction in boiler temperatures; and
- At the Messimy plant, installation of a heat duct system to heat the incoming air with the outgoing air.

### Herbaxt

- Installation (in 2004) of a centralized vacuum production plant, equipped with dry lobe pumps to eliminate the use of water connected with the operation of liquid ring pumps;
- Introduction of a purified water production plant using reverse osmosis and electrodeionization as the principle for the treatment of water, and claiming a water recycling rate higher

than the double reverse osmosis process (i.e., 120 L/h recycled out of an average of 600 L/h);

- Adjustment of CTAs with refining of the temperature parameters in controlled atmosphere areas;
- Reduction in the use of electricity by the CTAs, by reducing the temperature at weekends (automatic instructions); and
- Improvement in the building insulation, on the south gallery side, by installing double glazing in March 2007, in addition to the thermal films installed in the second half of 2006.

## Figures:

### Water consumption (in m<sup>3</sup>)

	2007	2006
Herbaxt	3,970	3,808
Messimy	37,035	32,209
Montrichard	7,810	6,100
Sainte-Foy-lès-Lyon	23,600	25,600
UNDA	10,260	6,820

### Gas consumption (in MWh)

	2007	2006
Messimy	11,560	13,165
Montrichard	1,270	1,500
Sainte-Foy-lès-Lyon	6,385	6,510
UNDA	280	250

### Electricity consumption (in MWh)

	2007	2006
Herbaxt	2,050	2,680
Messimy	11,625	11,765
Montrichard	2,030	1,970
Sainte Foy	8,285	7,200
UNDA	1,075	1,040
37 regional labs	9,550	10,415

The network of establishments is developing regularly owing to the closure of some and the creation of others. The scope is therefore continuing to develop. In general, all the establishments use as much electricity as one production plant, half the water and very little gas (only 7 establishments have gas).

## Management of air, water and soil emissions

### ATMOSPHERIC DISCHARGE

#### Gas emissions

The manufacture of homeopathic medicines does not give rise to the emission of greenhouse gases. The only CO<sub>2</sub> emissions are those originating from the combustion of natural gas used to heat the premises. Alcohol vapours may form in the manufacture of mother tinctures. Associated emissions remain very low, however. Checks carried out at the intake of the air returns in the premises concerned have shown that the alcohol content does not exceed 1 mg/Nm<sup>3</sup>, i.e. an insi-

gnificant concentration of Volatile Organic Compounds (VOCs). These values are way below the limit values for emissions fixed by the current regulations<sup>2</sup>.

#### Particle emissions

Sugar and lactose particles are essentially generated when adding raw materials in powder form to the manufacturing equipment by air suction. They are channelled and retained by filters. The filter devices installed allow a low level of dusts in the atmosphere to be assured (< 10 mg/Nm<sup>3</sup>), remaining well below the value fixed<sup>3</sup>.

### WASTEWATER

The three production plants at Messimy, Montrichard, and Sainte-Foy-lès-Lyon, are each governed by a waste water agreement, specific to the plant. This agreement is an undertaking between the manufacturer, the municipality, and the purification plant to remedy industrial pollution and to ensure control over the treatment of effluent sent to the nearest purification plant following discharge. Various parameters have to be observed, depending on the terms of the agreement, to be able to take action if the authorized thresholds are exceeded. These threshold values depend on the constraints of the purification plant which

assumes responsibility for the effluent and its treatment capacities.

Whichever Boiron plant is involved, abnormal pollution means that the origin must be sought and corrective solutions adapted. This also gives rise to financial penalties. In order to limit the pollution of industrial water, various works have been installed at the Messimy plant, such as oil extraction tanks, a homogenization basin, and a neutralization basin. Filters are also installed to collect matter in suspension.

The Messimy plant is subject to self-surveillance and has a chain of measures for collection, preservation, analysis

and operation. An underground basin has also been installed to recover the sweet water from the sugar-coating operations where the neutral granules and globules used for the production of tubes and doses are produced. This water is taken by a private service provider who spreads it over the fields and uses it for fertilizer.

In order to protect the rainwater networks, mats are placed over the drain grates during alcohol decanting operations. Moreover, in order to deal with any accidental spreading, the networks of the production plants are equipped with obturators.

### SOIL POLLUTION

In general, products at risk are stored by means of retention within the whole premises, cabinets, and tanks. It is possible, however, that some overlooked products

do not observe this rule but, within the scope of the proposed "Management of chemical risks" which began in 2007, the application of this instruction will be

checked. Still within the scope of this project, the Company has made the potentially concerned departments aware.

<sup>2</sup> A French Act passed on February 2, 1998, as amended, on the collection and use of water and all kinds of emissions from Facilities Listed for the Protection of the Environment subject to authorization.

<sup>3</sup> For dust, if the flow is less than or equal to 1 kg/h, maximum allowable concentration is 100 mg/Nm<sup>3</sup>.

## Waste management

Boiron has various waste treatment lines for the use of materials (recycling, composting, reutilization, etc.), use of energy (incineration, etc.), and burial. Finding the most suitable lines of treatment for the waste constitutes a compromise between the legislative, financial, human, and technical parameters.

Waste management within an enterprise is constantly developing. It requires the participation of everyone. At Boiron, sor-

ting forms an integral part of the everyday work of employees and requires good logistics. The equipment installed makes it possible to optimize transportation for the disposal of wastes. Within the scope of the 10% reduction in waste target set by Boiron in 2004-2006, the target was attained with a 40% reduction in waste produced or not utilized. To maintain this utilization, employee awareness is very important so that each person measures the impact and significance of

his contribution and continues his or her efforts. It makes use of communication supports.

The monitoring, sorting, and optimization of the lines and search for a reduction at source constitute a constant concern for the enterprise, the aim being to direct wastes to the utilization lines when that is possible and to limit the quantity of buried waste.

### Waste produced by the Sainte-Foy-lès-Lyon, Messimy, Montrichard, Herbaxt, and Unda plants

	2007	2006
Valuation material (in tons)	870	742
Energy valuation (in tons)	465	615
Landfill (in tons)	562	430
<b>Total (in tons)</b>	<b>1,897</b>	<b>1,787</b>
Rate of valuation (%)	70	76

## Worker safety

The safety and protection of the health of workers are managed at the following two levels:

- Constant improvement in the safety and conditions of work, managed on a daily basis by the safety officers of the production plants and by the members of the various Industrial Health and Safety Committees present in all of Boiron's French establishments. This measure is based on regulations, some indicators such as industrial accidents, and the risk assessment presented in the single document.
- Compliance with the new regulations which, owing to the extent of the measure, requires employees to work in a project team.

The projects in progress are as follows:

- Compliance with the ATEX standard. This standard constitutes the transposition into French law of Directive 1999/92/EC. It aims to improve the protection of workers exposed to explosive atmospheres (ATEX).

The principle of this standard is as follows:

- Identify and locate risks;
- Search for measures allowing the areas at risk to be reduced or even eliminated;
- Define the technical and organizational measures to be introduced in order to eliminate the sources of ignition in these areas;
- Finally, if, despite everything, the

absence of risk cannot be guaranteed, the potential explosion must be rendered harmless to personnel (through the use of flaps or explosion vents for example).

These principles are discussed in working groups, developed based on the sectors considered. These groups generally consist of maintenance, quality, production, general services, and safety officers.

- Management of chemical risks pursuant to the French Act 2001-97 passed on February 1, 2001 establishing the special rules for the prevention of carcinogenic, mutagenic or toxic risks to reproduction (CMRs) and the French Act 2003-1254

passed on December 23, 2003 on the prevention of the chemical risk in the broad sense. In 2007, the main task performed was to set up a database listing chemical products with associated toxicological elements.

A dedicated person was recruited for this purpose. A working group was set up, the bases of the project were established and the inventory of the current situation was drawn up. It is in 2008 that Boiron will really start to

look for solutions and introduce technical and organizational measures already identified.

## TECHNOLOGICAL RISKS

To the Company's best knowledge, there is no technological risk connected with the manufacturing processes, equipment, or raw materials used, or any dependency on technologies not owned by the Company, that require any particular mention in this 2007 annual report.

## INSURANCE

The Company has a third party liability insurance programme, based on a master policy with ZURICH and a first excess policy that covers its business and that of its subsidiaries around the world for up to a total of €30 million. The fully operational international subsidiaries also have local third party liability master policies with ZURICH.

Property is covered by an assets policy providing coverage for both direct damage to property and the consequential loss of profit. Loss adjusters from the company issuing the assets policy regularly inspect Boiron's plants and are involved in the risk-prevention policy implemented by the Company's Organization and Methods Department.

The insurance premiums paid by the Group in 2007 amounted to €2603 thousand, up 11.5% in comparison to 2006 (€2,335 thousand).

## MANAGEMENT OF MARKET RISKS

The notes to the consolidated financial statements now include a full note on the management of risks and financial instruments, on page 64 of this reference document.

## ONGOING LAWSUITS

Lawsuits or major disputes (with a possible impact of over €500 thousand, or over 10% of each Company's net income) are set out below.

### FRANCE: Lawsuits and risks prior for 2007

#### 1. Direct sales tax

On December 30, 2002, Boiron France filed an appeal with the French Supreme Court seeking the cancellation of the supplementary direct sales tax levied on it and the repayment of taxes paid between 1998 and 2002. The Company recorded as expenses, for which it is seeking repayment, €9,959 thousand in respect of fiscal years 1998 to 2001, and has not recognized any accrued revenue in this respect.

This appeal was filed following the judgment handed down by the Lyon Court of Appeal on October 29, 2002, which, notably, held that the supplementary direct sales tax did not constitute State aid, within the meaning of Article 92 of the EC Treaty (now, EC Article 87, following amendment). In its judgment of December 14, 2004, the French Supreme Court decided to refer two interlocutory questions to the European Court of Justice (ECJ) in Luxembourg.

The first related to the principle of the return of payments classified as State aid, and the second to the burden of proof. Pending a ruling from the ECJ, the French Supreme Court postponed judgment on this appeal. The case, refe-

rence no. C-526/04, was heard by the ECJ on October 13, 2005.

The Court handed down its decision on September 7, 2006.

- With regard to the first question, the Court found in favour of the Company by holding that it was entitled to seek repayment from URSSAF of a portion of the sums paid in respect of direct sales tax corresponding to the economic benefit unfairly obtained by wholesalers-distributors.
- With regard to the second question, the Court felt that French legal rules which provide that the burden of proof under French law is on the applicant, in this case Boiron, do not render this repayment impracticable.

In its judgment pronounced on June 26, 2007, drawing all the consequences of the judgment pronounced by the ECJ, both on the merits and on the procedure for providing proof, the French Supreme Court annulled all the provisions of the judgment pronounced against Boiron by the Lyon Court of Appeal on October 29, 2002. This case was referred to the Versailles Court of Appeal, which has not yet pronounced a judgment.

At the same time, Dolisos brought a case before the French Court responsible for social security affairs seeking the cancellation of the direct sales tax referred to in Article L.245-6-1 of the French Social Security Code. The sum sought in repayment in respect of the direct sales tax for 1998 to 2000 amounts to €2,866 thousand; no accrued revenue has been recognized in this respect. All Dolisos' claims were rejected in a judgment issued on September 3, 2004. Dolisos decided to file an appeal against this judgment with the Toulouse Court of Appeals.

The Toulouse Court of Appeals decided to defer its judgement while awaiting the ECJ's judgment on September 7, 2006 concerning the first dispute over direct sales tax, mentioned above, which already set Boiron against URSSAF.

On January 28, 2008, the Toulouse Court of Appeals set a new date for the hearing on November 7, 2008.

#### 2. Manufacturing duty on alcohol

Boiron France brought legal proceedings before the Lyon and Bordeaux District Courts against the Regional Customs and Excise Departments (*Directions Régionales des Douanes et Droits Indirects*). The Company sought repayment of a duty paid from 1993 to 1998 on the manufacture of alcohol-based medicines, which were wholly used for medical purposes. This duty, which breaches European Directives 92/12/EEC and 92/83/EEC, was revoked by the 1999 Finance Act. €873

thousand of duties were paid during the preceding fiscal years.

In two rulings on September 15, 2004, the Lyon District Court upheld Boiron France's claims by declaring that the levying of duty on the manufacture of alcohol was contrary to EC law. The Court ordered the Regional Customs and Excise Department to repay the sums paid from January 1, 1997 to December 31, 1998, and to pay interest on arrears. The Court ordered temporary enforce-

ment of the ruling in respect of the repayment, and €419 thousand was paid back. The damages, for which the Court did not order temporary enforcement, amount to €390 thousand, and this sum has not been recognized as accrued revenue by Boiron France. The Court also ordered the French State to pay Boiron €390 thousand in compensation for the loss suffered as a result of the collection of manufacturing duty from January 1, 1993 to December 31, 1996. The Regional

Customs and Excise Department appealed against the ruling ordering the State to pay damages.

In a judgment on December 8, 2005, the Lyon Court of Appeals overturned the ruling handed down on September 15, 2004 by the Lyon District Court holding that the application for damages was not within the jurisdiction of a judicial court but of an administrative court, but it upheld all the other provisions of the ruling. The Company has taken this case before the French Supreme Court. However, in a ruling dated November 2, 2004, the Bordeaux District Court found

that it did not have jurisdiction after having initially decided to postpone judgment pending the introduction of the Law Officer of the Treasury to the proceedings, and rejected some of the claims (judgment dated March 25, 2003). Boiron France appealed against this judgment, as it had appealed against the judgment dated March 25, 2003.

Finally, in its judgment dated November 8, 2004, the Bordeaux Court of Appeals confirmed the judgment of the District Court in which it had held that Boiron France's claim for repayment was inadmissible because it was time-barred. In a

judgment dated August 29, 2005, the Bordeaux Court of Appeals confirmed the judgment handed down on November 2, 2004 by the Bordeaux District Court. The Company has taken this case before the French Supreme Court.

Concerning the appeals filed by Boiron against the judgments of the Bordeaux Court of Appeals dated August 29, 2005 and of the Lyon Court of Appeals dated December 8, 2005, the French Supreme Court referred the issue to the Tribunal of Conflicts and decided to defer its judgment pending the decision of the latter.

### 3. Lawsuit with FIRS (*Fonds d'Intervention et de Régulation du Marché du Sucre*)

Boiron France brought proceedings before the Lyon Administrative Court against decisions by the FIRS (*Fonds d'Intervention et de Régulation du Sucre*). The Company sought the repayments granted to companies using sugar in their industrial production. €876 thousand in duty was claimed. No accrued revenue has been recognized in this respect. The Lyon Administrative

Court rejected all Boiron France's claims. The Company appealed against these decisions.

Through different decisions of May 24 and October 30, 2007, the Lyon Administrative Court of Appeals revoked the judgments of the Courts of first instance.

The Court also revoked the decisions on payments to the ONIGC (*Office National*

*Interprofessionnel des grandes Cultures*), formerly the FIRS, and ordered it to pay Boiron €300 per judgment, i.e. a total of €4,200 (14 judgments).

ONIGC filed appeals before the Council of State, seeking the annulment of the 14 judgments of the Lyon Administrative Court of Appeals.

### 4. Litigation with the URSSAF (*French Unions of Collection of National Insurance contributions and Welfare*)

The Lyon URSSAF carried out an inspection of taxes that are specific to the pharmaceutical industry, ended on July 26, 2005. At that date, the URSSAF inspectors sent a letter of observations setting out the grounds for a reassessment in respect of the direct sales tax referred to in Article L 245-6-1 of the French Social Security Code. The URSSAF notified

a formal demand to the Company on December 26, 2005, for the sum of €822,143 in contributions and €82,213 in interest on arrears.

In a letter of January 25, 2006, the Company applied to the Lyon URSSAF Arbitration Committee for a review of this reassessment. Following the decision

rendered by the ECJ on September 7, 2006 in above-mentioned case, which may have an impact on the legality of the direct sales tax, the parties agreed to suspend the examination of this appeal pending the final settlement of the first lawsuit between the Company and URSSAF.

### 5. Tax inspection

In 2005 and 2006, Boiron S.A. was the subject of an inspection by the tax authorities with respect to the fiscal years 2002, 2003, and 2004. In a letter dated

November 20, 2006, and following discussions with the tax authorities, Boiron S.A. agreed to the proposed corporation tax and withholding tax corrections for

€315,558. This amount was paid during the course of the fiscal year 2007.

## Boiron Securities and Shareholders

### SHARE CAPITAL

The Company's share capital is composed of 21,947,566 shares.

Pursuant to Article L.233-13 of the French Commercial Code, and to the Company's best knowledge, the persons holding the Boiron shares and voting rights, as mentioned in Article L.233-7, were as follows at December 31, 2007:

Shareholders	% of Capital	% of Voting Rights
Holding more than 5%	SHB	Thierry Boiron
Holding more than 10 %		SHB PIERRE FABRE SA
Holding more than 15 %	PIERRE FABRE SA	
Holding more than 20 %		
Holding more than 25 %	SODEVA	
Holding more than 33 1/3 %		SODEVA

At its meeting on June 27, 2006, the AMF (French securities regulator) reviewed the request for an exemption to the requirement to file a public offering proposal in respect of Boiron shares, filed by Christian Boiron and the members of his family group. This application is part of the proposed acquisition of Boiron shares by Sodeva and SHB, and up to a maximum of 5% of Boiron's share capital, the carrying out of which will be entrusted

to a financial services company acting independently and under a mandate expiring on December 31, 2007.

Prior to this transaction, the Boiron family group held 9,617,583 Boiron shares, representing 18,680,395 voting rights; i.e., 43.70% of the share capital and 58.18% of the voting rights in the Company.

In a letter dated May 29, 2007, the Boiron family group declared its total holding at May 15, 2007, of 10,708,524 Boiron

shares representing 19,812,896 voting rights; i.e., 48.66% of the capital and 61.19% of the voting rights - an increase of more than 2% of the family's stake in less than twelve consecutive months.

On December 31, 2007, the Boiron family group holds 10,710,763 Boiron shares representing 19,914,139 voting rights; i.e. 48.67% of the capital and 61.50% of the voting rights of this Company.

### EMPLOYEE SHARE OWNERSHIP

Pursuant to Article L225-102 of the French Commercial Code, Boiron hereby discloses the level of employee share ownership at the end of the fiscal year, i.e. December 31, 2007.

This ownership amounts to 3.82%, 3.81% of which was through an employee stock-ownership plan (a Boiron stock investment fund).

## Executive and Corporate Officers

Surname, first name, office	Date first appointed	End of current term of office	Main position held in the Company	Main position held outside the Company	Other offices and positions held in other companies <i>OBSERVATIONS</i>
Christian BOIRON Director, Chairman of the Board of Directors	ESM 12/12/1973 Board Meeting (BM) 06/16/1983 BM 12/15/2004	OSM 2010	Chairman of the Board of Directors	None	Director and Chairman of the Board of Directors of Laboratoires BOIRON Srl, UNDA, OMNIUM MERCUR, Chairman and CEO of SODEVA Director and Chairman of the Board of BOIRON Inc., BOIRON BORNEMAN Inc., Director of BOIRON SOCIEDAD IBERICA DE HOMEOPATIA <i>Brother of Michèle and Thierry Boiron</i>
Thierry BOIRON Director, CEO	BM 09/18/1996 BM 12/15/2004	OSM 2008	CEO	None	Director and Chairman of BOIRON CANADA Inc., EDITIONS SIMILIA, BOIRON (SWITZERLAND) Director and Deputy Chairman of BOIRON Inc., BOIRON BORNEMAN Inc., Permanent representative of BOIRON on the Board of BOIRON SOCIEDAD IBERICA DE HOMEOPATIA, HERBAXT and UNDA Director of SODEVA, OMNIUM MERCUR, Laboratoires BOIRON Srl, DOLISOS AMERICA Inc., <i>Brother of Michèle and Christian Boiron</i>
Jacky ABECASSIS Director	OSM 05/06/1987	OSM 2008	None	None	Director of HERBAXT, LABORATOIRES BOIRON Srl
F & MB CONSEIL Compagny Director					Director of SODEVA, Member of the Audit Committee of BOIRON,
Permanent representative: Michel BOUISSOU	OSM 05/23/2002	OSM 2010	None	Ethician at NATEXIS PRIVATE EQUITY	Chairman of BOIRON's Compensation Committee. Chairman and CEO of CITA S.A. Member of the Supervisory Board of NAXICAP
Michèle BOIRON Director	BM 09/18/1996	OSM 2008	None	Dispensary pharmacist	Director of SODEVA <i>Sister of Christian and Thierry Boiron</i>
Paul MOLLIN Director	OSM 05/18/2000	OSM 2009	None	Freelance Statutory Auditor	Member of BOIRON's Audit Committee <i>Husband of Michèle Boiron, Director</i>
Jean-Pierre BOYER Director	OSM 05/18/2000	OSM 2009	None	None	Member of BOIRON's Audit Committee. Director of SOCIETE HENRI BOIRON (SHB) Manager of SARL GREVIN, <i>Husband of Christine Boyer-Boiron, Director</i>
Bruno GRANGE Director	CSM 05/23/2002	OSM 2008	Management controller (employee)	None	Chairman of the Supervisory Board of FCPE BOIRON Member of BOIRON's Compensation Committee.
Christine BOYER-BOIRON Director	OSM 05/22/2003	OSM 2009		None	Director of SOCIETE HENRI BOIRON (SHB) <i>Cousin of Christian, Thierry and Michèle Boiron</i>
François MARCHAL Director	CSM 06/30/2005	OSM 2008	None	Investment fund manager	Director of MEMRY CORP (USA), AVAL FUND MANAGEMENT GUERNESEY
SOCIETE PIERRE FABRE SA Director	CSM 06/30/2005	OSM 2008			Director of SAEM INTERMEDIASUD Manager of: - TARN MEDIAS - CENTAUREA - SEPONERIA DELTA Director of: - DARROW SA (Brésil) - Laboratorios Farmaceuticos Pierre Fabre Medicamentos do Brasil S.A.
Permanent representative: Eric DUCOURNAU			None		Chairman of: - PIERRE FABRE FINANCE INTERNATIONAL - CALENDULA - KARITE - MELILOT - SOJA
Bruno JOET Deputy CEO	BM 05/22/2003	OSM 2011	Director of the Industrial Development	None	Chairman of HERBAXT Manager of CDFH (Centre de Formation en Homéopathie), BOIRON GmbH Director of UNDA, BOIRON Inc., BOIRON BORNEMAN Inc., BOIRON SOCIEDAD IBERICA DE HOMEOPATIA, OMNIUM MERCUR and BOIRON Canada Inc

### Offices (excluding subsidiaries) held by directors over the past five years that are no longer held:

- (1) Jacky Abécassis - Deputy Chairman of the Association Française pour la Recherche en Homéopathie (AFRH)
- (2) Michel Bouissou:
  - Member of the Supervisory Board of NATEXIS EQUITY MANAGEMENT
  - Director of CITA GESTION
  - Chairman of the Supervisory Board of EUROMEZZANINE CONSEIL
  - CEO of NATEXIS INVESTISSEMENT
- (3) François Marchal:
  - Director of DOMAINE DE DIVONNE
  - Member of the Management Committee of Grandes Distilleries PEUREUX (SAS)
  - Director of PASTEL & ASSOCIES
  - Director of DIDOT BOTTIN
  - Director of COFIP
- (4) PIERRE FABRE SA:
  - Chairman of SAS PIERRE FABRE FINANCE
  - Chairman of SAS COMMUNICATION & SANTE
  - Director of SA SUD RADIO SERVICES
- (5) Eric Ducournau:
  - Manager of ALPHABETA

# Compensation of Executives and Corporate Officers

## Compensation of executives

Total compensation is comprised of fixed compensation and variable compensation in proportion to the Group's net

income for the previous fiscal year. This variable compensation, included in the other compensation line, is calculated

prorata temporis from the date of taking up the position and is paid in the year following the fiscal year to which it relates.

Executive compensation (in euros)			
Name of persons concerned	C. Boiron	T. Boiron	B. Joët
Fixed compensation <sup>(1)</sup>	260,113	224,047	210,709
Other compensation <sup>(2)</sup>	106,395	79,796	53,197
Other unavailable gross income <sup>(3)</sup>	8,433	6,735	13,965
Total 2007 gross income	374,941	310,578	277,871
Reminder of 2006 gross income	373,782	292,372	259,411
Benefits <sup>(4)</sup>	18,377	23,823	296,451

(1) Including directors' fees.

(2) This relates to variable compensation paid in 2007.

(3) Profit-sharing, contribution to employee stock-ownership plan, retirement bonuses, pension and healthcare benefit in kind.

(4) Liabilities relating to long service bonuses, retirement (or pensioning off) indemnities and agreement on preparation for retirement.

## Compensation of other corporate officers

Directors' fees paid to members of the Board of Directors are primarily to remunerate the position of director and the associated responsibilities, and not for regular attendance at meetings. It is shared equally on a prorata temporis basis (number of days).

The compensation policy for corporate officers also provides for the following scenarios:

- The termination of a director's term of office and the appointment of a replacement director: directors' fees are

allocated on a prorata basis over the term of office of each director, having regard to the date of the meeting of the Board of Directors at which the termination of the term of office was recorded, and that of the meeting of the Board of Directors or Shareholders' Meeting at which the cooption or appointment was made;

- The termination of a director's term of office without replacement: it is split equally on a prorata temporis basis, having regard to the date of the meeting of the Board of Directors at which

the termination of the term of office was recorded;

- The appointment of an additional director during the fiscal year: it is split equally on a prorata temporis basis, having regard to the date of the meeting of the Board of Directors or Shareholders' Meeting at which the cooption or appointment was made.

The Board has complete flexibility to decide on a different split, should that be necessary.

Name of persons concerned	(in euros)								
	J. Abécassis	P. Mollin	JP. Boyer	F&MB Conseil	M. Boiron	B. Grange	C. Boyer-Boiron	Pierre Fabre SA <sup>(5)</sup>	F. Marchal <sup>(6)</sup>
Fixed compensation <sup>(1)</sup>	7,512	17,378	17,378	19,228	7,512	83,472	7,512	7,512	7,512
Other unavailable gross income <sup>(2)</sup>	-	-	-	-	-	5,745	-	-	-
Other income <sup>(3)</sup>	-	-	-	-	63,492	-	-	-	-
Total 2007 gross income	7,512	17,378	17,378	19,228	71,003	89,217	7,512	7,512	7,512
Reminder of 2006 gross income	7,348	17,215	17,215	19,065	36,302	79,019	22,165	3,757	3,757
Benefits <sup>(4)</sup>	-	-	-	-	-	100,532	-	-	-

(1) Including directors' fees.

(2) Profit-sharing, contribution to employee stock-ownership plan, retirement bonuses, pension and healthcare benefits in kind.

(3) Excluding hosting expenses relating to Board and Shareholders' Meetings.

(4) Liabilities relating to long service bonuses, retirement (or pensioning off) indemnities and agreement on preparation for retirement.

(5) Employee to March 31, 2006.

(6) Appointed in June 2005.

## Stock options granted to the 10 top beneficiary employees who are not corporate officers

The Company has not granted any stock options.

## Stock trading by corporate officers, senior management and members of their family during the year (As required by Articles L.621-18-2 of the FRENCH monetary and financial code and 223-26 of the AMF regulations)

Surname, name	Positions held in the Company	Name of the person related to above person	Total number of share sold	Weighted average price	Total sales	Total number of share purchased	Weighted average price	Total purchases
SODEVA	Holding	Christian BOIRON, Thierry BOIRON et Michèle BOIRON				207,000	18.60	€4,733,348
SHB		Christine BOYER BOIRON, Jean-Pierre BOYER				47,000	19.05	€133,350
BOIRON Dominique		Christine BOYER BOIRON, Jean-Pierre BOYER, Christian BOIRON, Thierry BOIRON, Michèle BOIRON, SHB				1,000	18.90	€18,900
BOYER Jean-Pierre	Director	Christine BOYER BOIRON, Christian BOIRON, Thierry BOIRON, Michèle BOIRON, SHB				100	18.90	€1,890
ABECASSIS Jacky	Director					1,200	17.10	€20,520

## Reappointment of Michèle BOIRON, Thierry BOIRON, Jacky ABECASSIS, Bruno GRANGE, François MARCHAL and Company PIERRE FABRE SA

The Board Member terms of office of Michèle Boiron, Thierry Boiron, Jacky Abécassis, Bruno Grange, François Marchal, and Company Pierre Fabre SA

are expiring. These Board Members are standing for re-election and it is proposed that their terms of office be renewed for a period of three years: i.e., until the

end of the Ordinary Shareholders' Meeting called in 2011 to approve the financial statements for fiscal 2010 .

## Share price performance and share buyback program

### SHARE PRICE PERFORMANCE

At December 31, 2007, the Company's share capital was comprised of 22,006,286 shares.

The Boiron share price closed 2007 at €18.38, up 4.4% from its January 1, 2007 price of €18.30 (opening price). The Boiron share price peaked at

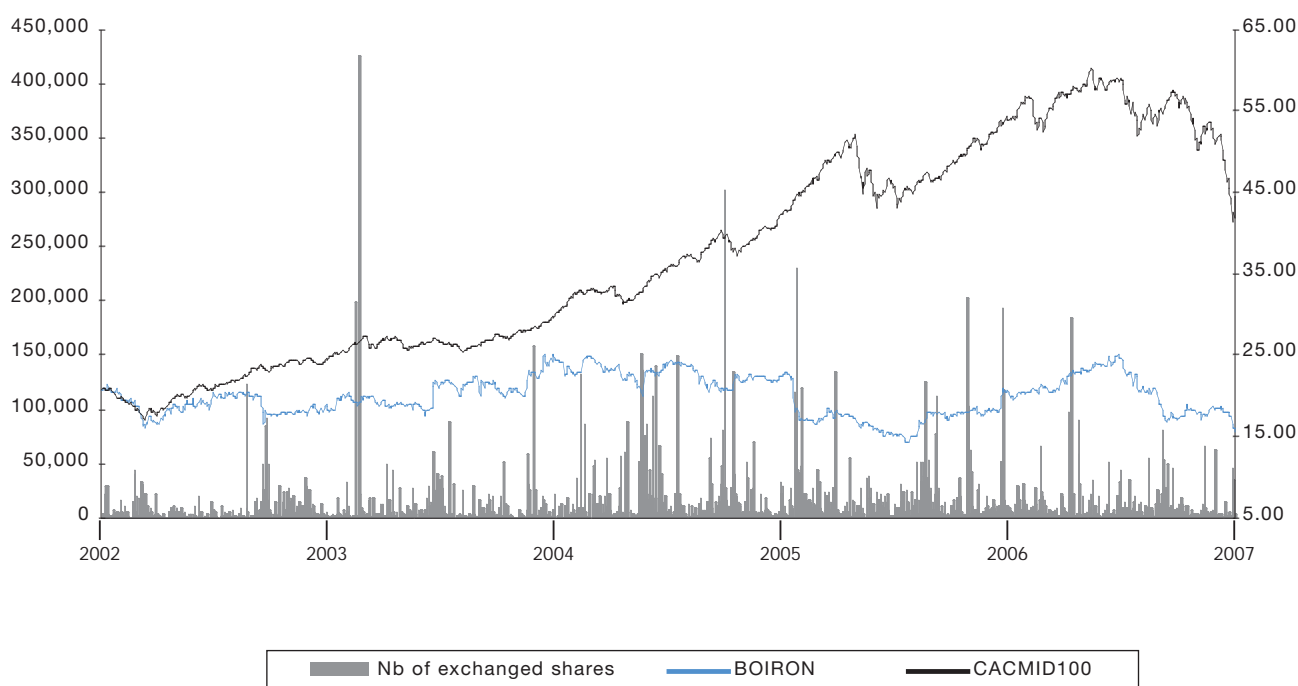
€25.00 during the July 13, 2007 trading session and fell to a low of €16.55 during the October 2, 2007 trading session.

Over the year as a whole, 3,489,936 shares were traded, with an average of 13,686 shares per trading session.

When compared to 2006, the number of shares traded in 2007 was down 24.3% and represented 15.9% of the Company's share capital.

2006	Monthly average closing rate (in euros)	Higher rate in session (in euros)	Lower rate in session (in euros)	Average of shares exchanged by session	Volume of transactions in million euros	Shares treated in the month
Mois						
January	21.95	22.85	16.89	29,361	12.70	645,938
February	17.29	18.70	16.80	27,541	9.58	550,818
March	17.38	18.57	16.40	15,123	6.02	347,828
April	17.68	18.45	17.00	16,134	5.10	290,418
May	16.80	17.70	15.82	10,196	3.73	224,305
June	15.82	16.79	14.97	13,496	4.66	296,907
July	15.15	15.75	13.51	9,549	3.01	200,522
August	15.44	16.98	14.05	23,054	8.45	530,234
September	17.71	18.13	16.90	25,288	9.38	531,055
October	17.61	18.50	17.02	11,116	4.35	244,559
November	17.97	18.60	17.25	29,107	11.42	640,350
December	18.10	18.44	17.41	8,421	2.89	159,995
<b>2007</b>						
January	20.00	20.95	18.30	27,958	12.26	615,065
February	20.40	21.00	20.11	9,851	4.02	197,019
March	20.70	21.50	20.25	11,801	5.38	259,614
April	21.37	22.85	20.25	12,791	5.31	243,035
May	22.85	23.46	21.81	25,718	12.77	565,793
June	23.68	24.89	22.95	9,372	4.69	196,819
July	24.24	25.00	21.19	10,342	5.52	227,530
August	21.70	22.91	20.30	8,695	4.31	199,978
September	19.85	21.20	17.00	20,740	7.83	414,800
October	17.44	18.10	16.55	11,233	4.49	258,368
November	18.10	18.85	17.01	7,640	3.00	168,085
December	18.05	18.78	17.35	7,570	2.61	143,830

## SHARE PRICE PERFORMANCE (ADJUSTED DATA)



Emitted Shares (in euros)	2003	2004	2005	2006	2007
Number of Shares (1)	18,672,000	18,672,000	22,006,286	22,006,286	22,006,286
<b>Source data adjusted by share</b>					
Net Income	(2) 1.38	(3) 1.19	(4) 0.81	(5) 0.47	(6) 1.25
Consolidated cash-flow	(2) 2.29	(3) 1.91	(4) 2.19	(5) 1.71	(6) 2.84
Net Divided	0.52	0.52	0.37	0.30	0.55
Distribution rate	37.7%	43.8%	49.5%	64%	44%
Closing Rate (adjusted data)	18.50	24.50	21.70	18.29	18.38
Return (Net Divided / Closing Rate)	2.8%	2.1%	1.71%	1.64%	3.0%
Price Earning Ratio (Year 2007)	13.40	20.59	26.79	39.08	14.70
Monthly average volume (adjusted data)	179,673	237,382	380,898	388,577	290,828
Market capitalization at December 31 (in millions)	345	457	478	402	404

(1) Considering of the attributions of free shares: a new one for an old one on 07/02/1997 and of the division of the nominal by 4 on 07/01/2003, and integrating the treasury shares held by the company.

(2) Calculations taking into account 71,192 treasury shares held by the company at 12/31/2003.

(3) Calculations taking into account 64,522 treasury shares held by the company at 12/31/2004.

(4) Calculations taking into account 54,286 treasury shares held by the company at 12/31/2005.

(5) Calculations taking into account 101,297 treasury shares held by the company at 12/31/2006.

(6) Calculations taking into account 117,198 treasury shares held by the company at 12/31/2007.

Dividends not claimed within 5 years of their payment date lapse (French Civil Code Article 2277). They are then paid over to the State.

## SHARE BUYBACK PROGRAM

The Company has implemented several successive share buyback programs. The most recent share buyback program was introduced in 2007. This program, limited to 10% of the share capital and authorized by the Combined Shareholders' Meeting on May 10, 2007, has the following goals:

- Support the secondary market or the liquidity of the Boiron stock through a market maker under a liquidity agree-

ment that complies with the code of ethics of the AFEI, as recognized by the AMF;

- Possibly cancel the shares bought back, in accordance with the authorization granted in extraordinary resolution XIV of the Combined Shareholders' Meeting on May 10, 2007;
- Retain shares that are bought back and subsequently put them back on

the market or use them as consideration in acquisitions, it being noted that the shares acquired in this regard may not exceed 5% of the Company's share capital; and,

- Cover investment securities giving rights over shares in the Company in line with applicable regulations.

## NUMBER OF SHARES TRADED BY THE COMPANY DURING THE FISCAL YEAR

Pursuant to Article L.225-211 of the French Commercial Code, below is the required information on the implementation of the share buyback program during the 2007 fiscal year.

As of 12/31/07	
Percentage of sharecapital held by Company	0.53%
Number of shares into the portfolio	117,198
Book value of portfolio	€2,030,763.08
Market value of portfolio	€2,154,099.24

From 01/01/2007 to 12/31/2007		Liquidity contract	Cancellation	Total
Purchases	Number of shares	137,030		137,030
	Price	€19.78		€19.78
	Trading fees			
	Amount	€2,710,227.06		€2,710,227.06
Sales / Transfers	Number of shares	121,129		121,129
	Price	€20.25		€20.25
	Trading fees			
	Amount	€2,453,279.70		€2,453,279.70

## AUTHORIZATION TO ESTABLISH A NEW SHARE BUYBACK PROGRAM

The Ordinary Shareholders' Meeting on May 15, 2008 will be asked to vote on the establishment of a new share buy-back program with the same goals and

terms and conditions, in line with the EU Regulation in force since October 13, 2004 and the recommendations of the AMF, for a period of 18 months,

replacing the current program that will be terminated early.

## AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL (ARTICLE L.225-129)

The Combined Shareholders' Meeting on May 10, 2007 adopted the following resolutions:

**Resolution IX - Authorization granted to the Board of Directors to increase the share capital via the issue of ordinary shares, or securities giving rights over the share capital, reserved for shareholders and/or via the use of retained earnings, profits or premiums.**

This authorization was granted to the Board of Directors for a period of 26 months, up to a maximum of one hundred million euros. As of March 7, 2008, this authorization has not been used.

**Resolution X - Authorization granted to the Board of Directors to increase the share capital via the issue of ordinary shares or securities giving rights over the share capital, without preferential subscription rights.**

This authorization was granted to the Board of Directors for a period of 26 months, up to a maximum of one hundred million euros. As of March 7, 2008, this authorization had not been used.

**Resolution XI - Authorization to increase issues of ordinary shares or securities giving rights over the share capital, with or without preferential subscription rights in the event of over-subscription.**

This authorization was granted to the Board of Directors as per the terms of Article L.225-135-1 of the French Commercial Code and up to the ceilings set by the Shareholders' Meeting. As of March 7, 2008, this authorization has not been used.

**Resolution XII - Authorization granted to the Board of Directors to increase the share capital by up to 10% in order to make contributions in kind.**

This authorization was granted to the Board of Directors for a period of 26 months, up to a maximum of 10% of the share capital. As of March 7, 2008, this authorization has not been used.

**Resolution XIII - Authorization to increase the share capital reserved for members of the employee stock-ownership plan.**

This authorization was granted to the Board of Directors for a period of 26 months and up to a maximum of two hundred and fifty thousand euros for the maximum number of shares to be issued. As of March 7, 2008, this authorization has not been used.

**Resolution XIV - Authorization to reduce the share capital by cancellation of shares in the frame of the share buyback program.**

This authorization was granted to the Board of Directors for a period of 24 months, i.e. May 9, 2008, up to a maximum of 10% of the share capital, i.e. 2,200,628 shares. As of March 7, 2008, this authorization was used to cancel 58,720 shares bought back by the company, effective as of January 1, 2008.

FINANCIAL AUTHORIZATIONS	CEILING	DATE OF DECISION	DATE OF AUTHORIZATION	USE OF AUTHORIZATIONS	DATE RENEWED
Share capital increase either via the issue of ordinary shares or securities giving rights over the share capital with retention of preferential subscription rights, or via the use of reserves, premiums and earnings.	Maximum total par value of ordinary shares to be issued: one hundred million euros	CSM 05/10/2007	26 months	None	OSM 05/09/2009
Share capital increase via the issue of ordinary shares or securities giving rights over the share capital with waiving of preferential subscription rights.	Maximum total par value of ordinary shares to be issued: one hundred million euros	CSM 05/10/2007	26 months	None	OSM 05/09/2009
Share capital increase in the event of over-subscription.	Maximum total par value of ordinary shares to be issued: one hundred million euros	CSM 05/10/2007		None	OSM 05/09/2009
Share capital increase via the issue of ordinary shares or securities giving rights over the share capital with preservation of preferential subscription rights.	Maximum total par value of ordinary shares to be issued: one hundred million euros	CSM 05/10/2007	26 months	None	OSM 05/09/2009
Share capital increase of up to 10% in order to compensate contributions in kind.	Maximum total par value of ordinary shares to be issued: 10% of share capital	CSM 05/10/2007	26 months	None	OSM 05/09/2009
Share capital increase via the issue of shares reserved for members of the employee stock-ownership plan and/or voluntary company savings scheme.	Maximum par value of bonus shares to be issued: 250,000 euros	CSM 05/10/2007	26 months	None	OSM 05/09/2009
Delegation for capital reduction within the framework of a buyback program	Cancellation of shares within the limits of 10 % of capital	CSM 05/10/2007	24 months	Board of directors Meeting of 12/14/2007: cancellation of 58,720 shares with effect of January 1, 2008	05/09/2009

## ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Pursuant to Article L.225-100-3, the Company notes the following:

- The structure of the share capital as well as direct or indirect stockholding of which the Company is aware and all such information is included in the Legal Information section of the Reference Document; and
- The following shareholder agreements and undertakings:

### Shareholders' agreement signed on October 13, 1987 and published by the SBF in notice no. 92-1278 dated May 20, 1992

Some shareholders granted a preemption right to SODEVA (holding company majority owned by Christian Boiron) for a portion of their shares.

### Collective undertaking to retain listed shares issued by Boiron signed on March 26, 2004

In order to benefit from Article 885 I bis of the French General Tax Code, the members of the Boiron family group signed a collective undertaking to retain, for a period of six years, a portion of their shares.

### Shareholders' agreement signed on June 29, 2005 and published by the AMF on July 13, 2005

\* Reciprocal preemption rights between the members of the Boiron family and SHB and Sodeva in the event of disposal of shares in Boiron.

### Shareholders' agreement signed on June 30, 2005 and published by the AMF on July 13, 2005

- \* Undertaking to retain shares in Boiron acquired by company PFSA for a period of six years. During this period, company PFSA enjoys a second rank preemption right:
  - In the event of disposal of Boiron shares by Boiron family shareholders;
  - In the event of disposal of Sodeva shares by Sodeva shareholders;
- \* At the end of the six year period, a preemption right granted by PFSA to Boiron family shareholders in the event of disposal of Boiron shares by PFSA.

**Collective undertaking to retain listed shares signed on July 29, 2005**

In order to benefit from Article 787 B of the French General Tax Code, some members of the Boiron family group signed a collective undertaking to retain, for a period of two years (tacitly renewed for further 2-year periods), a portion of the Boiron shares they hold.

**Collective undertaking to retain listed shares signed on May 31, 2007**

In order to benefit from Articles 885 I bis and 787 B of the French General Tax Code, some members of the Boiron family group signed a collective undertaking to retain, for a period of six years (tacitly renewable for further 1-year periods), a portion of the Boiron shares they hold.

**Collective undertaking to retain listed shares signed on December 19, 2007**

In order to benefit from Articles 885 I bis and 787 B of the French General Tax Code, some members of the Boiron family group signed a collective undertaking to retain, for a period of six years (tacitly renewable for further 1-year periods), a portion of the Boiron shares they hold.

- The Company has no golden shares.
- The voting rights of shares held by employees through the Boiron employee mutual fund are exercised by a proxy-holder authorized by the fund's Supervisory Board to represent it at shareholders' meetings.

- The appointment and dismissal of members of the Board of Directors are governed by law and the Articles of Association.
- With regard to the powers of the Board of Directors, the current authorizations are set out in this report in above section and table relating to authorizations for share capital increases.
- Amendments to the Company's Articles of Association are made in line with legal and regulatory provisions.

Sainte-Foy-lès-Lyon, March 12, 2008

# Consolidated financial Statements and notes

## CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	12/31/2007	12/31/2006
<b>Sales</b>	23	<b>434,294</b>	<b>398,674</b>
Other sales revenue	23	177	135
Industrial production costs		(90,339)	(88,421)
Preparation and distribution costs		(139,393)	(137,850)
Marketing costs		(98,797)	(90,652)
R&D costs		(5,706)	(3,214)
Regulatory affairs costs		(3,982)	(2,854)
Function Support costs		(52,992)	(49,213)
Other current operating revenue and expenses	26	475	(6)
<b>Current operating income</b>		<b>43,737</b>	<b>26,599</b>
Reorganization costs		0	(8,512)
Other non-current operating revenue and expenses	27	950	1,191
Other non-current operating revenue		1,713	2,080
Other non-current operating expenses		(763)	(889)
<b>Operating income</b>		<b>44,687</b>	<b>19,278</b>
Cash revenue and financing expenses	18	185	(600)
Cash revenue		878	395
Financing expenses		(693)	(995)
Other financial revenue and expenses	18	(381)	(57)
Other financial revenue		22	202
Other financial expenses		(403)	(259)
<b>Current income of integrated companies</b>		<b>44,491</b>	<b>18,621</b>
Income tax	28	(17,334)	(8,357)
<b>Net income of integrated companies</b>		<b>27,157</b>	<b>10,264</b>
Share in net earnings (losses) of companies at equity		0	0
<b>Net income of the consolidated group</b>		<b>27,157</b>	<b>10,264</b>
Net income (Minority share)		27	19
<b>Net income (Group share)</b>	29	<b>27,130</b>	<b>10,245</b>
Earnings per share (a)	29	EUR 1.25	EUR 0.47

(a) In the absence of a dilutive instrument, the average earnings per share are the same as the average diluted earnings per share

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (in thousands of euros)	Notes	12/31/2007	12/31/2006
<b>Non-current assets</b>		<b>226,792</b>	<b>240,097</b>
Goodwill	6	89,749	89,777
Intangible fixed assets	7	9,593	7,897
Tangible fixed assets	8	107,551	108,837
Investments	9	1,583	2,703
Other current assets	13	622	628
Deferred tax assets	28	17,694	30,255
<b>Current assets</b>		<b>201,598</b>	<b>171,961</b>
Tangible fixed assets held for sale	10	1,435	526
Inventories and work in progress	11	48,228	47,410
Accounts receivable	12-14	72,466	64,061
Other non-current assets	13-14	24,471	24,022
Cash and cash equivalents	15	54,998	35,942
<b>TOTAL ASSETS</b>		<b>428,390</b>	<b>412,058</b>
<b>LIABILITIES</b> (in thousands of euros)	Notes	12/31/2007	12/31/2006
<b>Shareholder equity (Group share)</b>		<b>249,605</b>	<b>229,905</b>
<b>Share Capital</b>	16	<b>22,006</b>	<b>22,006</b>
Additional paid-in-capital		79,876	79,853
Retained earnings		147,723	128,046
<b>Minority interests</b>		<b>338</b>	<b>181</b>
<b>Total Shareholders' equity</b>		<b>249,943</b>	<b>230,086</b>
<b>Non-current liabilities</b>		<b>62,164</b>	<b>76,530</b>
Borrowings and financial liabilities	17	1,639	17,340
Social benefits	19	52,276	52,431
Provisions	20	2,262	210
Other non-current liabilities	22	4,301	4,812
Deferred taxes liabilities	28	1,686	1,737
<b>Current liabilities</b>		<b>116,283</b>	<b>105,442</b>
Liabilities held for sale	10	142	0
Borrowings and financial liabilities	17	7,443	5,293
Provisions	20	7,400	10,868
Accounts payable	21	44,107	42,727
State - income tax	22	3,173	2,347
Other current liabilities	22	54,018	44,207
<b>TOTAL LIABILITIES</b>		<b>428,390</b>	<b>412,058</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Notes	12/31/2007	12/31/2006
<b>NET CASH FLOWS FROM NET OPERATING ACTIVITIES</b>		<b>56,130</b>	<b>38,945</b>
Net income - Group share		27,130	10,245
Amortization and provisions (excluding current assets)		17,637	18,385
Other items (including income on asset disposals)		(800)	(648)
Cash-flows from consolidated companies after cost of net debt and tax		43,967	27,982
Cost of financial debt		736	995
Tax charge (including deferred taxes)		17,334	8,357
Dividends received from companies at equity		0	0
<b>Consolidated cash-flow before cost of financial debt and tax</b>		<b>62,037</b>	<b>37,334</b>
Tax paid / tax repayment		(3,609)	(1,346)
Net interest paid (2)	17	(1,452)	(698)
<b>Changes in working capital requirements, including:</b>		<b>(846)</b>	<b>3,655</b>
Changes in inventories and work-in-progress		(1,161)	3,790
Changes in other current receivables (3)		(8,918)	3,436
Changes in current debts (3)		9,233	(3,571)
<b>NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES</b>		<b>(18,255)</b>	<b>(15,951)</b>
Acquisitions of tangible fixed assets		(16,391)	(17,468)
Acquisitions of intangible assets		(3,724)	(3,115)
Disposals of tangible fixed assets		1,538	3,883
Disposals of intangible assets		42	51
Collected interests		175	77
Investments subsidies received		0	0
Acquisitions of investments		(154)	(79)
Disposals of investments		230	633
Impact of changes in scope of consolidation - acquisitions		29	147
Impact of changes in scope of consolidation - disposals		0	(80)
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		<b>(21,720)</b>	<b>(11,182)</b>
Dividends paid to parent company shareholders		(6,584)	(8,096)
Reduction in capital, additional paid-in capital and reserves		(74)	(50)
Buyback of treasury shares (1)		0	(998)
Disposal of treasury shares (1)		0	0
Loans issues (2)	17	290	1
Repayment of loans (2)	17	(15,352)	(2,039)
<b>CHANGE IN CASH POSITION</b>		<b>16,155</b>	<b>11,812</b>
<b>Impact of exchange rate fluctuations</b>		<b>59</b>	<b>(508)</b>
<b>Net opening cash position</b>	15	<b>34,083</b>	<b>22,779</b>
<b>Net closing cash position</b>	15	<b>50,297</b>	<b>34,083</b>
<b>Cash flow per share</b>		<b>EUR 2.85</b>	<b>EUR 1.71</b>
<b>Cash flow as a % of sales</b>		<b>14.3%</b>	<b>9.4%</b>

(1) Only the operations on treasury shares realized outside the liquidity contract are classified in financing activities. So that, €341 thousand were reclassified in 2006 from the financing flows towards the investment flows.

(2) In 2006, the interests paid on the non-current financial liabilities were reclassified from the financing flows towards the operational activities flows, for €376 thousand.

(3) In 2006, the variation of accrued expenses were reclassified from the variation of the current receivables towards the variation of the current debts for an amount of €193 thousand.

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

Before allocation of net income (in thousand of euros)	Number of shares <sup>(1)</sup>	Capital	Share premium	Consolidate reserves <sup>(2)</sup>	Treasury shares	Currency translation adjustment	Share- holders equity (Group share)	Minority interests	Share- holders equity (total)
<b>At December 31, 2005</b>	<b>21,952,000</b>	<b>22,006</b>	<b>79,853</b>	<b>130,413</b>	<b>(1,182)</b>	<b>(1,417)</b>	<b>229,673</b>	<b>206</b>	<b>229,879</b>
Variation in capital and reserves	(47,011)			(54)	(575)		(629)		(629)
Dividends paid				(8,096)			(8,096)	(15)	(8,111)
Income for the period				10,245			10,245	19	10,264
<b>Total revenue and expenses for the period directly recognized in income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,245</b>	<b>0</b>	<b>0</b>	<b>10,245</b>	<b>19</b>	<b>10,264</b>
Currency translation adjustment						(1,156)	(1,156)		(1,156)
Changes in scope of consolidation and others movements				(132)			(132)	(29)	(161)
<b>Total revenue and expenses for the period directly recognized in shareholders equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(132)</b>	<b>0</b>	<b>(1,156)</b>	<b>(1,288)</b>	<b>(29)</b>	<b>(1, 317)</b>
<b>Total revenue and expenses for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,113</b>	<b>0</b>	<b>(1,156)</b>	<b>8 957</b>	<b>(10)</b>	<b>8,947</b>
<b>At December 31, 2006</b>	<b>21,904,989</b>	<b>22,006</b>	<b>79,853</b>	<b>132,376</b>	<b>(1,757)</b>	<b>(2,573)</b>	<b>229,905</b>	<b>181</b>	<b>230,086</b>
Variation in capital and reserves	(15,901)			11	(274)		(263)		(263)
Dividends paid				(6,584)			(6,584)	(17)	(6,601)
Income for the period				27,130			27,130	27	27,157
<b>Total revenue and expenses for the period directly recognized in income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,130</b>	<b>0</b>	<b>0</b>	<b>27,130</b>	<b>27</b>	<b>27,157</b>
Currency translation adjustment						(636)	(636)		(636)
Changes in scope of consolidation and others movements			23	30			53	147	200
<b>Total revenue and expenses for the period directly recognized in shareholders equity</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>30</b>	<b>0</b>	<b>(636)</b>	<b>(583)</b>	<b>147</b>	<b>(436)</b>
<b>Total revenue and expenses for the period</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>27,160</b>	<b>0</b>	<b>(636)</b>	<b>26,547</b>	<b>174</b>	<b>26,721</b>
<b>At December 31, 2007</b>	<b>21,889,088</b>	<b>22,006</b>	<b>79,876</b>	<b>152,963</b>	<b>(2,031)</b>	<b>(3,209)</b>	<b>249,605</b>	<b>338</b>	<b>249,943</b>

(1) Number of shares after elimination of treasury shares - the global number of shares is explained in notes ;

(2) Including €78,018 thousand of retained earnings and €2,201 thousand of legal reserve in social accounts of parent company, Boiron France, at december 31, 2007.

## Notes to the 2007 consolidated financial statements

These notes are an integral part of the consolidated financial statements for the year ended December 31, 2007. The consolidated financial statements were approved by the Board of Directors on March 12, 2007.

These financial statements will be submitted for the approval of the General Shareholders' Meeting of May 15, 2008.

### Presentation of the Company

BOIRON SA, the Group's parent company, is a French Public Limited Company. Founded in 1932, its main business activity is the manufacture and marketing of homeopathic medicines.

Its head office is at 20, rue de la libération, 69 110 Sainte-Foy-lès-Lyon, France.

BOIRON SA and its subsidiaries have 3,582 employees in France and abroad.

The Boiron stock is listed on the "Eurolist" at Euronext Paris (NextPrime segment).

### NOTE 1: MAIN EVENTS OF THE YEAR

- On July 31, 2007, the French Ministry of Health announced plans to reduce the social security reimbursement for medications by €0.50 per box, which went into effect when the 2008 social security funding act was passed on December 19, 2007 (French law #2007-1786).
- A legislative act passed in France on November 29, 2007 and ministerial order issued on April 20, 2007 reduced the scope of reimbursements for magistral formulations. These new measures went into effect in the second half of the year.
- On May 2, 2007, all of Dolisos Santé Animale's assets and liabilities were transferred to Boiron SA, a move that allowed Boiron to restructure its veterinary business.
- In Italy, the following measures were taken in 2007 to streamline the company's distribution processes:
  - The two sites in Rome were consolidated into a single site in January;
  - The branch offices in Verona, Turin, Padua, and Florence were closed on July 1; customers will now be served out of Milan, Rome, and Bologna; and
  - The company signed an agreement to provide 49 workers with unemployment benefits from the Italian social security system.

### NOTE 2: VALUATION METHODS AND CONSOLIDATION PRINCIPLES

The consolidated financial statements of Boiron SA have been prepared in accordance with the IFRS, as adopted by the European Union as at the balance sheet date.

The consolidated financial statements are stated in thousands of euros unless otherwise indicated.

The principles and accounting methods applied are identical to those used in the annual audited consolidated financial statements relative to the fiscal year 2006, with the exception of the changes presented below.

## 2.1. Options linked to the new IFRS

The Group applied the new standards and the following interpretations IFRS on December 31, 2007:

- The amendment of the standard IAS 1 "Presentation of Financial Statements"
- The standard IFRS 7 "Financial Instruments".

These two standards concern the information to be given in appendix, they have no impact on the consolidated accounts

The interpretations of compulsory application as from January 1<sup>st</sup>, 2007 are not applicable for the Group.

The Group chose not to apply by anticipation the following standards, published on December 31, 2007, the application of which is compulsory only as from the exercises opened after December 31, 2007

- IFRS 8 "Operating Segments"
- IAS 1 revised "Presentation of Financial statements".

The Group does not expect that the interpretations, published by the IASB, but not yet approved at the European level, have a significant incidence on its financial statements.

## 2.2. Use of estimates and assumptions

The Group regularly makes estimates and establishes assumptions which affect the carrying amount of certain assets and liabilities, income and expenditure and the information disclosed in the notes to the financial statements. The main areas in which estimates and assumptions are used are:

- impairment testing (of goodwill, in particular, note 6), deferred taxation (note 28.2),
- employee benefits (note 19)
- provisions (note 20).

Such estimates and assumptions are the subject of regular revision and analysis which take account of historical data and those forecast data regarded as the most likely to prove to be accurate. A divergent trend in the estimates and assumptions used could affect the amounts recognized in the financial statements.

As regards the application of the Group's accounting principles, management has made the following assump-

tions, in addition to those which require the use of estimates, whose impact on the amounts recognized in the financial statements is material: the classification of certain items of income and expenditure as non-current in accordance with note 2.15.3. and the assessment as to whether development expenditure may be capitalized in line with the criteria defined in IAS 38 (Note 7).

## 2.3. Costs of reorganization and optimization

The costs engendered by major reorganizations of the Group, touching its organization or its structures, are classified in costs of reorganization in the other non-

current charges and revenues.

The costs engendered by measures taken within the framework of the permanent effort of optimization of the func-

tioning of the Group are classified in the accounts of the current operating income concerned.

## 2.4. Consolidation methods

Those companies under the exclusive control (whether direct or indirect) of Boiron are fully consolidated. The Group has exclusive control once it has the power to govern the subsidiary's financial and operating policies and the Group is deemed to have exclusive control when it owns more than 50% of the voting rights.

Those companies over which the Group has significant influence but does not exercise control are consolidated using the equity method. Significant influence is deemed to exist when the Group owns between 20% and 50% of the voting rights. Those companies over which the Group has neither significant influence nor control are not consolidated.

A list of the companies included in the scope of consolidation is provided in note 3 to the financial statements. Transactions between Group companies (purchases, sales, dividends, receivables, liabilities, provisions, gains and losses on internal transfers, etc.) are eliminated on consolidation.

## 2.5. Currency translation methods

### 2.5.1. Translation of foreign currency transactions

Foreign currency transactions are translated into euros at the average exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet

date are translated at the closing rate. Currency translation adjustments are recognized as revenue or expenses (in operating income or in other financial expenses and revenues on the basis of the nature of

the transaction concerned). Non-monetary assets and liabilities denominated in foreign currencies that are recognized at historical cost are translated at the exchange rate on the transaction date.

### 2.5.2. Translation of the financial statements of foreign companies

Balance sheet items, other than capital items of consolidated entities for which the functional currency is not the euro, are translated at the closing rate. Revenues and expenses, and cash flows, are translated at the average rate for the fiscal year.

The exchange rate adjustments resulting from this approach and those resulting from the translation of shareholders' equity are included under the "currency translation adjustment" heading.

The goodwill and fair value adjustments resulting from the acquisition of a

foreign entity are regarded as assets and liabilities of said entity and are therefore denominated in the functional currency of the entity and translated at the closing rate.

## 2.6. Non-current assets

### 2.6.1. Goodwill

Goodwill is the difference between the acquisition cost (including acquisition expenses) of the securities of consolidated companies and the Group's share of the fair value of their net assets at the acquisition date of company interests. This goodwill thus represents residual differences following allocation of assets and liabilities measured at their fair value as of the acquisition date.

These differences are calculated using the acquisition method in accordance with IFRS 3 relating to business combinations. Within the framework of the balance sheet of transition, the Group had taken the option to fix goodwill existing at this date and to compensate the gross values and depreciation.

Fair value is the amount that could be obtained from the sale of an asset or a Cash-Generating Unit (CGU) in an arm's

length transaction, between knowledgeable and consenting parties. The definition of the CGU and the choice of the CGU retained by Boiron are defined in notes 2.7 and 2.17.

Goodwill is calculated individually but allocated to the corresponding Cash-Generating Unit, on the basis of the synergies expected by the Group. Countries have been designated Cash-Generating Units.

The goodwill of companies acquired during the year may be adjusted during a 12-month period from the acquisition date, should additional information allow for a more exact estimate of the fair value of the acquired assets and liabilities.

Negative goodwill (badwill) is recognized in the consolidated statement of income under other non-current operating reve-

nue during the fiscal year in which the acquisition takes place.

When the Group purchases additional securities from the minority shareholders in an entity already controlled and consolidated by it, the acquisition is stated at the carrying amount. No further fair value adjustments in respect of the initial acquisition are recognized. The goodwill recognized thus corresponds to the difference between the acquisition cost and the carrying amount of the assets and liabilities.

Pursuant to IAS 36, goodwill is valued at the closing date at cost, less any impairment losses, as indicated in note 2.7. In the event of an impairment loss, such loss is recognized in operating income, according to the event at the origin of the depreciation.

### 2.6.2. Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance. It may be separable or stem from a contractual or legal right. Where the intangible asset has a finite useful life, it may be amortized. Assets with an indefinite useful life may not be amortized but are subject to an impairment test at each closing date in accordance with IAS 36. It does not exist in the Group of intangible asset with indefinite useful life

Intangible assets recognized by the Group are therefore valued at acquisition cost: these are mostly IT software that is

amortized on a straight-line basis over its estimated useful life, which varies from 1 to 5 years.

Patents acquired by the Group are amortized over 20 years.

Internally-generated brands and the fees paid to exploit them and OTC family medication specialty formulas are not recognized as intangible assets since they do not meet the criteria for capitalization. Those brands recognized as intangible assets consist exclusively of brands acquired during corporate acquisitions.

The expenses of research and development essentially consist of costs of pharmacological, clinical and fundamental research which do not answer the criteria for capitalization of IAS 38. In line with IFRS principles, research expenses are recognized as expenses of the fiscal year in which they are incurred

Intangible assets developed internally concern essentially the software.

The expenses related to Market Authorizations, unless acquired, are not capitalized since they do not represent an asset.

### 2.6.3. Tangible fixed assets

#### • RECOGNITION

Under IAS 16 "Property, Plant and Equipment", the gross value of tangible fixed assets is their acquisition cost, including incidentals. They are not revalued. Tangible fixed assets are recognized using the component method.

Loan expenses are not included in the cost of fixed assets.

Maintenance and repair costs are recognized as expenses when incurred, except where they are incurred to increase productivity or to extend an asset's useful life, in which case they are capitalized.

Leases are classified as finance leases when they transfer substantially all the risks and rewards incident to ownership to the lessee.

Fixed assets financed via finance leases, as defined by IAS 17 "Leases", are included in assets at the discounted present value of future payments, or at market value if lower. The corresponding debt is recognized in financial liabilities. Lease payments should be apportioned between the finance charge and the repayment of the liability. The debt is secured by the assets that are the legal property

of the lessor for the term of the lease.

If the Group believes that it will not become the owner upon expiry of the lease, the asset is depreciated on the basis of the depreciation rules applicable to the corresponding asset category or over the shorter of the asset's useful life and the term of the lease.

Leases which do not comply with the definition of finance leases are operating leases. They are not capitalized.

The Group does not own any investment property.

#### • DEPRECIATION

Tangible fixed assets (excluding land) are depreciated on a straight-line basis over the period in which they are expected to be used, as estimated by the Group. The residual value is taken into account in the calculation of the depreciable amount, when it is deemed to be material.

The standard periods over which fixed assets are generally expected to be used are as follows:

- 3 to 5 years for office equipment and IT equipment;
- 8 to 12 years for industrial equipment and tooling, furniture, land improve-

ments, general facilities and sundry fixtures and fittings;

- 30 years for buildings.

Assets financed by capital leases are depreciated at the same rate as wholly owned assets of the same nature.

**2.6.4. Non-current financial assets**

This category includes investments and other non-current assets, in particular the non-current portion of loans and receivables, whether or not related to equity interests and the “restricted cash” portion of liquidity agreements related to buying back treasury shares (see note 2.11).

These assets are recognized according to their nature, on the basis of the following rules:

- Held-to-maturity investments such as fixed-income securities are recognized at amortized cost. The Group does not currently own any investments of this type.

- Loans and receivables (receivables related to non-consolidated equity interests, loans to staff, deposits) are recognized using the amortized cost method. They may be subject to an impairment loss should there be objective evidence of impairment. The impairment loss is recognized in income and is reversible if the recoverable amount changes favorably in the future.
- Assets at fair value through profit or loss: the Group does not own any assets of this type.
- Available-for-sale financial assets are mainly non-consolidated equity inte-

rests, measured at cost. Impairment tests are performed at each balance sheet date, using the value in use of the securities. Any impairment losses are recognized in profit or loss and may only be reversed through profit or loss when the securities are sold.

Given the Company's operating cycle, the term “non-current assets” refers to assets with a life of more than one year.

**2.7. Monitoring the value of fixed assets**

Under IAS 36 “Impairment of Assets”, the recoverable amount of tangible and intangible fixed assets with finite useful lives is tested whenever there are indications of impairment and reviewed at each annual closing date or more frequently should this be justified by internal or external events.

Impairment losses on depreciable tangible and intangible fixed assets give rise to a prospective change to the depreciation/amortization plan; they may be subsequently reversed should the recoverable amount once again rise above the carrying amount (up to the amount of the impairment loss initially recognized).

Goodwill, whose useful life is not finite, is subject to an annual impairment test.

Impairment tests are carried out on the basis of the assets concerned, either at the level of the individual assets or at the level of the Cash-Generating Units (CGUs).

In order to carry out impairment tests on the CGUs, the fixed assets (including goodwill) and Working Capital Requirement are assigned to CGUs. Impairment tests are carried out by comparing the carrying amount of the assets of the CGU with their recoverable amount, which is mainly determined on

the basis of discounted future operating cash flow forecasts over 5 years and a terminal value.

When the recoverable amount is below the CGU's carrying amount, an impairment loss is recognized in the consolidated statement of income for the difference. This impairment loss is firstly allocated to impairment of existing goodwill. Impairment losses on goodwill are not reversible.

## 2.8. Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognized on the temporary differences between the carrying amount of assets and liabilities and their tax base, and on tax losses, using the liability method. Similarly, deferred taxes are recognized in the entries reconciling the individual company financial statements with the consolidated financial statements.

Deferred tax assets relating to tax losses that may be carried forward are only recognized where it is reasonably likely that they will be realized or collected.

To assess the Group's ability to recover these assets, the following items are in

particular taken into account:

- forecasts of future taxable income;
- the portion of non-recurring expenses that will not recur in the future included in past losses;
- records of taxable income for previous years;
- and, where applicable, tax strategy such as the planned disposal of undervalued assets or the merging of subsidiaries or the waiver of receivables.

The net position set out in the balance sheet is the result of offsetting deferred tax receivables and debts of the same tax entity pursuant to the terms and conditions of IAS 12. Deferred taxes in the balance sheet are not discounted.

Deferred tax assets and liabilities are measured at the tax rate that is expected to be applied during the fiscal year in which the asset will be realized or the liability settled, on the basis of the tax rates (and tax regimes) that have been adopted or almost adopted at the closing date.

The corresponding entries to the debits or credits to deferred tax assets and liabilities may be recognized in the income statement or in shareholders' equity depending on the manner in which the items to which they relate have been recognized.

## 2.9. Current assets

### 2.9.1. Assets held for sale and discontinued operations

As per IFRS 5, fixed assets that are immediately available for sale, for which a sale plan and the necessary customer-canvassing work have been carried out and the disposal of which is highly likely

within a year, are classed as being held for sale. These assets are valued at the lower of their carrying amount and their fair value, net of sale fees, by means of an impairment loss when necessary.

Assets are no longer depreciated once they have been classified within this category.

### 2.9.2. Inventories

Under IAS 2 "Inventories", inventories are valued at the lower of their cost and net realizable value.

Inventories are valued using the weighted average cost method.

The cost of inventories includes the following items:

- Borrowing costs are not included in the cost of inventories;
- The gross value of raw materials and supplies includes the acquisition price and incidental acquisition costs;

- Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production;
- Inter-company profit included in inventories is eliminated.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs neces-

sary to make the sale. A provision for impairment loss is recognized when the realizable value of an item of inventory falls below its cost. In the event that the realizable value cannot be determined, indications of impairment are taken into account, such as product turnover.

**2.9.3. Current financial assets**

These assets include accounts receivable, other current assets and cash and cash equivalents.

• **TRADE RECEIVABLES (ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS)**

Trade receivables are initially recognized at their fair value, including marginal internal and external costs that are directly related to the transaction. They are discounted where they are over one year old. The difference between the fair value

and the amount recognized in the balance sheet is allocated to the consolidated statement of income.

An impairment loss is recognized when the amount the Group expects to receive in settlement, as estimated at the closing

date, is lower than the carrying amount. Risk analysis is carried out on a case-by-case basis taking into account criteria such as the customer's financial position, the age of the receivable and the existence of litigation or guarantee.

• **CASH AND CASH EQUIVALENTS**

This item comprises current account balances and cash fund units (OPCVM) which are marketable or may be disposed of quickly and are not at significant

risk of losing value should interest rates fluctuate. The latter are valued at their fair value, namely the net asset value at the closing date.

Given the Company's operating cycle, the term "current assets" refers to assets with a life of less than one year.

**2.10. Derivative instruments**

The Group uses risk-hedging financial instruments to limit its risk exposure.

It is essentially about instruments of cover of exchange such as the foreign exchange options and the foreign exchange forward.

The financial instruments are valued at fair value in the balance sheet and presented according to their amount (debtor or creditor) among the other current assets or among the other current liabilities. Considering the weak amounts,

the Group did not set up the documentation allowing to demonstrate the efficiency of these covers and the counterpart of the changes of fair value of these derived instruments is thus noticed directly in result.

**2.11. Consolidated shareholders' equity and treasury shares**

The Group's treasury shares, in line with the share buyback program and the liquidity agreements, are recognized at

their acquisition cost and deducted from shareholders' equity. Movements in any impairment losses and income from the

sale of treasury shares are allocated to shareholders' equity.

**2.12. Employee benefits**

The Group's staff receive employee benefits in line with applicable legislation in the countries where its companies operate, or under local agreements signed with the social partners.

The Boiron Group's staff have short-term

benefits (paid leave, end-of-year bonuses, profit-sharing or entitlement to recover working time under agreements on the reduction of working hours, etc.), post-employment benefits (retirement indemnities, pensions under the social

security and supplementary pension plans) and other long-term benefits (long-service bonuses).

The Group offers these benefits either through defined contribution plans or defined benefit plans.

**2.12.1. Short-term benefits**

Short-term benefits are accounted for in the debts of the various Group companies that grant them and are included in other current debts.

## 2.12.2. Post-employment benefits

### • DEFINED CONTRIBUTION PLANS

Defined contribution plans are characterized by payments to organizations that free the employer from any subsequent obligation with the organization being

responsible for paying the amounts due to staff. Given their nature, defined contribution plans do not give rise to the recognition of provisions in the Group's

financial statements and the contributions are recognized as expenses when they are due.

### • DEFINED BENEFIT PLANS

Under IAS 19 "Employee Benefits", within the context of defined benefit plans, post-employment benefits and other long-term benefits are measured on a yearly basis by independent actuaries in line with the projected unit credit method. Under this method, each period of service gives rise to an additional unit in terms of benefit entitlement and each unit is assessed separately so as to cal-

culate the final obligation. This final obligation is then discounted.

The main items taken into account in these calculations are:

- the estimated date of payment of the benefit;
- a financial discount rate that is specific to the country where the liabilities are located;

- an inflation rate;
- assumptions on salary increases, staff turnover and mortality rates.

The main actuarial hypotheses retained on December 31, 2007 are described in note 19.

### Actuarial gains and losses

The positive or negative actuarial differences include the effects on the commitment of the change of the hypotheses of calculation as well as the adjustments of the obligation to the expe-

rience. These differences are recognized in income using the corridor method for post-employment benefits: they are staggered over the estimated remaining working life of the beneficiaries, for the

portion exceeding the higher of 10% of the liabilities or of the fair value of the plan assets at the closing date.

### Past service cost

The past service cost is recognized as an expense, on a straight-line basis, for the average remaining timeframe

before rights vest. If entitlement to benefits has already vested when a plan is adopted, or modified, the past

service cost is immediately recognized in income.

### Additional information on benefits

When benefits are pre-financed via external funds, assets held through funds are measured at their fair value.

The reduction or liquidation of a post-employment benefit plan results in the immediate reversal, via the consolidated

statement of income, of the previously recognized benefits.

### The post-employment benefits of French companies involve the following benefits:

#### Retirement indemnities

The financing law of the French Social Security Funding for 2007 and 2008 made impossible, from year 2010, employees being pensioned off on the initiative of the employer.

In the absence of sufficient precision of the accounting texts to distinguish, in this situation, a change of plan and a change of actuarial hypotheses, the Group decided to treat this legislative evolution as a change of plan (note 19.2) ; according to

the option opened by IAS 19 in modification of plan, the incidence of these new measures on the amount of the Indemnity of Retirement is so recognized in result on the residual duration of likely activity (cost of the past services).

**Agreement on Preparation for Retirement**

The main terms and conditions are as follows:

- all Boiron France staff have a fixed number of days in which to prepare for retirement, on the basis of their seniority, to be taken prior to retirement;
- capitalized hours are paid and not worked on the basis of the terms and

conditions for reducing working time jointly agreed by the beneficiary and his/her department head;

- the beneficiary waives entitlement to carry on remunerated activities during his/her non-worked time. By setting the terms and conditions for his/her progressive reduction of working hours between the start date of preparation for retirement and the actual

retirement date, the Company has improved visibility with which to draw up employment forecasts.

In the event that the French Social Security Funding or the supplementary pension plans were to significantly change the conditions for receiving a full-rate pension, the parties would meet to, if necessary, adapt the terms and conditions of these arrangements.

**The post-employment benefits of Italian companies involve the following benefits:**

Liabilities relating to the TFR in Italy (payment of a retirement indemnity to Italian staff) are, because of the fact that they

are certain accrued expenses, recognized in other debts. The annual charge relating to the change in these rights is

included on the "personnel expenses" line in the consolidated statement of income.

**The post-employment benefits of the Belgian companies involve the following benefits:**

Entitlement to the pre-pension allows workers aged 58 or over to benefit, in addition to his/her unemployment benefit up to retirement age, from an

additional pre-pension allowance paid by the employer. The employee must have been dismissed (not on serious grounds), by a company that has

signed up to a Belgian Collective Bargaining Agreement and must satisfy the conditions in respect of seniority.

**2.12.3. Individual training entitlement**

The analysis of the modalities of stake in work of the regime of the Individual rights in the Individual Training Entitlement (DIF)

does not bring to light likely significant additional costs for the Group. The amount of the contingent liabilities bound

at the theoretical accumulated hours is given for information in notes.

**2.12.4. Other long term benefits**

These benefits relate to long-service bonuses and rights to training leave paid by the French companies and bonuses granted by Boiron Spain.

At the closing date of each fiscal year, an independent actuary calculates the discounted value of the employer's future

obligations in respect of these benefits linked to long-service and other bonuses.

Once the discounted value of the obligations has been calculated, a non-current provision is recorded as a liability in the balance sheet.

The Group does not outsource the financing of these benefits.

Actuarial differences and the impact of changes, reductions or liquidations affecting the long-term benefit plans (long-service and other bonuses) are immediately recognized in income.

**• BOIRON FRANCE AND BOIRON CARAIBES**

A bonus equal to one month's salary is paid to employees as the long-service bonus. This is awarded after 20, 30 and 40 years' work, subject to a minimum of 15 years' seniority.

**• BOIRON SPAIN**

A bonus equal to one month's salary is paid to employees reaching 20 years' seniority, plus an additional month every 5 years.

## 2.13. Financial liabilities (non-current and current)

Under IAS 39, non-current financial liabilities include the portion at over one year of:

- loans and other funding, in particular financing by capital leases and staff profit-sharing;
- other debts.

Current financial liabilities include:

- the portion at less than one year of loans, other funding and derivative instruments;
- bank overdrafts;
- current liabilities (since trade payables are short-term in nature, their carrying amount is the same as their market value);

- changes of fair value for derivative instruments
- the portion at less than one year of other debts.

Loans and other financial liabilities are valued at cost or amortized cost, in accordance with the effective interest rate method.

## 2.14. Provisions and contingent liabilities (non-current and current)

Under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized where the Group has an obligation vis-à-vis a third party and it is probable or certain that this will lead to an outflow of resources to this third party, without at least equivalent consideration being expected from the latter, and where the amount can be reliably measured. The portion of the provision at less than one year is recognized as current, with the balance being recognized as non-current.

These provisions mainly cover:

- provisions for corporate and commercial lawsuits and, in particular, provisions for returned goods. These provisions are firstly calculated on statistical bases using records of returns during previous fiscal years and, secondly, on the basis of knowledge of events giving rise to the assumption that there will be exceptional returns;
- provisions to cover ongoing lawsuits involving tax risks and other proceedings;
- provisions for restructuring.

With regard to restructuring, an obligation is recognized once the restructuring is announced and is subject to a detailed plan and a designated deadline or start date.

Where this has a significant impact, provisions are discounted.

## 2.15. Consolidated statement of income

### 2.15.1. Operating income

In line with IAS 18, operating revenue is recognized net of:

- Discounts
- Credits
- Rebates
- Customers service agreements

Revenue is recognized in this way once:

- it is likely that future economic advantages will benefit the company;
- it can be reliably estimated;
- it is likely, at the transaction date, that the amount of the sale will be collected.

The carrying amount of recognized revenue is its fair value.

Revenue relating to the sale of goods is recognized provided that risks and benefits were actually transferred and that the costs incurred, or to be incurred in respect of the transaction, can be reliably measured.

Revenue relating to the sale of services is recognized as and when the services are provided. The revenue recognized as other operating revenue remains marginal.

Foreign exchange gains and losses on commercial transactions are included in other current operating revenue and expenses.

### 2.15.2. Current operating income

The Group uses current operating income as its main performance indicator. Current operating income corresponds to income of the consolidated group prior to taking account of:

- reorganization costs;
- other non-current operating charges and revenues;
- the cost of net long-term debt;
- other financial revenue and expenses;
- the Group's share of the net income or loss of companies accounted for under the equity method;
- taxes.

### 2.15.3. Other non-current operating revenue and expenses, financing expenses and revenue on cash, and other financial expenses and revenue

Other non-current operating revenue and expenses include revenue and expenses that are exceptional, highly infrequent and of significant amount, such as:

- gains and losses on the disposal of tangible and intangible fixed assets and shares in consolidated companies;
- impairment of goodwill and of tangible and intangible fixed assets that complies with this definition;
- net costs associated with major restructuring (note 2.3).

Financial expenses and revenue on cash include:

- interest charges on the consolidated long-term debt (cost of gross long-term debt including financial expenses, issue costs and foreign exchange gains/losses on financial liabilities) comprised of loans and other financial liabilities (in particular, overdrafts and debts on finance leases);
- less revenue on cash and cash equivalents.

Other financial revenue and expenses include:

- other expenses paid to banks on financial transactions;
- the impact on the income or loss of non-consolidated equity interests (dividends, impairment losses, gains and losses on disposal);
- the impact of discounting assets and liabilities (excluding employee benefits);
- the result of exchange on the transactions others than the commercial transactions, the financial debts, the finance and the changes of fair value of instruments derived of exchange.

### 2.15.4. Earnings per share

Under IAS 33, basic earnings per share are calculated by dividing the Group's share of net income by the weighted average number of ordinary shares in circulation during the period, after

deduction of treasury shares.

Diluted earnings per share are calculated by dividing the Group's share of net income by the weighted average number of ordinary shares in circulation, plus

all the potentially dilutive ordinary shares. To date, the Company has not issued any dilutive instruments.

## 2.16. Statement of cash flows

The statement of cash flows is drawn up pursuant to IAS 7, using the indirect method, the starting point being consolidated net income. It separates out flows from operations from those from investment and financing activities.

Cash flows from operations generate revenue and do not satisfy the criteria for investment and financing flows. The Group has elected to classify dividends received and interest paid in this category. Changes in provisions associated with working capital requirements are allocated to the corresponding flows.

Cash flows relating to investment activities stem from acquisitions and disposals of long-term assets and other assets not classed as cash equivalents. Interest collected is included in these investment flows. Equipment funded by capital leases during the fiscal year is not recognized as an investment for said fiscal year; the portion of the rent relating to capital repayments is recognized as borrowing repayments for the fiscal year. The impact of changes in scope during the fiscal year is also clearly identified in these flows.

Financing activities are those that result in a change in the amount or nature of shareholders' equity or the Company's debts. Capital increases during the fiscal year and issues or loan repayments are included in this category. The Company has also elected to include dividends paid in this category.

The Group's cash position, the change in which is analyzed in the statement of cash flows, is defined as being the net balance of the following balance sheet headings:

- cash and cash equivalents;
- bank account overdrafts and bank account credit balances.

## 2.17. Segment information

In line with IAS 14, segment reporting is provided in the notes, in certain detailed notes and more generally in note 5.

The primary segment reporting level is the geographic area. Indeed, management takes decisions on this strategic basis using reporting by geographic area as a primary analysis tool. The geographical segment also corresponds to the Group's functional organization.

The various geographic areas are as follows:

- Americas Zone: only USA and Canada;
- Europe Zone: all European countries except France;
- France and Others Zone: metropolitan France and French overseas departments (DOM-TOM) and all countries not included in the Americas and Europe Zones.

The criterion for allocation to a geographic area is the location of the assets used to generate sales. This criterion is different from that used for the information concerning sales released on a quarterly basis, which uses an allocation by geographic destination of sales (market).

There is only one significant sector of activity: the manufacture and marketing of homeopathic medicines. Revenues derived from ancillary activities are not material.

## NOTE 3: SCOPE OF CONSOLIDATION

The following companies of the Boiron Group are fully consolidated:

Name	Country law	Changes in scope		% interest at 12/31/2007	% interest at 12/31/2006	% control at 12/31/2007	% control at 12/31/2006	Activity
		Type of Movement	Date					
HERBAXT	French	Transfer of a share	08/23/2007	99.98%	99.99%	100.00%	100.00%	Pharmacie
BOIRON Srl	Italian	Acquisition of additional shares	03/06/2007	99.91%	99.88%	99.97%	99.97%	Pharmacy
BOIRON SIH	Spanish			98.88%	98.88%	98.88%	98.88%	Pharmacy
BOIRON GmbH	German			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON Canada Inc.	Canadian			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON Inc.	US			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON Caraïbes	French			99.04%	99.04%	99.04%	99.04%	Pharmacy
BOIRON SP Zoo	Polish			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON CZ Sro	Czech			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON SK Sro	Slovak			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON RO Srl	Romanian			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON TN Sarl	Tunisian			99.90%	99.90%	100.00%	100.00%	Pharmacy
BOIRON MA Sarl	Moroccan			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON Hungaria Kft	Hungarian			99.80%	99.80%	100.00%	100.00%	Pharmacy
BOIRON OOO	Russian			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON Medicamentos Homeopaticos Ltda	Brazilian			99.98%	99.98%	100.00%	100.00%	Pharmacy
BOIRON Belgium	Belgian			99.99%	99.99%	100.00%	100.00%	Pharmacy
UNDA	Belgian			98.38%	98.38%	98.38%	98.38%	Pharmacy
Omnium Mercur	Belgian			98.38%	98.38%	98.38%	98.38%	Pharmacy
Editions Similia	French	Increase of capital reserved to parent Company	12/27/2007	97.52%	78.80%	97.54%	78.92%	Publishing
Laboratoires DOLISOS Italia	Italian			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON SA (Suisse)	Swiss			100.00%	100.00%	100.00%	100.00%	Pharmacy
BOIRON (La Réunion)	French			100.00%	100.00%	100.00%	100.00%	Pharmacy

The year end for all companies is December 31.

Non-consolidated companies are valued at historical cost and are recognized as investments (note 9).

The main transactions during the period ended December 31, 2007 were as follows:

### 3.1. Universal transmission from Dolisos Santé Animale toward Boiron SA

Dolisos Santé Animale proceeded to a universal transmission of its holdings for the benefit of the Boiron France limited company, on May 2, 2007. Dolisos Santé Animale was dissolved on May 2, 2007.

### 3.2. Increase of the participation in the capital of Boiron Italy

The acquisition of additional shares with ancient minority shareholders in the capital of Boiron Italy, for an amount of €3 thousand, carries the rate of detention from 99,88% to 99,91% on June 30, 2007. The noticed negative goodwill amounts in €1 thousand.

### 3.3. Increase of the participation in the capital of Editions Similia

On December 27, 2007, Boiron SA company increased its participation from 78,80% to 97,52% in the Editions Similia by incorporation of the current account, what is translated by an increase of €133 thousand of the goodwill noticed on this subsidiary.

## NOTE 4: CURRENCY TRANSLATION METHOD

The following table sets out the euro conversion rates vis-à-vis the currencies used for consolidation:

	Average rate 2007	Average rate 2006	Closing rate 2007	Closing rate 2006
US dollar	1.371	1.256	1.472	1.317
Canadian dollar	1.469	1.424	1.445	1.528
Czech crown	27.758	28.338	26.628	27.485
Slovak crown	33.775	37.214	33.583	34.435
Tunisian dinar	1.745	1.666	1.794	1.712
Romanian leu	3.338	3.524	3.608	3.384
Moroccan dirham	11.218	11.041	11.352	11.141
Polish zloty	3.783	3.895	3.594	3.831
Hungarian forint	251.324	264.132	253.730	251.770
Swiss franc	1.643	1.573	1.655	1.607
Brazilian real	2.664	2.732	2.602	2.812
Russian rouble	35.020	34.112	35.986	34.680

## NOTE 5: SEGMENT INFORMATION

The segment information reported below has been prepared in accordance with the same principles as those applied the previous year.

The following table presents the data as at December 31, 2007:

DATA CONCERNING INCOME STATEMENT	France	Europe	America	Total 12/31/2007
Turnover before elimination	340,132	117,206	30,308	487,646
Inter-sector	(42,154)	(11,196)	(2)	(53,352)
<b>NET TURNOVER</b>	<b>297,978</b>	<b>106,010</b>	<b>30,306</b>	<b>434,294</b>
<b>CURRENT OPERATING INCOME <sup>(1)</sup></b>	<b>36,777</b>	<b>4,114</b>	<b>2,846</b>	<b>43,737</b>
<i>included Allowances to amortization and impairments on intangible and tangible assets</i>	<i>(15,393)</i>	<i>(2,666)</i>	<i>(393)</i>	<i>(18,452)</i>
<i>included Net changes in depreciation and provisions</i>	<i>1,603</i>	<i>(33)</i>	<i>176</i>	<i>1,746</i>
Reorganization costs	0	0	0	0
Other non-current operating income and expenses <sup>(2)</sup>	1,217	(265)	(2)	950
<b>OPERATING INCOME</b>	<b>37,994</b>	<b>3,849</b>	<b>2,844</b>	<b>44,687</b>
<i>GROUP %</i>	<i>85.0%</i>	<i>8.6%</i>	<i>6.4%</i>	
Financing revenue and expenses on cash	135	1	49	185
Other financial income and expenses	(165)	(260)	44	(381)
<b>CURRENT INCOME OF INTEGRATED COMPANIES</b>	<b>37,964</b>	<b>3,590</b>	<b>2,937</b>	<b>44,491</b>
Income tax	(14,134)	(2,098)	(1,102)	(17,334)
<b>NET INCOME OF INTEGRATED COMPANIES</b>	<b>23,830</b>	<b>1,492</b>	<b>1,835</b>	<b>27,157</b>
Share in net earnings (losses) of companies at equity	0	0	0	0
<b>NET INCOME OF THE CONSOLIDATED GROUP</b>	<b>23,830</b>	<b>1,492</b>	<b>1,835</b>	<b>27,157</b>
NET INCOME (MINORITY SHARE)	6	21	0	27
<b>NET INCOME (GROUP SHARE)</b>	<b>23,824</b>	<b>1,471</b>	<b>1,835</b>	<b>27,130</b>
<b>DATA CONCERNING BALANCE SHEET</b>	<b>France</b>	<b>Europe</b>	<b>America</b>	<b>Total 12/31/2007</b>
<b>Total Assets</b>	<b>363,493</b>	<b>54,477</b>	<b>10,420</b>	<b>428,390</b>
<i>included Intangible assets</i>	<i>8,800</i>	<i>739</i>	<i>54</i>	<i>9,593</i>
<i>included Tangible fixed asset</i>	<i>89,338</i>	<i>14,968</i>	<i>3,245</i>	<i>107,551</i>
<i>included Tangible fixed asset held for sale</i>	<i>435</i>	<i>1,000</i>	<i>0</i>	<i>1,435</i>
<i>included Deferred taxes (receivables)</i>	<i>14,564</i>	<i>2,342</i>	<i>788</i>	<i>17,694</i>
<i>included Cash and cash equivalents</i>	<i>49,867</i>	<i>4,978</i>	<i>153</i>	<i>54,998</i>
<b>Total Liabilities</b>	<b>363,493</b>	<b>54,477</b>	<b>10,420</b>	<b>428,390</b>
<i>included Treasury liabilities</i>	<i>4,687</i>	<i>104</i>	<i>0</i>	<i>4,791</i>
<i>included Borrowings and financial liabilities (except treasury liabilities)</i>	<i>3,116</i>	<i>1,153</i>	<i>22</i>	<i>4,291</i>
<i>included Liabilities held for sale</i>	<i>0</i>	<i>142</i>	<i>0</i>	<i>142</i>
<i>included Deferred taxes (debts)</i>	<i>59</i>	<i>1,627</i>	<i>0</i>	<i>1,686</i>
<i>included Income tax (debts)</i>	<i>248</i>	<i>594</i>	<i>2,331</i>	<i>3,173</i>
Net equity	219,768	22,634	7,541	249,943
Total liabilities (excluding net equity)	143,725	31,843	2,879	178,447
<b>Investments (intangible and tangible)</b>	<b>16,886</b>	<b>2,852</b>	<b>377</b>	<b>20,115</b>

(1) Including €447 thousand intra-sector for the France Zone.

(2) Included negative goodwill €1 thousand and goodwill depreciation €55 thousand included in income for the Europe zone, relating to Boiron Italie and Boiron Suisse respectively.

## FINANCIAL REPORT

### CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

The data for the year ended December 31, 2006 are set out below:

DATA CONCERNING INCOME STATEMENT	France	Europe	America	Total 12/31/2006
Turnover before elimination	312,081	99,843	30,237	442,161
Inter-sector	(37,394)	(6,120)	27	(43,487)
<b>NET TURNOVER</b>	<b>274,687</b>	<b>93,723</b>	<b>30,264</b>	<b>398,674</b>
<b>CURRENT OPERATING INCOME <sup>(1)</sup></b>	<b>21,581</b>	<b>2,137</b>	<b>2,881</b>	<b>26,599</b>
<i>included Allowances to amortization and impairments on intangible and tangible assets</i>	<i>(15,623)</i>	<i>(2,745)</i>	<i>(463)</i>	<i>(18,831)</i>
<i>included Net changes in depreciation and provisions</i>	<i>981</i>	<i>477</i>	<i>(14)</i>	<i>1,444</i>
Reorganization costs	(7,517)	(932)	(63)	(8,512)
Other non-current operating income and expenses <sup>(2)</sup>	1,268	(24)	(53)	1,191
<b>OPERATING INCOME</b>	<b>15,332</b>	<b>1,181</b>	<b>2,765</b>	<b>19,278</b>
<i>GROUP %</i>	<i>79.5%</i>	<i>6.1%</i>	<i>14.3%</i>	
Financing revenue and expenses on cash	(475)	(76)	(49)	(600)
Other financial income and expenses	94	(114)	(37)	(57)
<b>CURRENT INCOME OF INTEGRATED COMPANIES</b>	<b>14,951</b>	<b>991</b>	<b>2,679</b>	<b>18,621</b>
Income tax	(5,385)	(1,882)	(1,090)	(8,357)
<b>NET INCOME OF INTEGRATED COMPANIES</b>	<b>9,566</b>	<b>(891)</b>	<b>1,589</b>	<b>10,264</b>
Share in net earnings (losses) of companies at equity	0	0	0	0
<b>NET INCOME OF THE CONSOLIDATED GROUP</b>	<b>9,566</b>	<b>(891)</b>	<b>1,589</b>	<b>10,264</b>
NET INCOME (MINORITY SHARE)	(1)	20	0	19
<b>NET INCOME (GROUP SHARE)</b>	<b>9,567</b>	<b>(911)</b>	<b>1,589</b>	<b>10,245</b>
<b>DATA CONCERNING BALANCE SHEET</b>	<b>France</b>	<b>Europe</b>	<b>America</b>	<b>Total 12/31/2006</b>
<b>Total Assets</b>	<b>342,424</b>	<b>55,556</b>	<b>14,078</b>	<b>412,058</b>
<i>included Intangible assets</i>	<i>7,238</i>	<i>572</i>	<i>87</i>	<i>7,897</i>
<i>included Tangible fixed asset</i>	<i>88,866</i>	<i>16,409</i>	<i>3,562</i>	<i>108,837</i>
<i>included Tangible fixed asset held for sale</i>	<i>526</i>	<i>0</i>	<i>0</i>	<i>526</i>
<i>included Deferred taxes (receivables)</i>	<i>27,421</i>	<i>1,876</i>	<i>958</i>	<i>30,255</i>
<i>included Cash and cash equivalents</i>	<i>26,045</i>	<i>5,610</i>	<i>4,287</i>	<i>35,942</i>
<b>Total Liabilities</b>	<b>342,424</b>	<b>55,556</b>	<b>14,078</b>	<b>412,058</b>
<i>included Treasury liabilities</i>	<i>1,895</i>	<i>0</i>	<i>0</i>	<i>1,895</i>
<i>included Borrowings and financial liabilities (except treasury liabilities)</i>	<i>18,551</i>	<i>2,132</i>	<i>55</i>	<i>20,738</i>
<i>included liabilities held for sale</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>included Deferred taxes (debts)</i>	<i>5</i>	<i>1,732</i>	<i>0</i>	<i>1,737</i>
<i>included Income tax (debts)</i>	<i>250</i>	<i>368</i>	<i>1,729</i>	<i>2,347</i>
Net equity	198,849	23,552	7,685	230,086
Total liabilities (excluding net equity)	143,575	32,004	6,393	181,972
<b>Investments (intangible and tangible)</b>	<b>16,412</b>	<b>1,816</b>	<b>2,355</b>	<b>20,583</b>

(1) Including €1,874 thousand intra-sector for the France Zone.

(2) Included negative goodwill €210 thousand included in income for the Europe zone, relating to UNDA and Dolisos Pologne for €43 thousand and €167 thousand respectively.

The consolidated turnover broken down according to the destination of sales criterion, such as it is published within the framework of the quarterly regulated information, appears as follows for 2007 and 2006:

	12/31/2007	12/31/2006
France and others	268,977	257,084
Europe excluding France	133,120	109,550
North America	32,197	32,040
<b>TOTAL GROUP</b>	<b>434,294</b>	<b>398,674</b>

## NOTE 6: GOODWILL

## 6.1. Quantified data

	12/31/2006	Increases / (Decreases)	Universal transmission of capital from DSA to Boiron France	Currency translation adjustments	31/12/2007
Boiron France	79,660		1,381		81,041
- LHF	7,734				7,734
- SIBOURG	1,268				1,268
- Dolisos France	70,658				70,658
- Dolisos Santé Animale	0		1,381		1,381
Dolisos Santé Animale	1,381		(1,381)		0
Editions Similia	530	133			663
HERBAXT	1,785				1,785
<b>TOTAL "FRANCE AND OTHER"</b>	<b>83,356</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>83,489</b>
UNDA	1,408				1,408
Omnium Mercur	823				823
Boiron Italie	2,242				2,242
Boiron Espagne	550				550
Boiron Suisse	55				55
<b>TOTAL "EUROPE EXCLUDED FRANCE"</b>	<b>5,078</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,078</b>
Boiron Canada	228			(5)	223
Boiron USA	1,115			(101)	1,014
<b>TOTAL "AMERICA"</b>	<b>1,343</b>	<b>0</b>	<b>0</b>	<b>(106)</b>	<b>1,237</b>
<b>TOTAL GROSS GOODWILL</b>	<b>89,777</b>	<b>133</b>	<b>0</b>	<b>(106)</b>	<b>89,804</b>
Boiron Suisse DEPRECIATION	0	(55)			(55)
<b>TOTAL NET GOODWILL</b>	<b>89,777</b>	<b>78</b>	<b>0</b>	<b>(106)</b>	<b>89,749</b>

The goodwill of Dolisos Santé Animale was the object of a reclassifying on Boiron France, following the Universal Transmission of Holdings, because the business is inseparable of the activity of Boiron France.

The following table presents the goodwill and badwill relating to acquisitions during the fiscal year 2007.

Name	Acquisition price net of expertises and fees (1)	Acquisition fees and expertises (2)	Acquisition cost (3) = (1) + (2)	Share in acquired assets and liabilities' fair value (4)	Valuation difference (5)	Goodwill (6) = (3) - (4) - (5)	Negative Goodwill (7) = (3) - (4) - (5)
Boiron Italie	3		3	4			(1)
Editions Similia			0	(133)		133	

Only the acquisition of additional shares of Boiron Italy involved actual cash payment, which amounted to €3 thousand.

Movements in goodwill during 2006 were as follows:

	12/31/2005	Increases / (Decreases)	Currency translation adjustments	12/31/2006
TOTAL GROSS GOODWILL	90,113	(319)	(17)	89,777
IMPAIRMENTS	0			0
TOTAL NET GOODWILL	90,113	(319)	(17)	89,777

There is no price revision clause or staggered payments for the acquired securities.

## 6.2. Impairments tests

The discounted future cash-flow method, often used for tests on goodwill, is based on the following principles:

- The cash-flows (pre-tax) stem from medium-term budgets and forecasts (5 years) drawn up by the Group's management control department.
- Free cash-flow does not take account of any financial items or tax impact.
- The discount rate is determined by including interest rate and risk assumptions that satisfy the definition of weighted average cost of capital, which was 9.38% in 2007 and 8.6%

in 2006; these rates are after-tax rates in accordance with IAS 36. A single discount rate has been used for all CGUs insofar as risks that are specific to certain geographic areas have been factored into the cash flow calculation.

- The terminal value is calculated by discounting to infinity the cash flows, determined on the basis of a constant 1% growth rate.
- The sales growth chosen is in line with the organizational structure and current investments. Consequently, it only takes account of restructuring

carried out as of the date of the test and is based on renewal investments and not on those relating to growth.

- Individual growth rates are chosen, where applicable, in line with the specific nature of the various markets.

The Group considers that no reasonable change of the hypotheses above would have significant incidence on the valuation of goodwill.

The impairment tests led to book a loss of value of €55 thousand on the goodwill of Boiron Switzerland, in 2007. No loss of value had been booked in 2006.

## NOTE 7: INTANGIBLE ASSETS

	12/31/2006	Increases		Transfert and scrapping	Changes in scope of consolidation	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	31/12/2007
		Acquisitions	Annual amortization					
Brands	2,577			(9)				2,568
Software	16,102	1,917		(110)			2,244	20,153
Licenses and ownership rights	62	26						88
Patents and formulas	410							410
Intangible assets in progress (1)	3,093	1,694		(6)			(2,150)	2,631
Other intangible assets	1,160	87					193	1,440
<b>GROSS AMOUNT</b>	<b>23,404</b>	<b>3,724</b>	<b>0</b>	<b>(125)</b>	<b>0</b>	<b>0</b>	<b>287</b>	<b>27,290</b>
Amortization and provisions Brands	(1,175)		(81)	8			104	(1,144)
Amortization and provisions Software	(13,274)		(1,922)	110			33	(15,053)
Amortization and provisions Licenses and ownership rights	(38)		(7)					(45)
Amortization and provisions Patents and formulas	(249)		(21)					(270)
Amortization and provisions Intangible assets in progress	0							0
Amortization and provisions Other intangible assets	(771)		(167)				(247)	(1,185)
<b>AMOUNT OF AMORTIZATION AND PROVISIONS</b>	<b>(15,507)</b>	<b>0</b>	<b>(2,198)</b>	<b>118</b>	<b>0</b>	<b>0</b>	<b>(110)</b>	<b>(17,697)</b>
<b>NET INTANGIBLE ASSETS</b>	<b>7,897</b>	<b>3,724</b>	<b>(2,198)</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>177</b>	<b>9,593</b>

(1) It concerns mainly software and IT plans on Boiron France.

Movements in intangible assets in 2006 were as follows:

	12/31/2005	Increases		Transfert and scrapping	Changes in scope of consolidation	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2006
		Acquisitions	Annual amortization					
<b>GROSS AMOUNT</b>	<b>19,532</b>	<b>3,114</b>	<b>0</b>	<b>(200)</b>	<b>(339)</b>	<b>0</b>	<b>1,297</b>	<b>23,404</b>
<b>AMOUNT OF AMORTIZATION AND PROVISIONS</b>	<b>(14,170)</b>	<b>0</b>	<b>(1,774)</b>	<b>151</b>	<b>416</b>	<b>0</b>	<b>(130)</b>	<b>(15,507)</b>
<b>NET INTANGIBLE ASSETS</b>	<b>5,362</b>	<b>3,114</b>	<b>(1,774)</b>	<b>(49)</b>	<b>77</b>	<b>0</b>	<b>1,167</b>	<b>7,897</b>

As at December 31, 2006 and December 31, 2007 no intangible asset was subject to a pledge, guarantee or collateral.

Research costs recognized on the fiscal year 2007 amounted to €5 706 thousand, the costs of the regulatory affairs represent €3 982 thousand. On December 31, 2006, these expenses were respectively €3 214 thousand and €2 854 thousand.

## NOTE 8: TANGIBLE FIXED ASSETS

	12/31/2006	Increases		Transfert and scrapping	Changes in scope of consolidation	Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5)	Currency translation adjustments and other movements	12/31/2007
		Acquisitions	Annual amortization						
Land and fixtures	19,957	1,604		(297)			(44)	15	21,235
Buildings	101,142	6,327		(479)			(1,667)	6,058	111,381
Equipment	71,237	4,612		(2,314)			(189)	1,132	74,478
Other fixed assets	42,609	5,443		(2,542)				(3,489)	42,021
Real estate leasing	8,255	0					(1,240)	(4,578)	2,437
<b>GROSS AMOUNT</b>	<b>243,200</b>	<b>17,986</b>	<b>0</b>	<b>(5,632)</b>	<b>0</b>	<b>0</b>	<b>(3,140)</b>	<b>(862)</b>	<b>251,552</b>
Amortization and provisions Land and fixtures	(4,473)		(686)	91					(5,068)
Amortization and provisions Buildings	(50,535)		(5,952)	(204)			1,344	(3,797)	(59,144)
Amortization and provisions Equipment	(47,133)		(5,465)	2,083			154	35	(50,326)
Amortization and provisions Other fixed assets	(26,502)		(3,863)	2,270				345	(27,750)
Amortization and provisions Real estate leasing	(5,720)		(320)			(130)	554	3,903	(1,713)
<b>AMOUNT OF TOTAL AMORTIZATION</b>	<b>(134,363)</b>	<b>0</b>	<b>(16,286)</b>	<b>4,240</b>	<b>0</b>	<b>(130)</b>	<b>2,052</b>	<b>486</b>	<b>(144,001)</b>
<b>NET TANGIBLE FIXED ASSETS</b>	<b>108,837</b>	<b>17,896</b>	<b>(16,286)</b>	<b>(1,392)</b>	<b>0</b>	<b>(130)</b>	<b>(1,088)</b>	<b>(376)</b>	<b>107,551</b>

Movements in tangible fixed assets in 2006 were as follows:

	12/31/2005	Increases		Transfert and scrapping	Changes in scope of consolidation	Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5)	Currency translation adjustments and other movements	12/31/2006
		Acquisitions	Annual amortization						
Land and fixtures	18,310	751		(100)			(149)	1,145	19,957
Buildings	81,710	5,171		(2,984)	(1,139)		(1,184)	19,568	101,142
Equipment	70,207	3,189		(1,752)	(918)		(2)	513	71,237
Other fixed assets	40,349	6,237		(2,033)	(616)		(179)	(1,149)	42,609
Real estate leasing	24,320							(16,065)	8,255
<b>GROSS AMOUNT</b>	<b>234,896</b>	<b>15,348</b>	<b>0</b>	<b>(6,869)</b>	<b>(2,673)</b>	<b>0</b>	<b>(1,514)</b>	<b>4,012</b>	<b>243,200</b>
Amortization and provisions Land and fixtures	(3,743)		(728)				2	(4)	(4,473)
Amortization and provisions Buildings	(32,451)		(6,463)	1,107	1,131		925	(14,784)	(50,535)
Amortization and provisions Equipment	(43,876)		(5,658)	1,564	874			(37)	(47,133)
Amortization and provisions Other fixed assets	(24,549)		(4,177)	1,586	598		61	(21)	(26,502)
Amortization and provisions Real estate leasing	(16,710)		(512)					11,502	(5,720)
<b>AMOUNT OF TOTAL AMORTIZATION</b>	<b>(121,329)</b>	<b>0</b>	<b>(17,538)</b>	<b>4,257</b>	<b>2,603</b>	<b>0</b>	<b>988</b>	<b>(3,344)</b>	<b>(134,363)</b>
<b>NET TANGIBLE FIXED ASSETS</b>	<b>113,567</b>	<b>15,348</b>	<b>(17,538)</b>	<b>(2,612)</b>	<b>(70)</b>	<b>0</b>	<b>(526)</b>	<b>668</b>	<b>108,837</b>

As at December 31, 2006 and December 31, 2007 no tangible fixed asset was subject to a pledge, guarantee or collateral.

The implemented of the impairment tests led to notice a depreciation of €130 thousand on an disposal in Italy, in contract of capital lease.

There was no depreciation noticed on December 31, 2006.

The information relative to the tangible fixed assets under capital lease on December 31, 2007 is presented as follows:

	NBV at 12/31/2006	Acquisitions	Annual amortization	Transfert and scrapping	Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5)	Currency translation adjustments and other movements <sup>(1)</sup>	NBV at 12/31/2007
Land and fixtures	435					(207)	(42)	186
Buildings	1,544		(185)		(130)	(419)	(707)	103
Equipment	0		(14)			(60)		0
Other fixed assets	556		(121)				74	435
<b>TOTAL TANGIBLE FIXED ASSETS UNDER CAPITAL LEASES</b>	<b>2,535</b>	<b>0</b>	<b>(320)</b>	<b>0</b>	<b>(130)</b>	<b>(686)</b>	<b>(675)</b>	<b>724</b>

(1) including €674 thousand of options exercised in France.

Movements in capital lease in 2006 were as follows:

	NBV at 12/31/2005	Acquisitions	Annual amortization	Transfert and scrapping	Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5)	Currency translation adjustments and other movements <sup>(1)</sup>	NBV at 12/31/2006
Land and fixtures	1,641						(1,206)	435
Buildings	5,406		(377)				(3,485)	1 544
Equipment	0							0
Other fixed assets	563		(135)				128	556
<b>TOTAL TANGIBLE FIXED ASSETS UNDER CAPITAL LEASES</b>	<b>7,610</b>	<b>0</b>	<b>(512)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,563)</b>	<b>2,535</b>

(1) including options exercised: €669 thousand in France and €2,109 thousand in the United States

## NOTE 9: INVESTMENTS

### 9.1. Quantified data

	12/31/2007			12/31/2006		
	Gross value	Provision	Net value	Gross value	Provision	Net value
<b>Financial assets disposable for sale:</b>						
Non consolidated investments and long-term investments	291	(283)	8	304	(138)	166
<b>Financial assets valued at amortized cost:</b>						
Loans (1)	382		382	981		981
Guarantees and other receivables (2)	473	(19)	454	361	(19)	342
Other investments (3)	739		739	1,214		1,214
<b>TOTAL</b>	<b>1,885</b>	<b>(302)</b>	<b>1,583</b>	<b>2,860</b>	<b>(157)</b>	<b>2,703</b>

(1) €382 thousand in subsidized home loans (1% logement) taken over from Dolisos France by Boiron SA under the merger agreement. They also included in 2006 €599 thousand for the residual value of the leasing contract on Montrichard, bought back in 2007.

(2) Including €224 thousand for real estate deposits taken over by Boiron SA in the merger with Dolisos.

(3) Including €698 thousand corresponding to the "restricted cash" portion of the liquidity agreements.

As at December 31, 2006 and December 31, 2007 no investment was subject to a pledge, guarantee or collateral.

## 9.2. Unconsolidated investments

Name	Country of	Proportion of capital held at 12/31/2007	Net value of shares at 12/31/2007	Total Balance sheet at 12/31/2007	Total Shareholders equity at 12/31/2007	Total current assets at 12/31/2007	Total current liabilities at 12/31/2007	Sales at 12/31/2007	Net income at 12/31/2007
CDFH	French	100.00%	8	114	42	114	57	145	2
IFCH <sup>(1)</sup>	French	NA	NA	424	100	361	324	1,070	2
Dolisos BV <sup>(2)</sup>	Dutch	100.00%	0	6	(197)	6	203	0	0
Archibel <sup>(3)</sup>	Belgian	19.93%	0	835	346	623	273	1,636	(380)
<b>TOTAL</b>			<b>8</b>						

(1) The IFCH is an association.

(2) Last financial data at 06/30/2007.

(3) Last financial data at 12/31/2006.

These investments are recognized in equity interests.

The Dolisos Bien Etre, unconsolidated in December 31, 2006, proceeded to a Universal Transmission of its Holdings to Boiron France during the fiscal year 2007.

An additional reserve of €144 thousand on the shares of Archibel, held by UNDA, was recognized on 2007 and noticed in the other financial result. These shares are fully depreciated.

## NOTE 10: ASSETS AND LIABILITIES HELD FOR SALE

	12/31/2006	Transfert and scrapping	Changes in scope of consolidation	Impact of impairment tests (IAS 36)	Allocation of tangible fixed assets	Currency translation adjustments and other movements	12/31/2007
Land and fixtures	147	(53)	0	0	44		138
Buildings	259	(6)	0	0	323		576
Equipment	2	(2)	0	0	35		35
Other fixed assets	118	(118)	0	0	0		0
Real estate leasing	0	0	0	0	686		686
<b>NET TANGIBLE FIXED ASSETS HELD FOR SALE (1)</b>	<b>526</b>	<b>(179)</b>	<b>0</b>	<b>0</b>	<b>1,088</b>	<b>0</b>	<b>1,435</b>
<b>ADDITIONNAL IMPAIRMENTS OF TANGIBLE FIXED ASSETS HELD FOR SALE</b>	<b>0</b>						<b>0</b>
<b>NET TANGIBLE FIXED ASSETS HELD FOR SALE (2)</b>	<b>526</b>	<b>(179)</b>	<b>0</b>	<b>0</b>	<b>1,088</b>	<b>0</b>	<b>1,435</b>

(1) Net value of tangible fixed assets when they are allocated in this class.

(2) Net value of tangible fixed assets after additionnal impairments.

Disposals concern distribution laboratories in France for €435 thousand and in Italy for €1,000 thousand.

These assets were valued in application of the standard IFRS 5, in the weakest of their book value and their fair value of transfer, at the need by means of a depreciation. They are not any more depreciated as from their affectation in this category

Two distribution laboratories in France were already present in this category on December 31, 2006 for an accounting net value of €347 thousand: they were not disposals in 2007 but their transfer is planned on a horizon one-year-old subordinate.

The disposals, in liabilities, amount to €142 thousand and correspond to the financial liabilities concerning one disposal, financed by capital lease in Italy. This financial liability is for fixed rate of 5.92 %.

Movements in disposals in 2006 were as follows:

	12/31/2005	Transfert and scrapping	Changes in scope of consolidation	Impact of impairment tests (IAS 36)	Allocation of tangible fixed assets	Currency translation adjustments and other movements	12/31/2006
Land and fixtures	268	(268)	0	0	147		147
Buildings	2,623	(2,623)	0	0	259		259
Equipment	0	0	0	0	2		2
Other fixed assets	0	0	0	0	118		118
Real estate leasing	0	0	0	0	0		0
<b>NET TANGIBLE FIXED ASSETS HELD FOR SALE (1)</b>	<b>2,891</b>	<b>(2,891)</b>	<b>0</b>	<b>0</b>	<b>526</b>	<b>0</b>	<b>526</b>
<b>ADDITIONNAL IMPAIRMENTS OF TANGIBLE FIXED ASSETS HELD FOR SALE</b>	<b>0</b>	<b>0</b>					<b>0</b>
<b>NET TANGIBLE FIXED ASSETS HELD FOR SALE (2)</b>	<b>2,891</b>	<b>(2,891)</b>	<b>0</b>	<b>0</b>	<b>526</b>	<b>0</b>	<b>526</b>

(1) Net value of tangible fixed assets when they are allocated in this class.

(2) Net value of tangible fixed assets after additionnal impairments.

At December 31, 2006 there were no reciprocal liabilities

## NOTE 11: INVENTORIES

	12/31/2007	12/31/2006
Raw materials and supplies	12,128	11,546
Semi-finished goods and finished goods	35,010	34,785
Goods	1,090	1,079
<b>TOTAL</b>	<b>48,228</b>	<b>47,410</b>

At December 31, 2007 no inventory has been pledged to guarantee liabilities.

The depreciation on inventories are constituted on the basis of analyses of weak rotation.

They amount to 1 303 K€ on December 31, 2007 against €1 805 thousand on December 31, 2006.

## NOTE 12: ACCOUNTS RECEIVABLE AND CREDIT RISK

	12/31/2007			12/31/2006		
	Gross value	Depreciations	Net value	Gross value	Depreciations	Net value
Net accounts receivable denominated in euros	67,880	(857)	67,023	60,392	(853)	59,539
Net accounts receivable denominated in other currencies	5,662	(219)	5,443	4,836	(314)	4,522
<b>TOTAL</b>	<b>73,542</b>	<b>(1,076)</b>	<b>72,466</b>	<b>65,228</b>	<b>(1,167)</b>	<b>64,061</b>

There is no sale of receivables agreement.

Particular care is taken with regard to the collection of accounts receivable.

Every Group entity has its own units responsible for managing reminders and collection. The Group's average days of sales outstanding is 62 days.

Hedging mechanisms (credit insurance, bank guarantees, letters of credit) are put in place where clients are overly concentrated or there is a high loss exposure in a particular country or geographic region. This is the case of export sales by Boiron France and UNDA as well as sales made in Poland.

The amount of the guarantees enjoyed by the Group as of December 31, 2007 amounted to €32,298 thousand.

As of December 31, 2007, the amount of accounts receivables due and not provided for amounted to €5,458 thousand, namely 7.4% of accounts receivable. Accounts receivable due for less than a month accounted for 50.2% of this amount. The remainder has been overdue for less than a year. There was no major change in the structure of the aged trial balance between 2006 and 2007.

There was no major accounts receivable restructuring agreement or clearing agreement as of December 31, 2007 or as of December 31, 2006.

Provisions for doubtful receivables amounted to €1,076 thousand, namely 1.5% of the total amount of accounts receivables, down 7.8% on the previous year.

Over the fiscal year, losses on bad debts amounted to €345 thousand, namely 0.5% of the total amount of accounts receivable. The bulk of these losses had been provided for.

### NOTE 13: OTHER CURRENT AND NON-CURRENT ASSETS

	12/31/2007		12/31/2006	
	Current	Non-current	Current	Non-current
State and local government, excluding income tax	9,409	55	11,516	9
State - income tax	4,183		4,488	
Personnel	673	567	556	619
Accrued expenses	3,843		4,092	
Other debtors (1)	6,363		3,369	
<b>TOTAL</b>	<b>24,471</b>	<b>622</b>	<b>24,022</b>	<b>628</b>

(1) Included €2,546 thousand on Boiron France of receivables from export service provider.

Other non-current assets correspond essentially to the advances on Italian TFR (€567 thousand).

### NOTE 14: BREAKDOWN OF IMPAIRMENT LOSSES ON CURRENT ASSETS

	12/31/2006	Annual depreciations	Cancellation for the period (unused)	Cancellation for the period (used)	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2007
Accounts receivable	1,167	454	(263)	(273)		(9)	1,076
Sundry debtors	259			(215)		65	109
<b>TOTAL</b>	<b>1,426</b>	<b>454</b>	<b>(263)</b>	<b>(488)</b>		<b>56</b>	<b>1,185</b>

Depreciation of the customers debts are determined on the basis of the age of the debts and the detailed information of customer risks. Most impairment losses are recognized within current income.

### NOTE 15: CASH AND CASH EQUIVALENTS

	12/31/2007			12/31/2006		
	Euros	Other currencies (euro equivalents)	TOTAL	Euros	Other currencies (euro equivalents)	TOTAL
Cash equivalents	25,592		25,592	4,948	939	5,887
Cash	27,033	2,373	29,406	25,111	4,944	30,055
<b>TOTAL</b>	<b>52,625</b>	<b>2,373</b>	<b>54,998</b>	<b>30,059</b>	<b>5,883</b>	<b>35,942</b>

Cash equivalents are primarily comprised of euro money market funds or similar investments satisfying the definition for assets carried at fair value through income.

Fair value changes as of the balance sheet date were not material given the turnover of the investments as of December 31, 2007 in order to realize the capital gains.

**NOTE 16: SHAREHOLDERS' EQUITY**

As at December 31, 2007, Boiron SA's share capital was comprised of 22,006,286 fully paid-up shares, each with a par value of €1. No movement intervened on the fiscal years 2006 and 2007.

There are no preference shares.

The Boiron company is not subjected to an external constraint, of regulatory level or agreement, in conformance with its capital. The company integrates for the follow-up of its shareholders' equities the same elements as those who are integrated into the consolidated shareholders' equity.

The Board policy in management of shareholders' equities depends on circumstances. The Group privileges this day the financing of its development on its shareholders' equity.

**16.1. Treasury shares**

The capital is comprised as follows (number of shares):

In Euros	12/31/2007	12/31/2006
<b>Total number of shares</b>	<b>22,006,286</b>	<b>22,006,286</b>
Treasury shares	(117,198)	(101,297)
<b>Number of shares excluded treasury shares</b>	<b>21,889,088</b>	<b>21,904,989</b>

Shares registered to the same person for 3 years or more have double voting rights at Shareholders' Meetings.

There are no share warrants in circulation and the Company has not introduced any employee stock option plans or dilutive instruments. These shares are valued in the historic price, their value is directly booked in consolidated Shareholders' equity.

As at December 31, 2007, the portfolio of treasury shares comprised 58,478 shares under liquidity agreement signed with Société Générale and 58,720 were held by the Company itself.

**16.2. Dividend per share**

Dividend per share in euro	2007
<b>Dividend 2006 paid</b>	<b>0.30</b>
<b>Dividend 2007 recommended to SM</b>	<b>0.55</b>

## NOTE 17: CURRENT AND NON-CURRENT BORROWINGS AND FINANCIAL DEBTS

	12/31/2006	Increases	Decreases	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2007
Short-term financing	1,806	2,921		(29)		4,698
Other (included accrued interests not due)	89	76	(72)			93
<b>Total Treasury liabilities</b>	<b>1,895</b>	<b>2,997</b>	<b>(72)</b>	<b>(29)</b>	<b>0</b>	<b>4,791</b>
Debt vis-à-vis Pierre Fabre <sup>(1)</sup>	16,564	618	(15,154)			2,028
Other borrowings	1,314		(436)		(4)	874
Financial liabilities capital leases	1,607		(550)		(742)	315
Profit-sharing reserve	1,253	294	(125)		(348)	1,074
<b>Total Borrowings and financial liabilities</b>	<b>20,738</b>	<b>912</b>	<b>(16,265)</b>	<b>0</b>	<b>(1,094)</b>	<b>4,291</b>
<b>TOTAL</b>	<b>22,633</b>	<b>3,909</b>	<b>(16,337)</b>	<b>(29)</b>	<b>(1,094)</b>	<b>9,082</b>
<i>Included Non-current</i>	<i>17,340</i>	<i>294</i>	<i>1 081</i>		<i>(17,076)</i>	<i>1,639</i>
<i>Included current</i>	<i>5,293</i>	<i>3,615</i>	<i>(17,418)</i>	<i>(29)</i>	<i>15,982</i>	<i>7,443</i>

(1) Both the capital and interest elements of the current account debt vis-à-vis Pierre Fabre will be fully repaid by Boiron to Pierre Fabre on June 30, 2008. Since June 30, 2007 this debt has been reclassified from non-current to current liabilities. It was refunded, in advance, on October 1<sup>st</sup>, 2007 for €13,94 thousand. Interest accruing during 2007 totaled €618 thousand and were paid for €590 thousand in the same time.

The change in current and non-current borrowings and financial debts during 2006 was as follows:

	12/31/2005	Increases	Decreases	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2006
Total Treasury liabilities	4,166	1	(2,298)	(6)	32	1,895
Total Borrowings and financial liabilities	23,385	620	(2,282)	0	(985)	20,738
<b>TOTAL</b>	<b>27,551</b>	<b>621</b>	<b>(4,580)</b>	<b>(6)</b>	<b>(953)</b>	<b>22,633</b>
<i>Included Non-current</i>	<i>20,292</i>		<i>(419)</i>		<i>(2,533)</i>	<i>17,340</i>
<i>Included current</i>	<i>7,259</i>	<i>621</i>	<i>(4,161)</i>	<i>(6)</i>	<i>1,580</i>	<i>5,293</i>

(1) Both the capital and interest elements of the current account debt vis-à-vis Pierre Fabre will be fully repaid by Boiron to Pierre Fabre on June 30, 2008. Interest accruing during 2006 totaled €619 thousand.

The breakdown of financial debts by currency, in euro equivalents, is as follows:

	12/31/2007	12/31/2006
Financial liabilities in euros	9,060	22,578
Financial liabilities in other currencies	22	55
<b>TOTAL</b>	<b>9,082</b>	<b>22,633</b>

The schedule of repayment of the financial liabilities is described in note 18.

The following table sets out the rates of these loans.

Name	Country	Type of financing	Weighted average rate	Fixed rate / variable rate
BOIRON SA	France	- Debt vis-à-vis Pierre Fabre	Euribor 3 months + 0.75%	Variable
		- Short-term financing	Eonia + 0.23%	Variable
		- Short-term financing (accounts in other currencies)	Daily currency rate + 0.30%	Variable
		- Financial liabilities capital leases	Pibor + 0.90 %	Variable
		- Employee profit-sharing reserve	(1)	
BOIRON Inc.	United States	Borrowings	2.00%	Fixed
UNDA	Belgium	Borrowings	5.66%	Fixed
		Financial liabilities capital leases	3.50%	Fixed
		Financial liabilities capital leases	3.20%	Variable

(1) For profit-sharing relating to the 2000 to 2002 fiscal years, the compensation rate is equal to that from the "Livret A" plus 2%. Among legislation, for 2003 fiscal year, compensation rate is either the TMO or that from "Livret A" plus 2%.

The interest rate risk is discussed in note 18.3.1.

Bank loans taken over by the Group do not include any financial covenant or "trigger event".

## NOTE 18: DERIVATIVE INSTRUMENTS

### 18.1. Information on balance sheet

With regard to the financial assets and liabilities the following tables show:

- Their breakdown into the categories provided for in IAS 39:
  - A: available-for-sale assets measured at cost. This primarily relates to non consolidated securities;
  - B: assets and liabilities at fair value through income. This primarily relates to short-term investments and derivatives;
  - C: assets and liabilities measured at depreciated cost;
  - D: held-to-maturity investments. No asset met this definition during these fiscal years.
- The comparison between carrying amounts and fair values;
- Their breakdown by maturity.

12/31/2007	Name of financial instruments	Net Book Value	Fair Value	Schedule		
				Less than one year	Between one to five years	More than five years
<b>FINANCIAL ASSETS</b>		<b>135,410</b>	<b>135,410</b>	<b>133,827</b>	<b>0</b>	<b>0</b>
	Non consolidated investments	A	8	8	N/A	N/A
	Other financial investments	C	1,575	1,575	N/A	N/A
	Other non-current financial assets	C				
	Accounts receivable	C	72,466	72,466	72,466	
	Other current financial assets	C	6,363	6,363	6,363	
	Cash and cash equivalents	B	54,998	54,998	54,998	
<b>FINANCIAL LIABILITIES</b>		<b>59,577</b>	<b>59,7</b>	<b>59,577</b>	<b>1,414</b>	<b>225</b>
	Treasury liabilities	B	4,791	4,791	4,791	
	Borrowings and financial liabilities except treasury liabilities (included liabilities held for sale)	C	4,433	4,433	2,794	1,414
	Other non-current financial liabilities	C				225
	Accounts payable	C	44,107	44,107	44,107	
	Other current financial liabilities	C	6,246	6,246	6,246	

The accounting net value represents a reasonable estimate of the fair value for the categories A and C.

Movements in 2006 were as follows:

12/31/2006	Name of financial instruments	Net Book Value	Fair Value	Schedule		
				Less than one year	Between one to five years	More than five years
<b>FINANCIAL ASSETS</b>		<b>106,077</b>	<b>106,077</b>	<b>103,373</b>	<b>0</b>	<b>0</b>
Non consolidated investments	A	161	161	N/A	N/A	N/A
Other financial investments	C	2,543	2,543	N/A	N/A	N/A
Other non-current financial assets	C					
Accounts receivable	C	64,061	64,061	64,061		
Other current financial assets	C	3,370	3,370	3,370		
Cash and cash equivalents	B	35,942	35,942	35,942		
<b>FINANCIAL LIABILITIES</b>		<b>69,459</b>	<b>69,459</b>	<b>52,119</b>	<b>17,290</b>	<b>50</b>
Treasury liabilities	B	1,895	1,895	1,895		
Borrowings and financial liabilities except treasury liabilities (included liabilities held for sale)	C	20,738	20,738	3,398	17,290	50
Other non-current financial liabilities	C					
Accounts payable	C	42,727	42,727	42,727		
Other current financial liabilities	C	4,098	4,098	4,098		

#### Derivative instruments:

There are only risk-hedging financial instruments to limit the exchange exposure, having all a less than one year term. The following board presents these instruments by type of contract and by currency, for 2006 and 2007:

Currency	Type of contract	12/31/2007		12/31/2006	
		Nominal (in thousand of currency)	Change in fair value (in thousand of €)	Nominal (in thousand of currency)	Change in fair value (in thousand of €)
USD	Currency options	(300)	35	(2,200)	15
	Futures contracts	(1,550)	15		
	<b>TOTAL</b>	<b>(1,850)</b>	<b>50</b>	<b>(2,200)</b>	<b>15</b>
PLN	Currency options	3,500	(60)	(1,500)	0
	Futures contracts	(3,400)	(42)		
	<b>TOTAL</b>	<b>100</b>	<b>(102)</b>	<b>(1,500)</b>	<b>0</b>
CAD	Currency options	300	5	(800)	2
	Futures contracts	(500)	8		
	<b>TOTAL</b>	<b>(200)</b>	<b>13</b>	<b>(800)</b>	<b>2</b>
RUB	Currency options				
	Futures contracts	(110,000)	(6)		
	<b>TOTAL</b>	<b>(110,000)</b>	<b>(6)</b>	<b>0</b>	<b>0</b>
<b>GLOBAL TOTAL</b>			<b>(45)</b>		<b>17</b>

## 18.2. Income data

The following board presents the impacts in income on 2007 and 2006 of assets and financial liabilities, and the breakdown of these impacts according to the categories foreseen by the standard IAS 39 (cf. 18.1).

	Name of financial instruments	12/31/2007	12/31/2006
<b>Revenue and expenses recognized in current operating income</b>		<b>150</b>	<b>574</b>
Foreign exchange gains and losses	C	(145)	(1)
Accounts receivable depreciations	C	295	575
<b>Cash revenue</b>		<b>878</b>	<b>395</b>
Included:			
Profits on disposal of short-term investments and interests on certificates on deposits and futures deposits	B	824	199
Interests for late payment on tax receivable	C		129
Gained discounts	C	52	69
<b>Financing expenses</b>		<b>(693)</b>	<b>(995)</b>
Included:			
Interest expenses	C	(911)	(1,072)
Interest revenue	C	218	109
<b>Other financial revenue</b>		<b>22</b>	<b>202</b>
Included:			
Cancellation of actualisation effect on tax receivable			100
<b>Other financial expenses</b>		<b>(403)</b>	<b>(259)</b>
Included:			
Non consolidated investments depreciation	A	(144)	
Other financial assets depreciation	C		(19)
Changes in fair value on derivative instruments	B	(237)	(141)

### 18.3. Market risks

Here are the main features of the Group's market risk management policy:

- centralization of risks within Boiron SA;
- a hedging target;
- risk-assessment using detailed forecasts over a rolling timeframe;
- detailed upstream and downstream monitoring of differences between forecasts and actual figures;
- use of firm and optional hedging transactions;
- separation of decision-making, execution and control responsibilities between Senior Management who set out and approve an annual market risk management policy, the Group Treasury Department which assesses risks and puts in place and monitors hedging transactions, and the Treasury Committee which checks the transactions carried out by the Group Treasury Department.

#### 18.3.1. Interest rate risk

Cash surpluses and financing requirements are centralized in line with a cash centralization policy, managed by the Group Treasury Department. Over the year 2007, the Group's consolidated cash was constantly superfluous.

The choice of the supports of investment of cash surpluses is made by the Group Treasury Department in the frame defined by the policy of management which privileges the criteria of liquidity and security. Rules are the following ones:

- Use of monetary and assimilated products, a maturity three-month-old subordinate, for 60 % minimum of the average cash;
- Investment of the structural surpluses on products belonging to the category of products "diversified" by the French Authority of Financial Markets (AMF) or "monetary dynamic" of Standard and Poor's, or products structured by maturity one-year-old subordinate.
- Selection of the investors presenting security characteristics in solvency and in risk of counterpart ("investment rank").

On December 31, 2007, the risk of rate can be analyzed as follows, considering the terms of the rates applied to the position of asset / liabilities:

	Daily - 1 year	1 - 5 years	> 5 years
ASSETS - short-term investments and cash equivalents	54,998		
LIABILITIES - cash liabilities and borrowings and financial liabilities	7,443	1,639	
LIABILITIES - held for sale	142		
<b>NET POSITION BEFORE MANAGEMENT</b>	<b>47,413</b>	<b>(1,639)</b>	<b>0</b>
Off-balance sheet position	0	0	0
<b>NET POSITION AFTER MANAGEMENT</b>	<b>47,413</b>	<b>(1,639)</b>	<b>0</b>

An immediate increase of 1 point in short-term interest rates, applied to the net cash, would have an impact (before tax effect) of €474 thousand of the financial revenue.

### 18.3.2. Foreign exchange risk

The Boiron Group faces two types of foreign exchange risk:

- a foreign exchange risk on the assets relating to the interests held by Boiron France in its foreign subsidiaries. This risk is assessed but is not subject to specific management as these interests are held for the foreseeable future;
- a foreign exchange risk on transactions stemming from commercial and financial transactions carried out by all Group companies in currencies other than their local currency.

The foreign exchange risk on transactions is centralized in Boiron France and Herbaxt and mainly stems from:

- sales by Boiron France and Herbaxt to the US, Canadian, Swiss and Polish subsidiaries;
- dividends paid out by Boiron Canada and Boiron USA;
- sales by the sales subsidiaries and representative offices in the countries of Central and Eastern Europe (Slovakia, Hungary, the Czech Republic, Russia, Romania and Bulgaria), and North African countries (Morocco and Tunisia) and Brazil.

The foreign exchange risk on transactions is hedged to protect the Group's earnings from unfavorable exchange rate fluctuations, over a maximum one-year term.

Hedging transactions are carried out on the basis of annual month-by-month forecasts drawn up by the subsidiaries and Boiron France's management control department; these forecasts are revised during the year in the event of major changes. The permitted hedging transactions are currency loans and borrowings, cash or forwards and currency options, over a maximum one-year term. The Group's exposure to foreign exchange risks mainly stems from the Polish zloty, the Russian rouble and the US and Canadian dollars.

On December 31, 2007, assets and liabilities in currencies, in the accounts of Boiron France, decomposed as follows:

	USD thousand	PLN thousand	CAD thousand	RUB thousand
Treasury assets	3,389	5,971	2,815	
Other financial assets	1,707	2,043	445	258,538
Treasury liabilities			(2,598)	(106,906)
Other financial liabilities	(3,561)	(4,777)		(17,743)
<b>Net position before management</b>	<b>1,535</b>	<b>3,237</b>	<b>662</b>	<b>133,889</b>
Off-balance sheet position	(1,850)	100	(200)	(110,000)
<b>Net position after management</b>	<b>(315)</b>	<b>3,337</b>	<b>462</b>	<b>23,889</b>
<b>Net position after management (euro equivalents)</b>	<b>(214)</b>	<b>929</b>	<b>320</b>	<b>664</b>

An immediate unfavorable evolution of 1 % of the euro with regard to all the currencies, applied to the position of exchange after management existing in the closing date, would have an impact (before tax effect) of €- 17 thousand on the result.

An unfavorable evolution of 1 % of the average rate of the euro with regard to all the currencies over 2007, applied to the net result of subsidiaries in currencies, would have an impact of €-34 thousand on the net result of the Group.

An immediate unfavourable evolution of 1 % of the euro with regard to all the currencies, applied to the shareholder's equity of subsidiaries in currencies, would have an impact of €-196 thousand on the Group shareholder's equity.

### 18.3.3. Risks on shares

The Group does not hold a portfolio of shares.

### 18.4. Credit risk

The credit risk is described in the note 12 « Accounts receivable and credit risk »

### 18.5. Liquidity risk

Historically, assets short term of the Group were always superior to its liabilities short term and its finance is structurally superfluous. For that reason, the terms were not detailed for the part one-year-old subordinate.

On December 31, 2007, the Group has unconfirmed lines of overdrafts at variable rate for a total amount of €76 000 thousand. These lines were not used during the fiscal year 2007.

## NOTE 19: NON-CURRENT EMPLOYEE BENEFITS

### 19.1. Quantified data

	12/31/2006	Increases	Decreases	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2007
Retirement indemnity - Boiron France	8,647		(1,428)	7		7,226
Retirement indemnity - Herbaxt	115		(4)			111
Retirement indemnity - Boiron Caraïbes	14	1				15
Retirement indemnity - Boiron Océan Indien	16		(13)			3
Agreement on Preparation for Retirement - Boiron France	39,280	1,281				40,561
Pre-pension UNDA	167	5	(10)			162
Pre-pension Omnium Mercur	1		(1)			0
Retirement benefits - Boiron Pologne	2					2
<b>Total post-employment benefits (defined contribution plans)</b>	<b>48,242</b>	<b>1,287</b>	<b>(1,456)</b>	<b>7</b>	<b>0</b>	<b>48,080</b>
Long-services bonuses - Boiron France	3,916		(1)	2		3,917
Long-services bonuses - Boiron Caraïbes	25					25
Long-services bonuses - Dolisos Santé Animale	9			(9)		0
Bonuses granted - Boiron Espagne	239	15				254
<b>Total other long-term benefits</b>	<b>4,189</b>	<b>15</b>	<b>(1)</b>	<b>(7)</b>	<b>0</b>	<b>4,196</b>
<b>TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES</b>	<b>52,431</b>	<b>1,302</b>	<b>(1,457)</b>	<b>0</b>	<b>0</b>	<b>52,276</b>

Movements in 2006 were as follows:

	12/31/2005	Increases	Decreases	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2006
Retirement indemnity - Boiron France	8,127	520	18	(18)		8,647
Retirement indemnity - Herbaxt	105	10				115
Retirement indemnity - Boiron Caraïbes	11	3				14
Retirement indemnity - Boiron Océan Indien	0		(2)	18		16
Agreement on Preparation for Retirement - Boiron France	37,390	1,890				39,280
Pre-pension UNDA	164	45	(42)			167
Pre-pension Omnium Mercur	5		(4)			1
Retirement benefits - Boiron Pologne	0			2		2
<b>Total post-employment benefits (defined contribution plans)</b>	<b>45,802</b>	<b>2,468</b>	<b>(30)</b>	<b>2</b>	<b>0</b>	<b>48,242</b>
Long-services bonuses - Boiron France	4,569		(646)	(7)		3,916
Long-services bonuses - Boiron Caraïbes	29		(4)			25
Long-services bonuses - Boiron Océan Indien	0		(7)	7		0
Long-services bonuses - Dolisos Santé Animale	12		(3)			9
Bonuses granted - Boiron Espagne	229	10				239
<b>Total other long-term benefits</b>	<b>4,839</b>	<b>10</b>	<b>(660)</b>	<b>0</b>	<b>0</b>	<b>4,189</b>
<b>TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES</b>	<b>50,641</b>	<b>2,478</b>	<b>(690)</b>	<b>2</b>	<b>0</b>	<b>52,431</b>

Employee benefits are discounted.

## 19.2. Employee benefits in Boiron France

### 19.2.1. Main actuarial hypotheses

Actuarial hypothesis France	2007	2006	2005
Actualisation rate	5.25%	3.90%	3.50%
Annual salary revaluation*	1.30%	1.30%	1.20%

\* Except differentiated increases by age bracket.

### 19.2.2. Retirement identity

The provision relating to Boiron France's retirement indemnities has changed as follows:

	12/31/2005	2006 cost	Actuarial variation	Plans changes	Payments	12/31/2006	2007 Cost	Actuarial variation	Plans changes	Payments	12/31/2007
Actual value of liabilities	21,696	2,273	631	2,063	(1,780)	24,883	2,197	(3,683)	1,171	(1,254)	23,314
Investments value	(9,767)	(383)	(4)		280	(9,874)	(432)			(2,246)	(12,552)
Plans changes	(1,159)	100		(2,063)		(3,122)	232		(1,171)		(4,061)
Actuarial differences	(2,643)	30	(627)			(3,240)	82	3,683			525
<b>Provision</b>	<b>8,127</b>	<b>2,020</b>	<b>0</b>	<b>0</b>	<b>(1,500)</b>	<b>8,647</b>	<b>2,079</b>	<b>0</b>	<b>0</b>	<b>(3,500)</b>	<b>7,226</b>

The change in actuarial gains and losses between 2006 and 2007, as well as between 2005 and 2006, is the following one:

<b>Actuarial differences on RI - 2007</b>	
<b>Actuarial difference at 12/31/2006</b> (differences generated over the 2007 fiscal year)	<b>(3,240)</b>
<b>Actuarial losses</b>	
Turnover	(469)
Salaries increase	(162)
<b>Actuarial gains</b>	
Increase of the discount rate	3,494
<b>Other (including actualisation effect)</b>	<b>820</b>
<b>Actuarial difference on financial yield</b>	<b>0</b>
<b>Actuarial difference at 12/31/2007, before amortization</b>	<b>443</b>
2007 amortization of 2006 actuarial differences	82
<b>12/31/2007 balance after amortization</b>	<b>525</b>

<b>Actuarial differences on RI - 2006</b>	
<b>Actuarial difference at 12/31/2005</b> (differences generated over the 2006 fiscal year)	<b>(2,643)</b>
<b>Actuarial losses</b>	
Base changes	(2,259)
Salaries increase	(432)
<b>Actuarial gains</b>	
Turnover	1,137
Increase of the discount rate	1,179
<b>Other (including actualisation effect)</b>	<b>(256)</b>
<b>Actuarial difference on financial yield</b>	<b>4</b>
<b>Actuarial difference at 12/31/2006, before amortization</b>	<b>(3,270)</b>
2006 amortization of 2005 actuarial differences	30
<b>12/31/2006 balance after amortization</b>	<b>(3,240)</b>

The change in the value of outsourced between 2006 and 2007, as well as between 2005 and 2006, is the following one:

<b>Value of investments on RI at 12/31/2006</b>	
Estimated return on investment (4.05%)	(460)
Management expenses	28
Contributions paid	(3,500)
Benefits paid	1,254
Actuarial loss generated over the 2007 fiscal year	0
<b>Value of investments on RI at 12/31/2007</b>	<b>(12,552)</b>

<b>Value of investments on RI at 12/31/2005</b>	
Estimated return on investment (4.05%)	(412)
Management expenses	29
Contributions paid	(1,500)
Benefits paid	1,780
Actuarial loss generated over the 2006 fiscal year	(4)
<b>Value of investments on RI at 12/31/2006</b>	<b>(9,874)</b>

Investments designed to cover employee benefits are comprised of investment funds denominated in euros.

As at December 31, 2007, as well as December 31, 2006, the amounts of deferred past service cost not recognized and resulting from plan changes broke down as follows:

<b>12/31/2006 balance after spreading</b>	<b>(3,122)</b>
French Social Security Funding Law 2008 - abolition of pension off by employer from 2010	(1,171)
<b>12/31/2007 balance before spreading 2006</b>	<b>(4,293)</b>
2007 spreading on plans changes recorded in 2004 and 2006	232
<b>12/31/2007 balance after spreading</b>	<b>(4,061)</b>

<b>12/31/2005 balance after spreading</b>	<b>(1,159)</b>
French Social Security Funding Law 2007 - abolition of pension off by employer from 2014	2,478
French Social Security Funding Law 2007 - expenses on retirement and pension off indemnities from 2014	(4,541)
<b>12/31/2006 balance before spreading 2006</b>	<b>(3,222)</b>
2006 spreading on plans changes recorded in 2004 and 2006	100
<b>12/31/2006 balance after spreading</b>	<b>(3,122)</b>

### 19.2.3. Boiron France's agreement on preparation for retirement

As indicated in note 22.12.2, Boiron France's employees benefit from an agreement on preparation for retirement.

The change in the provision in respect of this agreement was as follows:

	12/31/2005	2006 cost	Actuarial variation	Plans changes	Payments	12/31/2006	2007 Cost	Actuarial variation	Plans changes	Payments	12/31/2007
Actual bond value	39,395	3,565	(213)		(1,740)	41,007	3,143	(6,384)		(1,927)	35,839
Plans changes	(182)	65				(117)	65				(52)
Actuarial differences	(1,823)		213			(1,610)		6,384			4,774
<b>Provision</b>	<b>37,390</b>	<b>3,630</b>	<b>0</b>	<b>0</b>	<b>(1,740)</b>	<b>39,280</b>	<b>3,208</b>	<b>0</b>	<b>0</b>	<b>(1,927)</b>	<b>40,561</b>

The change in actuarial gains and losses between 2006 and 2007 was as follows:

Ecart actuariels sur APR - 2007	
<b>Actuarial difference at 12/31/2006</b> (differences generated over the 2007 fiscal year)	<b>(1,610)</b>
<b>Actuarial losses</b>	
Turnover	(512)
Salaries increase	(1)
<b>Actuarial gains</b>	
Increase of the discount rate	4,941
<b>Other (including actualisation effect)</b>	<b>1,956</b>
<b>Actuarial difference at 12/31/2007, before amortization</b>	<b>4,774</b>
2007 amortization of 2006 actuarial differences	
<b>12/31/2007 balance after amortization</b>	<b>4,774</b>

Actuarial differences on APR - 2006	
<b>Actuarial difference at 12/31/2005</b> (differences generated over the 2006 fiscal year)	<b>(1,823)</b>
<b>Actuarial losses</b>	
Base changes (mortality table)	(3,522)
Salaries increase	(708)
<b>Actuarial gains</b>	
Turnover	1,650
Increase of the discount rate	1,673
<b>Other (including actualisation effect)</b>	<b>1,120</b>
<b>Actuarial difference at 12/31/2006, before amortization</b>	<b>(1,610)</b>
2006 amortization of 2005 actuarial differences	
<b>12/31/2006 balance after amortization</b>	<b>(1,610)</b>

As at December 31, 2007, the amounts of past services costs recognized or not in the balance sheet broke down as follows:

<b>12/31/2006 balance after spreading</b>	<b>(117)</b>
2007 spreading on plan changes recorded in 2005	65
<b>12/31/2007 balance after spreading</b>	<b>(52)</b>

<b>12/31/2005 balance after spreading</b>	<b>(182)</b>
2006 spreading on plan changes recorded in 2005	65
<b>12/31/2006 balance after spreading</b>	<b>(117)</b>

### 19.2.4. Long-service bonuses

The actuarial debt in respect of long-service bonuses at Boiron France changed as follows:

	12/31/2005	2006 Cost	Plans changes	Payments	12/31/2006	Coût 2007	Plans changes	Payments	12/31/2007
Long-services bonuses	4,569	113	(272)	(381)	3,916	307		(306)	3,917
<b>Provision</b>	<b>4,569</b>	<b>113</b>	<b>(272)</b>	<b>(381)</b>	<b>3,916</b>	<b>307</b>	<b>0</b>	<b>(306)</b>	<b>3,917</b>

### 19.3. Individual training entitlement (I.T.E.)

As indicated in note 2.12.3, the Individual Training Entitlement (I.T.E) is considered as a contingent liabilities,

The history of the modalities of use of this right not bringing to light significant likely additional costs.

The number of hours vested within the framework of the I.T.E by all the French subsidiaries of the Group is of 131,390 hours on December 31, 2007 (among which used 181 hours), against 89,020 hours on December 31, 2006.

### NOTE 20: CURRENT AND NON-CURRENT PROVISIONS

	12/31/2006	Increases	Decreases (unused provision)	Decreases (used provision)	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2007
<b>Current</b>							
Provisions for returned goods	4,402	3,370	(218)	(2,986)		(41)	4,527
Provisions for contingencies and lawsuits	3,353	1,275	(213)	(434)		(1,776)	2,205
Provisions for other expenses	3,113	172	0	(2,518)		(99)	668
<i>included provisions for reorganization</i>	<i>2,858</i>	<i>109</i>	<i>0</i>	<i>(2,405)</i>		<i>(193)</i>	<i>369</i>
<b>TOTAL CURRENT PROVISIONS</b>	<b>10,868</b>	<b>4,817</b>	<b>(431)</b>	<b>(5,938)</b>	<b>0</b>	<b>(1,916)</b>	<b>7,400</b>
<b>Non-current</b>							
Provisions for returned goods	0						0
Provisions for contingencies and lawsuits	210	490		(260)		1,822	2,262
Provisions for other expenses	0						0
<i>included provisions for reorganization</i>	<i>0</i>						<i>0</i>
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>210</b>	<b>490</b>	<b>0</b>	<b>(260)</b>	<b>0</b>	<b>1,822</b>	<b>2,262</b>

The change in current and non-current provisions during 2006 was as follows:

	12/31/2005	Increases	Decreases (unused provision)	Decreases (used provision)	Changes in scope of consolidation	Currency translation adjustments and other movements	12/31/2006
<b>Current</b>							
Provisions for returned goods	4,666	3,278	(164)	(3,292)		(86)	4,402
Provisions for contingencies and lawsuits	6,405	772	(1,209)	(1,243)		(1,372)	3,353
Provisions for other expenses	2,928	2,735		(2,641)		91	3,113
<i>included provisions for reorganization</i>	<i>2,901</i>	<i>2,566</i>		<i>(2,610)</i>		<i>1</i>	<i>2,858</i>
<b>TOTAL CURRENT PROVISIONS</b>	<b>13,999</b>	<b>6,785</b>	<b>(1,373)</b>	<b>(7,176)</b>	<b>0</b>	<b>(1,367)</b>	<b>10,868</b>
<b>Non-current</b>							
Provisions for returned goods	0						0
Provisions for contingencies and lawsuits	355			(145)			210
Provisions for other expenses	0						0
<i>included provisions for reorganization</i>	<i>0</i>						<i>0</i>
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>355</b>	<b>0</b>	<b>0</b>	<b>(145)</b>	<b>0</b>	<b>0</b>	<b>210</b>

Non-current provisions are not discounted since the impact is considered to be not material.

### 20.1. Provisions for contingencies and lawsuits

The net increase of provisions for contingencies and lawsuits concerns mainly France (€744 thousand in current among which €1,323 thousand of depreciation and €579 thousand of reversals of a provision) and Italy (€490 thousand of depreciation and €210 thousand of reversals of a provision in non-current).

After a refinement of the appreciation of the term of these contingencies and lawsuits, reclassifications from current to non-current of provisions existing in the opening were realized in France and in Italy for respectively €1,255 thousand and €567 thousand.

## 20.2. Provisions for other losses

As at December 31, 2007, the decrease of provisions for other losses related mainly to the reorganizations in France (€1,987 thousand) and Belgium (€532 thousand).

### NOTE 21: ACCOUNTS PAYABLE

	12/31/2007	12/31/2006
Accounts payable denominated in euros	39,543	37,636
Accounts payable denominated in other currencies	4,564	5,091
<b>TOTAL</b>	<b>44,107</b>	<b>42,727</b>

### NOTE 22: OTHER CURRENT AND NON-CURRENT DEBTS

	12/31/2007		12/31/2006	
	Current	Non-current	Current	Non-current
<b>State - income tax</b>	<b>3,173</b>	<b>0</b>	<b>2,347</b>	<b>0</b>
<b>Other liabilities except corporation tax to be paid</b>				
State and local government, excluding income tax	7,811	8	7,088	
Personnel and social security organizations	39,731	4,137	32,363	4,812
Fixed asset suppliers	3,179		2,152	
Accrued income	230	156	658	
Other creditors	3,067		1,946	
<b>TOTAL</b>	<b>54,018</b>	<b>4,301</b>	<b>44,207</b>	<b>4,812</b>

Other non-current debts are primarily comprised of the debt in respect of the Italian severance indemnity provision (TFR) (€4,137 thousand), which was down €900 thousand (€1,632 thousand in payments offset by €732 thousand in additional liabilities) on 2006. This decline was mitigated by the cancellation of the discounting effect of this liability carried out over previous fiscal years for €224 thousand following a change in Italian law, which was treated in the income statement as a plan removal.

### NOTE 23: OPERATING REVENUE

	12/31/2007	%	12/31/2006	%
Non-proprietary homeopathic medicines	273,226	63	263,658	66
OTC family medication specialties	173,834	40	147,224	37
Other (1)	2,103	0	2,394	1
Customers under services agreements and financial rebates	(14,869)	(3)	(14,602)	(4)
<b>TOTAL SALES</b>	<b>434,294</b>	<b>100</b>	<b>398,674</b>	<b>100</b>
<b>Other operating revenue (fees)</b>	<b>177</b>		<b>135</b>	

(1) The "Other" heading in net sales includes sales of books as well as invoicing for services (training).

**NOTE 24: NET CHANGES IN DEPRECIATION, AMORTIZATION, IMPAIRMENT AND PROVISIONS IN CURRENT OPERATING INCOME**

	12/31/2007	12/31/2006
Allowances to amortization and impairments on intangible assets	(2,327)	(1,878)
Allowances to amortization and impairments on tangible fixed assets	(16,125)	(16,953)
<b>ALLOWANCES TO DEPRECIATION AND IMPAIRMENTS ON INTANGIBLE AND TANGIBLE ASSETS</b>	<b>(18,452)</b>	<b>(18,831)</b>
Depreciations on current assets	738	743
Provisions	1,008	701
<b>NET CHANGES IN DEPRECIATION ON ASSETS AND PROVISIONS</b>	<b>1,746</b>	<b>1,444</b>
<b>TOTAL</b>	<b>(16,706)</b>	<b>(17,387)</b>

The net changes in depreciation, amortization, impairment and provisions by category are detailed in the following table:

	12/31/2007	12/31/2006
Industrial production costs	(7,361)	(7,662)
Preparation and distribution costs	(2,886)	(4,553)
Marketing costs	(573)	(1,268)
R&D and regulatory affairs costs	(103)	(103)
Function Support costs	(5,887)	(3,829)
Others current operating revenue and expenses	104	28
<b>TOTAL</b>	<b>(16,706)</b>	<b>(17,387)</b>

**NOTE 25: PERSONNEL EXPENSES**

	12/31/2007	12/31/2006
Personnel expenses	(165,185)	(160,583)
Profit-sharing	(8,921)	(5,148)
Employee benefits	(6,552)	(6,136)
<b>TOTAL</b>	<b>(180,658)</b>	<b>(171,867)</b>

Retirement indemnities and other employee benefits are included in personnel expenses.

These expenses break down as follows:

	12/31/2007	12/31/2006
Retirement indemnities	(2,056)	(2,050)
Agreement on Preparation for Retirement	(3,208)	(3,630)
TFR	(957)	(714)
Pre-pension	(4)	(6)
Long-service bonuses and bonuses granted	(327)	264
<b>TOTAL</b>	<b>(6,552)</b>	<b>(6,136)</b>

In 2007, the average workforce (full-time equivalent) was 3,582, against 3,772 in 2006.

Personnel expenses by category have changed as follows:

	12/31/2007	12/31/2006
Industrial production costs	(31,864)	(30,180)
Preparation and distribution costs	(77,039)	(72,216)
Marketing costs	(43,006)	(38,711)
R&D and regulatory affairs costs	(3,328)	(2,965)
Function Support costs	(25,419)	(22,415)
Others current operating revenue and expenses	(2)	(6)
Reorganization costs	0	(5,374)
<b>TOTAL</b>	<b>(180,658)</b>	<b>(171,867)</b>

#### NOTE 26: OTHER CURRENT OPERATING REVENUE AND EXPENSES

	12/31/2007	12/31/2006
Foreign exchange gains and losses	(128)	(31)
Other net changes in current amortization, depreciations and provisions	102	21
Other current revenue and expenses	501	4
<b>TOTAL</b>	<b>475</b>	<b>(6)</b>

#### NOTE 27: OTHER NON-CURRENT OPERATING REVENUE AND EXPENSES

	12/31/2007	12/31/2006
Net changes in non-current provisions	16	1,092
Net changes in non-current amortization and depreciations on assets (1)	(163)	(16)
Income on asset disposals (2)	832	396
Negative goodwill income and goodwill depreciation (3)	(54)	210
Other non-current revenue and expenses (4)	319	(491)
<b>TOTAL</b>	<b>950</b>	<b>1,191</b>

(1) including -€130 thousand for additional depreciation on building in Turin held for sale in Boiron Italie ; dont -€33 thousand for net allowances to provisions in Boiron France related to closed buildings settlements ;

(2) including capital gains totaling €2,315 thousand on the disposal of laboratories in France (Rouen: €800 thousand, €640 thousand, Niort: €450 thousand and Brest: €400 thousand) and capital losses totaling €1,147 thousand on the disposal or scrapping of fixed assets in France ;

(3) recognition in income of negative goodwill on the acquisitions of shares in Boiron Italie: €1 thousand ; global goodwill depreciation in Boiron Suisse: -€55 thousand ;

(4) including €117 thousand in France and €106 thousand in Italy.

**NOTE 28: INCOME TAX**
**28.1. Breakdown of the tax charge**

	12/31/2007	12/31/2006
Current taxes payable	(4,779)	(3,406)
Deferred taxes	(12,555)	(4,951)
<b>TOTAL</b>	<b>(17,334)</b>	<b>(8,357)</b>
<b>Effective rate</b>	<b>38.96%</b>	<b>44.88%</b>

The difference between the recognized tax charge and the tax that would have been recognized at the nominal rate break down as follows for 2006 and 2007:

	12/31/2007	%	12/31/2006	%
Theoretical tax	(15,318)	34.43	(6,411)	34.43
Impact of tax rates abroad	(7)	0.02	(258)	1.39
Impact of reduced tax rates	(1)	0.00	23	(0.12)
Permanent differences (net)	(2,089)	4.70	(2,197)	11.80
Tax credits, deferred income tax adjustment & other	81	(0.18)	486	(2.61)
<b>Real tax</b>	<b>(17,334)</b>	<b>38.96</b>	<b>(8,357)</b>	<b>44.88</b>

Permanent differences in France (exceptional contribution) and in Italy (various operating charges that are not deductible for tax purposes) largely account for the increase in the Group's actual tax rate.

The local tax rates for the main subsidiaries are presented below:

Filiale	Country where taxed	12/31/2007	12/31/2006
BOIRON France	France	34.43%	34.43%
HERBAXT	France	33.33%	33.33%
BOIRON Srl	Italy	31.40%	37.43%
BOIRON SIH	Spain	32.50%	35.00%
BOIRON Canada Inc.	Canada	32.02%	32.02%
BOIRON Inc.	United States	40.34%	40.00%
BOIRON Caraibes	France	33.33%	33.83%
UNDA	Belgium	33.99%	33.99%
Laboratoires DOLISOS Italia	Italy	31.40%	38.12%
BOIRON Suisse	Switzerland	24.68%	24.68%

## 28.2. Breakdown of deferred taxes in the balance sheet

The position of deferred taxes in the balance sheet has changed as follows:

	12/31/2006	Income statement	Currency translation adjustments and other movements	12/31/2007
Provision for deferred taxes on regulated provisions	(5,370)	(5)		(5,375)
Provision for deferred taxes on capital leases	(854)	235		(619)
Deferred taxes on losses carried-forward	14,039	(13,174)	(8)	857
Deferred taxes on employee benefits	16,385	(101)		16,284
Deferred taxes in relation to local taxation	3,001	626	(43)	3,584
Deferred taxes on other items	1,317	(136)	96	1,277
<b>Net deferred tax</b>	<b>28,518</b>	<b>(12,555)</b>	<b>45</b>	<b>16,008</b>
Included net deferred tax assets	30,255	(12,609)	48	17,694
Included net deferred tax liabilities	(1,737)	54	(3)	(1,686)

Deferred tax assets and liabilities are offset within the same entity, as taxes are deducted by the same tax authorities.

The amount of temporary differences related to interests in subsidiaries for which deferred tax liabilities have not been recognized is not material (no reserves have been distributed by the subsidiaries concerned).

The changes of the deferred taxes concerns mainly the use, in France, of the tax loss carry forwards held by the merger with DOLISOS France.

The amount of the deferred taxes not noticed on carried-forward losses over 2007 is not significant.

## NOTE 29: EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	12/31/2007	12/31/2006
Net earnings (in thousand €)	27,130	10,245
Average number of shares for the fiscal year	21,751,463	21,890,408
<b>EARNINGS PER SHARE (in €)</b>	<b>1.25</b>	<b>0.47</b>

In the absence of dilutive instruments, the average earnings per share are the same as the average diluted earnings per share. The change in the average number of shares is explained by the change in the number of treasury shares over the period.

**NOTE 30: OFF-BALANCE SHEET LIABILITIES**
**30.1. Quantified liabilities**

	TOTAL 12/31/2006	TOTAL 12/31/2007	Schedule		
			Less than one year	Between one to five years	More than five years
<b>Commitments received</b>	<b>1,144</b>	<b>301</b>	<b>301</b>	<b>0</b>	<b>0</b>
• Real estate guarantee	1,144	221	221		
• Other guarantee	0	80	80		
<b>Commitments given</b>	<b>13,390</b>	<b>11,163</b>	<b>4,046</b>	<b>5,886</b>	<b>1,231</b>
• Bank securities	839	22	22		
• Real estate rental deposits	512	465		56	409
• Customs and tax deposits	857	857	35		822
• Movable deposits	309	309	309		
• Operating leases	10,873	9,510	3,680	5,830	

Instruments on currencies are recognized in the balance sheet (note 18).

As at December 31, 2007, there was no clause that could lead to additional liabilities other than those set out in note 9.

There are no ongoing liabilities in respect of corporate acquisitions.

**30.2. Ongoing lawsuits**

On December 30, 2002, Boiron France lodged an appeal with the French Supreme Court seeking the cancellation of its liability for additional tax on direct sales and repayment of the taxes paid between 1998 and 2002. The Company recognized as expenses, for which it is seeking repayment, €9,959 thousand and has not accounted for any accrued revenue in this respect.

This appeal, which only related to questions of EC law, was filed following the ruling handed down by the Lyon Court of Appeal on October 29, 2002, that notably held that the additional tax on direct sales did not constitute State aid, within the meaning of Article 92 of the EC Treaty (now EC Article 87, following modification).

In its ruling of December 14, 2004, the Commercial, Financial and Economic Chamber of the French Supreme Court decided to postpone ruling in this case

pending the reply to two interlocutory questions referred to the European Court of Justice (E.C.J.) in Luxembourg. The first related to the principle of the return of contributions classified as State aid and the second to the burden of proof.

Our case was heard before the E.C.J. on October 30, 2005.

The Court published its ruling on September 7, 2006. Its findings result in the URSSAF being required to bear in part the burden of proof. The URSSAF may be required by the judge to produce documents to which the laboratories do not have access.

Our claim will be referred back to the French Supreme Court which will decide a priori whether to refer the case to a court of appeal other than that of Lyon.

At the same time, the Laboratoires Dolisos brought a case before the French Court responsible for social

security matters (Tribunal des Affaires de Sécurité Sociale) seeking the cancellation of its liability to tax on direct sales referred to in Article L.245-6-1 of the French Social Security Code (code de la sécurité sociale: CSS) and repayment of tax on direct sales in respect of the years 1998 to 2000 totaling €2,866 thousand. No accrued revenue has been recognized in this respect.

All of the Company's claims were rejected in a ruling on September 3, 2004. On September 27, 2004, the Company decided to appeal against this ruling.

Due to the fact that Boiron had gone to the E.C.J. with the aforementioned lawsuit, counsel for the Parties requested that the decision on this appeal be deferred until the E.C.J. had handed down its ruling.

The Toulouse Court of Appeal ordered the adjournment and foreseen by prescription of January 28, 2008 the reopening of the debates on November 7, 2008.

**NOTE 31: RELATED PARTIES****31.1. Affiliated companies**

	SODEVA <sup>(1)</sup>		CDFH <sup>(2)</sup>		CEDH <sup>(2)</sup>		IFCH <sup>(2)</sup>		ARCHIBEL	
	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06
Purchases of goods					92	91			Nothing	Nothing
Services provided	5	5	39	80	170	291			Nothing	Nothing
Services received					158	29	1,070	3,211	Nothing	Nothing
Total receivables			34	82	57	55		203	Nothing	Nothing
Total payables							22		Nothing	Nothing

(1) Boiron family holding company

(2) Associations for the development of homeopathy

**31.2. Executive compensation**

Directors' and company officers compensation is described as follow:

	Managers	Other directors non managers
Fixed compensation (1)	695	175
Other compensation (2)	239	
Other unavaible gross revenue (3)	29	6
Other revenue (4)		64
<b>Total gross revenue 2007</b>	<b>963</b>	<b>245</b>
Total gross revenue 2006 (reminder)	926	205
Other employee benefits (5)	339	100

(1) Included attendance fees.

(2) It means vriable compensation.

(3) Profit-sharing, abondement to reserves plan, end-career indemnity, perk retirement and social insurance.

(4) Except the logistical expenses for board of directors and general meeting

(5) Commitments related to long-services bonuses, retirement indemnities and agreement for preparation to retirement.

No advances or loans were granted to management.

**NOTE 32: SUBSEQUENT EVENTS**

It was not identified by element post-closing being able to have a significant impact on the Group.

**STATUTORY AUDITORS' REPORT ON  
THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

To the Shareholders,

Following our appointment as statutory auditors by your annual general meeting, we have audited the accompanying consolidated financial statements of Boiron for the year ended December 31, 2007.

The consolidated 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our 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 as at December 31, 2007 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

**II. Justification of assessments**

In accordance with the requirements of Article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Paragraphs 2.6.1 and 2.6.2. of the notes to consolidated financial statements present the rules relating to valuation, accounting and depreciation of goodwill. In the context of the assessment of accounting principles followed by your company, we checked that the accounting rules described in this paragraph and information provided in the notes to consolidated financial statements were appropriate, and we ensured that they were correctly applied.
- Your company accounts for provisions to cover risks and contingencies and social commitments as described in paragraphs 2.12, 2.14., 19 and 20 of the notes to consolidated financial statements. Based on available information at this date, we have assessed the approaches retained by the group and have implemented procedures, on a test basis, to ensure that these methods were applied. We carried out the assessment of the reasonableness of these estimates.

These assessments were made in the context 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**

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Villeurbanne and Neuilly-sur-Seine, March 13, 2008

The Statutory Auditors  
French original signed by

DELOITTE & ASSOCIES  
Alain Descoins

ERNST & YOUNG et Autres  
Nicolas Job

# Chairman's Report on internal control

The purpose of this report is to set out the manner in which the work of the Board of Directors is prepared and organized and the internal control procedures implemented by the Company. The work carried out under the Chairman's supervision, that forms the basis for this report, is partly based on the carrying out of analysis and the collection of information by the Company's Internal Audit Department, together with the main operational, functional and financial divisions. Discussions and reviews were also carried out together with managing Director's office and the Audit Committee.

## ORGANIZATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

### Preparation of the Board's work

The Chairman of the Board of Directors provides each Board Member, within a sufficient time, with all the documents and information necessary to complete his duties.

The members of the works council have received the same information as the members of the Board at the same time.

### Organization and substance of meetings

The membership of the Board of Directors reflects the family stockholding in the share capital.

#### The functioning of the Board of Directors is fixed by Articles 16, 17 and 18 of the Articles of Association.

- [Membership of the Board of Directors](#)

The Company is governed by a Board of Directors of at least three members and at most eighteen members except for special provisions in the event of mergers.

Directors are appointed by the Ordinary Shareholders' Meeting, which may dismiss them at any time. They are selected from amongst the shareholders having regard to the provisions of the French Public Health Code. In the event of a merger or split-off, they may be appointed by the Extraordinary Shareholders' Meeting. Legal entities appointed to the Board are required to appoint a permanent representative who is subject to the same conditions and duties as if he would be a Director in his own right.

A Company employee may only be appointed Director if the employee holds an actual position. The number of Company employees member of the Board may not exceed one-third of the Directors in office.

Except where the French Commercial Code waives this requirement, all Directors must own ten shares.

When the report presented by the Board of Directors to the General Meeting pursuant to article L.225-102 of the Commercial code provides that the shares held by company

employees and by the employees of companies associated with it within the meaning of Article L.225-180 of the Commercial Code represent more than 3% of the company's share capital, a Director shall be elected by the General Meeting of Shareholders on proposal of the shareholding employees.

This member of the Board of Directors is not taken into account in determining the minimum number and maximum number of Directors laid down by these provisions.

The term of office of Directors is 3 years and expires at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the past year and held in the year in which the term of office expires. All outgoing Directors may be re-elected.

The number of Directors aged 75 or over may not exceed one third of the members of the Board of Directors. If this limit is exceeded, the oldest Director is deemed to have resigned his position.

Having regard to the provisions of the French Public Health Code, the Board shall elect a Chairman from amongst its members, said Chairman being required to be an individual, for a period that may not exceed his term of office as director. It shall determine the Chairman's

compensation. The Board of Directors may terminate the Chairman's mandate at any time. The Chairman of the Board may not be 80 years of age or over. If the Chairman reaches this age, he or she is deemed to have resigned at the end of the Annual Ordinary Shareholders' Meeting called to approve the financial statements during the year in which this age is reached.

To date, the Board of Directors includes an independent Director (François Marchal) within the meaning of the AFEP/MEDEF consolidated report on corporate governance.

One Director, Bruno Grange, represents the shareholding employees.

The table summarizing Directors' terms of office (to calculate cumulative terms of office) is given in the management report on page 26.

- [Meetings of the Board of Directors](#)

The Company applies some of the recommendations of the consolidated AFEP/MEDEF report on corporate governance adapted to reflect its shareholder base and the size of the Company.

Seven meetings of the Board of Directors were held during the 2007 fiscal year.

Discussion amongst Directors are facilitated by the length of meetings which average is approximately 5 hours, or 2 hours for meetings held by telephone conference.

The Chairman meets regularly with the Chief Executive Officer, Thierry Boiron, in order to guarantee coordination between senior management and the Board of Directors.

#### General Management (Article 22 of the Articles of Association)

Having regard to the provisions of the French Public Health Code, the General Management is carried out, under its responsibility, either by the Chairman of the Board of Directors or by another individual selected from amongst the members of the Board or otherwise, and who is given the title of Chief Executive Officer.

When the General Management is not carried out by the Chairman of the Board of Directors, the Board of Directors shall appoint, having regard to the provisions of the French Public Health Code, a Chief Executive Officer who shall be subject to the same age limit as that for the Chairman.

The Board of Directors may dismiss the Chief Executive Officer at any time. If the decision to dismiss is taken without sufficient grounds it may give rise to damages, except if the Chief

In 2007, the Board of Directors received information regarding, analyzed, or decided the following items: Boiron's business activities, the annual and half-year consolidated financial statements, the provisional financial statements, regulated agreements, ordinary and usual agreements, proposed and actual acquisitions, and the reappointment of Directors and Corporate Officers.

The Board of Directors, at its meeting on March 7, 2007, adopted internal regulation procedure which provides the possibility for the Directors of taking part in the delibera-

Executive Officer exercises the functions of Chairman of the Board of Directors.

The Chief Executive Officer has the broadest possible powers to act on the Company's behalf in any case. He must his powers within the limits of the Company's purposes and subject to the powers expressly reserved by law for the Shareholders' Meetings and the Board of Directors.

On proposal of the Chief Executive Officer and having regard to the provisions of the French Public Health Code, the Board of Directors may appoint one or more, and up to a maximum of five, deputy Chief Executive Officers. The age limit set for the position of Chairman also applies to the deputy Chief Executive Officers. The deputy Chief Executive Officer(s) may be selected from

tions of the Board by means of videoconference or telecommunication (conference call or any other means of telecommunications) allowing their identification and guaranteeing their effective participation, and this under the conditions determined by the regulation in force.

This method of participation is not applicable for decisions which concern the closing of the financial statements for the fiscal year, including the consolidated financial statements.

amongst the members of the Board or otherwise. The Board, acting on the proposal of the Chief Executive Officer, may dismiss them at any time. If the decision to dismiss is taken without sufficient grounds, it may give rise to damages.

The deputy Chief Executive Officers have the same powers towards third parties as the Chief Executive Officer. The Board shall set the amount and the terms of the compensation of the Chief Executive Officer and of the deputy Chief Executive Officer(s).

In light of the application of the rules enacted in the interest of public health, the Company's senior management team must include a pharmacist or a veterinarian who may be Chairman of the Board or the Chief Executive Officer or a deputy Chief Executive Officer.

#### Compensation of administrative and management bodies

Pursuant to Article L 225-102-1 of the Commercial Code, we inform you of the rules applicable to the determination of compensation, of all kinds, granted to the Company's Executives.

The fixed share of compensation is determined by the Board of Directors. A variable compensation is granted by the Board of Directors on the basis of the Company's

financial results during the past fiscal year. The Board of Directors decides in such compensation, following a proposal from the Compensation Committee. The Board of Directors also places at the disposal of its Officers a company car.

Lastly, the members of the Board of Directors are compensated by Directors' fees whose total amount is fixed by the

Ordinary General Meeting of Shareholders. The procedure for setting Directors' fees and details of executive compensation are discussed in the management report on page 27.

#### Specific information relating to corporate officers

For the purposes of their corporate offices, executives and Board Members are domiciled at the Company's registered office.

To the Company's best knowledge, as of the date of drafting of this document, no execu-

tive or Board Member has, during the past five years, been:

- Convicted of fraud;
- Subject to bankruptcy, receivership, or liquidation;
- Subject to charges or penalties handed

- down by a statutory or regulatory authority;
- Banned by a Court from acting as a member of an administrative, management, or supervisory body, or from being involved in the management or running of an issuer.

### Conflicts of interest among administrative, management, supervisory boards and General Management

To the Company's best knowledge, as of the date of drafting of this document, no conflict of interest had come to light between the duties of any of the Company's executives or Board Members, in respect of

their positions as corporate officers and their private interests or other duties.

To the Company's best knowledge, as of the date of drafting of this document, restrictions have been accepted by the Company's exe-

cutives and Board Members with regard to the sale of their stockholding in the Company's share capital (see the section titled "Items Likely to have an Impact in the Event of a Public Offer" in the management report).

### Membership and role of the Audit Committee

The Audit Committee was formed during the Board Meeting on May 18, 2000, and is composed of Michel Bouissou, representing F & M.B. Conseil, Paul Mollin, and Jean-Pierre Boyer. A charter describes its various powers and operating procedures, summarized below.

- The Audit Committee examines the financial statements and the financial information supplied to shareholders and to the market. For this purpose, it checks the employees responsible for preparing the accounts of Boiron France and of the

group as well as the statutory auditors.

It assesses in particular the adequacy of provisions recorded in respect of known risks. Where necessary, it examines the procedures for assessing acquisition transactions and transfers of significant assets. It participates in drawing up the audit plan, monitors the works planned by the internal audit department and the recommendations issued by the latter. Within this scope, it holds meetings with the manager of the Internal Audit Department and the audit reports are regularly submitted to it.

- The Committee has no decision-making power and the conclusions on its works and proposals are reserved for the Board. It held 4 one-day meetings during the course of the 2007 fiscal year. Following each meeting, minutes are drafted and sent to the various actors.

### Membership and role of the Compensation Committee

The membership of the Compensation Committee, established at the February 5, 2003 meeting of the Board of Directors, is as follows:

- Mr. Michel Bouissou, representing F & M.B. Conseil, Chairman;
- Mr. Bruno Grange, Member

Its role consists in examining and proposing to the Board of Directors the amounts and conditions of fixed and variable compensation, including fringe benefits and deferred compensation, for the Chairman, General Manager, and deputy Chief Executive Officer. Its operating procedures and powers are described in a charter.

The members of the Compensation Committee met in February 2007 in order to formalize, in particular, a change in the profit-sharing basis for Chief Executive Officers.

### LIMITS OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER

- The Chairman of the Board of Directors, the Chief Executive Officer, and the deputy Chief Executive Officer(s) exercise their powers within the terms of the law.
- The powers of the Chief Executive Officer are not limited.

For information about shareholders' admission to shareholders' meetings, please see the legal information in page 88.

## INTERNAL CONTROL PROCEDURES

### Introduction

- Boiron is both the parent Company and the most significant entity in the financial statements and the level of risk.
- Consequently, this chapter highlights the internal control procedures implemented by the parent Company both for its own operation and to control its subsidiaries.
- Internal control procedures are partly decentralized to fully-operational subsidiaries that are wholly consolidated, and that distribute products themselves. It should be noted that the bulk of production is carried out in France at the Sainte Foy, Messimy, Montrichard, and Montevrain sites.

### Internal control goals and inherent limits

- Internal control falls within the reference framework of the AMF intended for medium- and small-cap companies and its guide on implementation. Consequently, the current internal control procedures within Boiron aim to provide reasonable assurance of the following:
  - Legal and regulatory compliance;
  - Adherence to the instructions and strategy laid down by managing Director's office;
  - The proper functioning of the Company's internal processes, in particular those relating to asset protection;
  - The reliability of financial information.
- These goals are reflected in the internal control environment established by managing Director's office. The decentralization of the Company's operations means delegating in full confidence and prioritizing transparency through strict reporting and control criteria.
- The knowledge and control of the major risk factors resulting from the risk mapping currently underway will contribute to achieving the four goals mentioned above.
- Nevertheless, as with all control systems, the measures in place do not provide an absolute guarantee that all risks have been completely eliminated.

### The main actors in the control system

- The Board of Directors, the Audit Committee, and the Compensation Committee (see Chapter 1 on the preparation and organization of the Board's work).
- The Management Committee, composed of the Chairman of the Board of Directors and managing Director's office, meets regularly to exchange information in particular on business risks, implications deriving from the pursuit of business proposals, and the progress made in research and the development of regulations. One or more of its members participate on the Boards of Directors of subsidiary companies.
- The head pharmacist ensures compliance with the French Public Health Code as regards the manufacture, distribution, and export of medicines and, in his absence, one of the temporary head pharmacists. This responsibility is largely organized through the various pharmaceutical departments including Quality Control, Quality Assurance, and Regulatory Affairs, which amongst other duties have a control function. The head pharmacist is a member of managing Director's office.
- The Quality Assurance Department takes the necessary measures for the manufacture, storage, and distribution of Boiron products to satisfy good manufacturing practices and good distribution practices, as well as the public health code. By participating in each of the AFSSAPS inspections at the three production sites and at distribution establishments, it assists in and coordinates the monitoring of any corrective measures proving necessary.
- The Regulatory Affairs Department reduces the risks of non-observance or incorrect interpretation of the pharmaceutical regulations in force in each country, and anticipates any future trends of regulations. A meeting on the developments of the pharmaceutical regulations specific to homeopathic medicines in the main areas of establishment and their consequences for the Company is held each year in the presence of the head pharmacist, the Regulatory Affairs Manager, the statutory auditors, the Internal Audit Department, and, since 2005, a member of the Audit Committee.
- The Legal Department is responsible for limiting and handling any contractual risks and confirming significant contracts in order to guarantee the Company's legal security. With regard to insurance, it advises managing Director's office and handles external relations with insurance companies. The main insurance policies deriving from this procedure and covering the Company's assets and activities are as follows: fire or loss of profits; accidental and criminal contamination; third party liability; and corporate officer liability. The transfer of the credit risk on Boiron France's export sales is handled by the Export Sales Administration with Coface.
- The IT Department (see the section on IT internal control).
- The Financial Risks Committee is composed of members of the Administrative and Financial Department, the Legal Department, the Social Affairs Department, and the Internal Audit Department. It ensures that any risks likely to have financial impacts on the Company are taken into proper consideration. The results of their work are presented to the Audit Committee.
- The Internal Audit Department is attached to managing Director's office, and examines the adequacy and efficacy of the organization's internal control system. In this connection, it makes recommendations and ensures they are followed up. It acts both in the financial fields (accounts, management information, etc.) and on more operational subjects, both in France and internationally. Each mission is the subject of a written report submitted to managing Director's office and the Audit Committee. It consists of two persons out of a total of 3,851 Boiron employees. Since 2005, the department has been using a program that facilitates the handling of tasks, monitoring of recommendations and preparation of risk mapping.

### Procedure on risk identification and assessment

- Global risk mapping (i.e., not broken down by operational or support process) has been carried out jointly by managing Director's office and the Internal Audit Department since the 2000 fiscal year. It has been the subject of discussions with the statutory auditors. This mapping is updated once a year. It is used partly to draw up the internal audit plan.
- A second one, more detailed (called low-level), which will replace the previous map-

ping over the long-term, is currently being drawn up (see the section on the 2008 action plan). Based on a breakdown of Boiron France processes and with the aid of standard questionnaires, meetings are held by the Internal Audit Department with certain managers designated in order to understand how their process develops, identify the main risk factors and associated control activities with them, and, finally, make an assessment of the residual risks.

- For other Boiron entities, an internal control self-assessment system was introduced at the end of 2006. For specific issues, questionnaires are sent to the finance managers of the most significant subsidiaries. Depending on the answers provided, the risks are assessed and recommendations are made.

### Internal IT control

- The IT Department (ITD) carries out control work through the development (projects) or management (ongoing support) of the Company's IT system. The applications and infrastructure of this IT system are also subject to various processes designed to secure their use and their transformation (pharmaceutical validation processes, for example). These control activities relate to and directly involve all employees and service providers working with the IT Department (around one hundred people).
- A project portfolio management approach involves managing Director's office, specialist departments, and ITD in designing, negotiating, prioritizing, and planning multi-

annual IT projects. This approach also made it possible to develop the related resources planning (e.g., investments, recruitment, and external services) and to identify the expectations of the specialist departments.

- ITD plays an active role in the pharmaceutical validation of computerized systems for production applications through a multi-year project for the classification of technical infrastructures and validation of application developments (trackability, collection, labelling, and impregnation trackability). This process simultaneously involves the production, computer-aided manufacturing, and quality control departments.

- At the same time, work is undertaken every year to improve system security and uptime through protection against hacking, an anti-virus policy, and physical data security (through storage, backup, and servers), an inter-site business continuity plan, and secure network connections. A best practices document covering IT systems material and security was drawn up and presented to the Central Works Council, with gradual implementation of the devices announced as from July 2007.

### Internal control procedure relating to accounting and financial information

#### Internal control goals in terms of accounting and financial information

The internal control procedures relating to the preparation and processing of accounting and financial information at Boiron are designed to ensure:

- The reliability of the Company's consolidated financial statements (statutory consolidation), drawn up pursuant to IFRS and provided to managing Director's office, the Board of Directors, and the Audit Committee;
- Control of the subsidiaries (corporate reporting and budget tracking); and
- The management of the risks of errors, inaccuracies, or omissions of significant information in the financial statements relating to the Company's financial position and assets.

#### Organization

The Administrative and Financial Department comprises the Accounting Department (Boiron France), the Group Accounts Department (consolidation, reporting, and

international taxation), the Group Treasury (treasury and customer relations), Management Control (France and international), France Sales Administration, and Financial Communications.

#### Specialist committees within the administrative and finance departments

- The France Customer Risk Committee comprises the Customer Relations Director and his or her account managers, and reviews payment delays on a monthly basis.
- The Export Customer Risk Committee comprises the Treasury Manager, the Export Customer Account Manager, the Administrative and Financial Manager, and the Export Development Manager, and meets at least three times a year to review internal and external credit limits and to examine any international payment delays.
- The Treasury Committee comprises the Group Treasury Department and the Administrative and Financial Manager, and meets once a month to examine the finan-

cial situation of Boiron companies, the centralized treasury surplus, and financial risks management (exchange, interest rate, and liquidity risks), and check their compliance with the policies laid down by managing Director's office.

- The Financial Risks Committee ( see the section on main actors above).
- The Proofreading Committee for summary documents drafted for senior management and the Audit Committee.
- **Relationship with the statutory auditors**  
Within the scope of their tasks, the statutory auditors review procedures within the global accounting processes (payroll, inventories, procurement, sales, investments, etc.). Any recommendations made as a result of this work are reviewed by management and, where appropriate, acted upon. The monitoring of progress on the resulting work is carried out by the Company's Internal Audit Department.

- **Procedures for consolidating the Group's financial statements and reporting**

- The corporate statutory consolidation and reporting processes are broken down into three parts:

- 1) Set-up and updating of corporate statutory consolidation and reporting parameters by headquarters;
  - 2) Preparation of corporate statutory consolidation and reporting output, including summary budget tracking of actual figures for each subsidiary;
  - 3) Consolidation of the output of the subsidiaries by headquarters, approval and preparation of the corporate statutory and reporting statements.
- Magnitude software is used, which benefits from regular adaptations depending on the developments in the regulations and users' requirements.

It has various control functions in order to ensure consistency of information, which was checked during the interim audit in 2007; no significant observations were made.

- A general and detailed plan, relating to each year-end date, describes the role of each actor in the closing process, ensuring the separation of execution and control tasks. An information feedback plan is also passed on to subsidiaries. It should be noted that the human resources necessary at a central level are determined by means of a specific software package (MS Project).
- The company has a corporate accounting standards manual.
- Regulatory monitoring is carried out through email alerts, subscriptions to specialist reviews, occupational training journals, etc. It may also call upon an IFRS expert every six months in order to update the accounts and obligations with regard to publication of the consolidated financial statements (and notes). These actions may give rise to updates to the corporate accounting standards manual and/or guidance issued to the relevant departments and subsidiaries.
- Coordination meetings with other depart-

ments are held for each quarterly close in order to ensure the completeness of the information required to prepare the financial statements.

- At least twice a year, on June 30 and December 31, for each subsidiary, the Group Statutory Consolidation Department and the Group Reporting Department meet to examine the operations, results, and development prospects. Exchanges then take place with managing Director's office and the members of the Audit Committee.
- The corporate reports and results of the quarterly statutory consolidation process are reconciled.
- The main items included in the monthly corporate reports are sales (analysed by region and product family) and income with an analysis of expenses by region and business.
- The main controls carried out by the Group Accounts Department are:
  - Controlling output from the subsidiaries;
  - Reviewing control statements published following the consolidation processing of the approved output;
  - Reviewing the tax proof;
  - Reviewing the share of shareholders' equity;
  - Controlling the consolidation analysis statements.
- Budget tracking is carried out monthly in each subsidiary, before the statutory consolidation and Group reporting. Quarterly meetings ("Performance Points") about France operations and the subsidiaries in the presence of managing Director's office and the Management Control Department review year-over-year comparisons and reforecast during the course of the year.

- **Accounting policies and options**

Any proposal for significant changes to accounting policies and options is the subject of an explanatory memorandum given to managing Director's office. The option ultimately chosen is the result of a meeting

between managing Director's office, the Administrative and Financial Manager, the France Chief Accountant, where necessary, and the Corporate Chief Accountant. Any changes are explained to the Audit Committee and Board of Directors after approval by the statutory auditors.

- **Procedure for monitoring social liabilities**

- The breakdown of this type of liability within each subsidiary on the basis of the applicable regulations in the relevant country and the approval of accounting methods are carried out by the Group Consolidation Department on an annual basis after a request for specific information is met by the subsidiaries.
- The bulk of these liabilities relate to Boiron in France and Italy. So as to estimate as reliably as possible the amount of provisions for post-employment benefits, and bearing in mind the complexity owing to the need to measure these liabilities using actuarial assumptions, each year the Company uses the services of an external actuary.

- **Financial and accounting communications**

A large part of the distribution, organization and publication of financial communications is outsourced to a specialist company. A communications schedule setting out the roles and deadlines to be met is drawn up on an annual basis. Prior to the distribution of any documents to the Board of Directors, which validates each of the financial press releases, the documents are reviewed managing Director's office, the statutory auditors, and the Audit Committee. There is also a multidisciplinary proofreading committee for the reference document (see the section on specialist committees).

### 2008 action plan

- Continuation and update of Boiron France risk mapping
- Continued use of internal control self-assessment questionnaires in subsidiaries
- Reflection on the content of a charter on conflicts of interest

Sainte-Foy-lès Lyon, March 12, 2008

The Chairman of the Board of Directors  
Christian BOIRON

## STATUTORY AUDITORS' REPORT

### ON THE REPORT PREPARED BY THE CHAIRMAN OF BOARD ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Year ended December 31, 2007

This is a free translation into English of the Statutory Auditors' report on the report prepared by the Chairman of the Board on the internal control procedures relating to the preparation and processing of financial and accounting information issued in the French language 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.

In our capacity as Statutory Auditors of BOIRON, and in accordance with Article L.225-235 of the French Commercial Code, we report to you on the report prepared by the Chairman of the Board of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2007.

It is the Chairman of Board responsibility to describe in his report the preparation and organization of the Board's work and the internal control procedures implemented by the Company.

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of the accounting and financial information.

We performed our procedures in accordance with French professional standards. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures notably consisted to:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work performed to support the information given in the report;
- determining if the material weaknesses in the internal control relating to the preparation and processing of the accounting and financial information that we may have identified in the course of our audit are properly described in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of the accounting and financial information, contained in the Chairman of Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Villeurbanne, March 13, 2008  
The Statutory Auditors

ERNST & YOUNG et Autres  
Nicolas JOB

DELOITTE ET ASSOCIÉS  
Alain DESCOINS

## Statutory Auditors

	DÉCISION TO APPOINT	END OF TERM OF OFFICE
<b>PRINCIPAL STATUTORY AUDITORS:</b>		
BARBIER FRINAULT ET AUTRES 41, rue Ybry - 92200 NEUILLY SUR SEINE	OSM 06/30/2005	2010 fiscal year
DELOITTE ET ASSOCIES 81, boulevard Stalingrad – 69100 VILLEURBANNE	OSM 06/30/2005	2010 fiscal year
<b>ALTERNATE STATUTORY AUDITORS:</b>		
Mr. Pascal MACIOCE 41, rue Ybry - 92200 NEUILLY SUR SEINE	OSM 06/30/2005	2010 fiscal year
SOCIETE B.E.A.S. 7/9, villa Houssaye – 92200 NEUILLY SUR SEINE	OSM 06/30/2005	2010 fiscal year

## Fees paid to Statutory Auditors and to members of their networks

	Ernst & Young et Autres		Deloitte et Associés	
	Amount in thousand euros		Amount in thousand euros	
	2007	2006	2007	2006
<b>AUDIT</b>				
Audit, certification of individual and consolidated financial statements <sup>(1)</sup>				
- Issuer <sup>(2)</sup>	147	133	147	133
- Full integrated companies	14	13	192	190
Other diligence and services directly linked to the audit mission <sup>(3)</sup>				
- Issuer	0	0	0	0
- Full integrated companies	0	18	0	20
<b>Subtotal</b>	<b>161</b>	<b>164</b>	<b>338</b>	<b>343</b>
<b>Other services carried out by the network for full integrated companies <sup>(4)</sup></b>				
- Legal, fiscal, social	0	0	2	0
- Other (to be detailed if >10 % of audit fees)	1	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>TOTAL</b>	<b>162</b>	<b>164</b>	<b>340</b>	<b>343</b>

(1) Including the services of the independent experts or members of auditor's network, to which this one has recourse within the framework of the certification of the accounts

(2) The issuer is the parent company

(3) This heading takes diligence and services directly dependent carried out for the issuer or its subsidiaries:

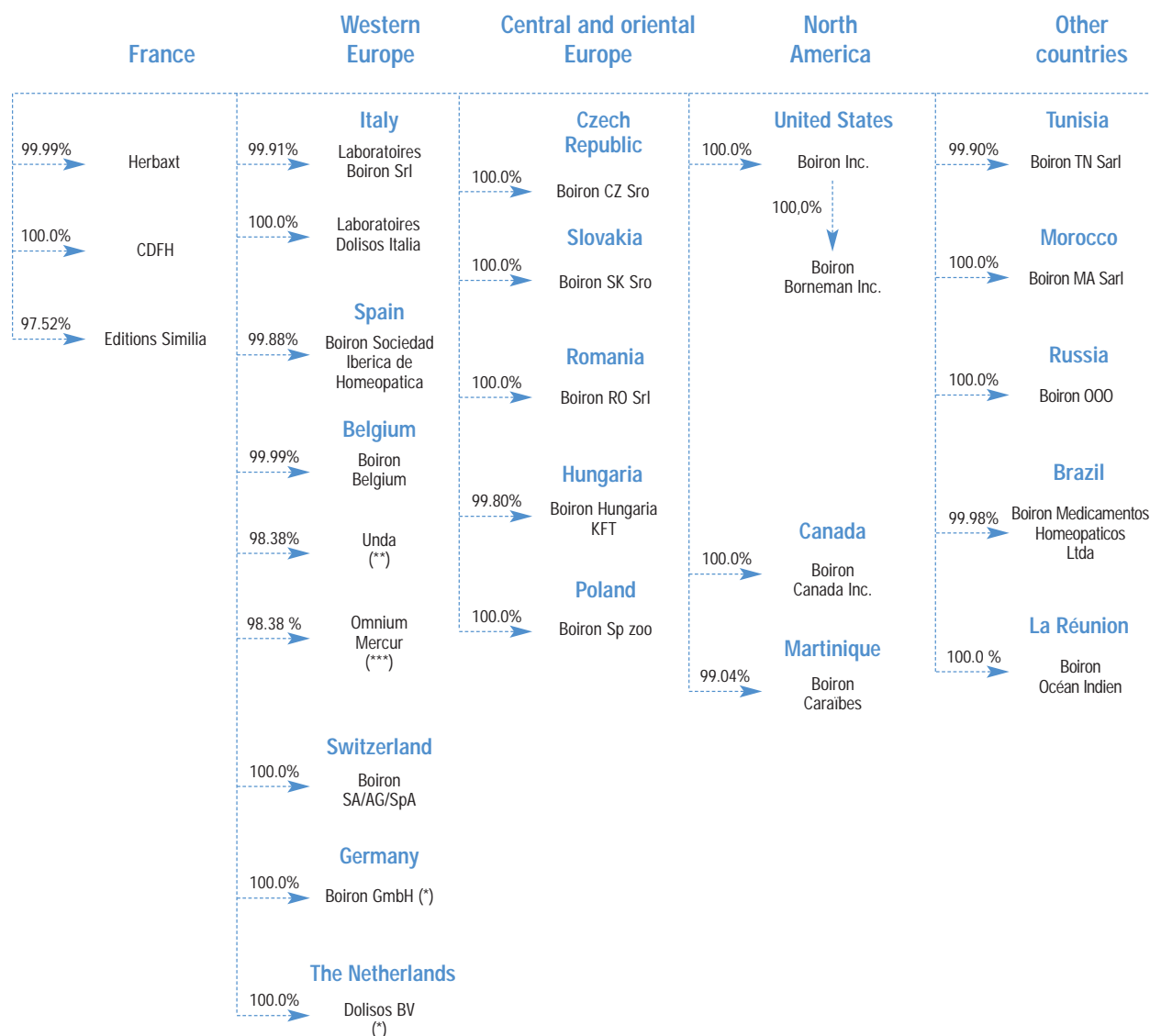
- by the auditor in the respect of the provisions of article 10 of the code of ethics

- by a member of the network in the respect of the provisions of articles 23 and 24 of the code of ethics

(4) It concerns the returned services except Audit, in the respect of the provisions of article 24 of the code of ethics, by a member of the network to the subsidiary companies of the issuer whose accounts are certified.

# Organization chart of Boiron Group

## at December 31, 2007



Representation office

**Bulgaria (BOIRON)**

(\*) Company without activity

(\*\*) Direct and indirect detention via Boiron France and Boiron Belgium

(\*\*\*) Direct and indirect detention via Boiron France et Unda

# Legal identity of BOIRON, distribution of profits and Shareholders' Meetings

**Company name:**

BOIRON

**Registered office:**

20, rue de la Libération  
69110 Sainte-Foy-lès-Lyon, France  
Tel: +33 (0)4.72.16.40.00

**Legal form:**

A public limited liability company governed by the French Commercial Code and the French Public Health Code.

**Date incorporated and lifetime:**

The Company's lifetime is set at 99 complete years from June 7, 1932, the date of its registration in the Trade and Companies Register, to June 6, 2031, unless the Company is dissolved before that or its lifetime is extended.

**Corporate purpose (Article 3 of the Articles of Association):**

Boiron's corporate purpose in France and abroad is as follows:

- The trading in all products or services designed to improve health, including:
- The manufacture, distribution and sale of medicines, in particular homeopathic medicines, dietary products, and hygiene and health products, as well as medicines for human or veterinary use;
- The storage and distribution of pharmaceutical specialties for one or more manufacturers;
- Fundamental and applied research;
- Teaching, training, and awareness campaigns targeted at health professionals and the general public;
- Editing, publication, documentation, and communications;
- Either directly through incorporation, contribution, merger, spin-off, purchase, management, or by any other means;
- Or indirectly through specialized subsidiaries, contribution, management, merger, spin-off, or by any other means;

- And more generally, all commercial, financial, industrial, real estate, or property transactions directly or indirectly relating to the corporate purpose and a similar or related purpose.

The Company may carry out any transactions that are compatible with these objects, relate to them or help achieve them.

**Trade and Companies Register:**

967 504 697 Lyon Trade and Companies Register (NAF code 2120 Z)

**Management number in the Lyon Commercial Court Registry:**

1967 B 00469

**Location where the legal documentation relating to the company may be consulted:**

20, rue de la Libération  
69110 Sainte-Foy-lès-Lyon, France

**Fiscal year:**

The accounting period begins on January 1 and ends on December 31.

**Distribution of profits (Article 46 of the Articles of Association):**

The difference between income and expenses for the fiscal year, after deduction of amortization and provisions, represents the profit or loss for the fiscal year. From the profit less prior losses, where applicable, five percent is deducted for the legal reserve fund.

This deduction stops being mandatory once the reserve fund reaches one tenth of the share capital. The obligation applies again when, for some reason, the reserve falls below said one tenth.

Distributable income is comprised of the profit for the fiscal year, less prior losses and the abovementioned deduction, plus retained profits.

This income is available to the Shareholders' Meeting that, following a proposal from the Board of Directors, may, fully or partly, carry it forward, or allo-

cate it to general or special reserve funds. The Meeting may, moreover, decide to pay out the amounts deducted from the reserves that are available to it; in this case, the resolution must expressly identify the reserve line items from which the deductions are to be made. Dividends are, nevertheless, firstly paid out from the distributable income for the fiscal year.

The Meeting approving the financial statements for the fiscal year is entitled to grant each shareholder, for all or part of the dividend being paid out, not including interim dividends, the option to receive payment in cash or in shares.

**Shareholders' Meetings:**

**ARTICLE 29. CALLING BODY AND LOCATION OF MEETINGS**

Shareholders' Meetings are convened by the Board of Directors. Failing this, they may be convened by the persons referred to in the French Commercial Code, in particular, the statutory auditors, or by an agent appointed by the Presiding Judge in the Commercial Court, ruling in summary proceedings at the request of shareholders representing at least 5% of the share capital or, in respect of a Special Meeting, one tenth of the shares in the class in question. Shareholders' Meetings are held either at the registered office or at any place in the same department as the registered office, or in Paris.

**ARTICLE 30. WAYS OF CALLING MEETINGS AND DEADLINES**

At least thirty five days prior to the date of the Meeting, the Company has a meeting notice published in the French Journal of Mandatory Legal Notices (BALO, Bulletin des Annonces Légales Obligatoires) which sets out the Meeting

agenda and contains the draft resolutions to be submitted to the Meeting by the Board of Directors, and the terms and conditions for proving, to the Company, the registration of bearer shares and their freezing until the date of the Meeting. It also indicates the deadline by which requests for the inclusion of draft resolutions must be sent in by shareholders.

Invitations are sent by means of notices published in newspapers authorized to carry legal notices in the department in which the registered office is located and, also, in the Bulletin des Annonces Légales Obligatoires, as prescribed by law. Persons having held registered shares for at least one month at the date the meeting notice is published are invited to the Meeting in line with the terms and conditions prescribed by law.

Co-owners of full shares registered in this respect within the timeframe set out in the previous paragraph have the same rights. In the event of the division of share ownership, they belong to the party holding the voting right.

When a Meeting was not validly convened, as a result of not having met the required quorum, a second Meeting is called in the same manner as the first and the meeting notice repeats the date thereof. The same applies to calling an adjourned Meeting pursuant to the French Commercial Code.

The timeframe between the publication of the meeting notice and the sending out of letters and the date of the Meeting must be at least fifteen days for the first notice and six days for the next notice.

#### ARTICLE 31. AGENDAS FOR SHAREHOLDERS' MEETINGS

Meeting agendas are drawn up by the party giving notice of the meeting or by judicial order appointing the agent responsible for calling the Meeting. One or more shareholders representing a proportion of the capital laid down by legal and regulatory provisions is/are entitled to request the inclusion of draft resolutions in the Meeting's agenda. The works' coun-

cil has the same rights. The Meeting may not discuss matters that are not on the agenda, and the latter may not be modified in the second notice. It may, in any event, dismiss one or more directors and replace them.

#### ARTICLE 32. ATTENDANCE AT SHAREHOLDERS' MEETINGS

All shareholders are entitled to participate in Shareholders' Meetings or be represented at such Meetings, regardless of how many shares he/she/it owns, provided said shares are fully paid-up.

Owners of shares who/that are not domiciled in France may be represented by an intermediary who is registered pursuant to applicable legislation and regulations.

In the event of the division share ownership, the holder of the voting right may attend or have him/her/itself represented at the Meeting notwithstanding the bare owner's right to attend all Shareholders' Meetings. The owners of full shares are represented as set out in Article 12.

Nevertheless, the right to participate in Shareholders' Meetings is subject, either to the registration of the shareholding or of the abovementioned registered intermediary in the share registers maintained by the Company or its agent, or to the sending, to the addresses set out in the meeting notice, of a certificate attesting to the freezing of the booked bearer shares until the date of the Meeting. These formalities must be completed by 0.00 hour, Paris time, the third day prior the Meeting.

All shareholders owning shares of a given class may participate in Special Meetings of shareholders of that class, in line with the abovementioned terms and conditions.

For the purposes of calculating the quorum and majority, shareholders participating in the Meeting by videoconferencing or via communication methods that allow for their identification, and in accor-

dance with applicable regulations, are deemed to be present, where the Board of Directors decides to use such means of participation, prior to calling the Shareholders' Meeting.

#### ARTICLE 33. PROXY REPRESENTATION AND VOTING BY MAIL

All shareholders may be represented by another shareholder or by his/her spouse. The proxy is granted for a single Meeting, but it may be granted for two Meetings, one Ordinary and the other Extraordinary, if they are held on the same day or within fifteen days of each other. This also applies to successive Meetings convened with the same agenda.

All shareholders may vote by correspondence in accordance with the terms and conditions laid down by applicable legislation and regulations.

The Company must enclose the information provided for by applicable legislation with any proxy or correspondence-voting form it sends out to shareholders.

## Share capital, voting rights, thresholds

### Share capital:

The share capital is set at TWENTY ONE MILLION NINE HUNDRED AND FORTY SEVEN THOUSAND FIVE HUNDRED AND SIXTY SIX EUROS (€21,947,566) split into TWENTY ONE MILLION NINE HUNDRED AND FORTY SEVEN THOUSAND FIVE HUNDRED AND SIXTY SIX (21,947,566) ordinary shares, of ONE EURO (€1) each, fully paid-up.

### Changes to the capital over the past five years:

DATE	TYPE OF TRANSACTION	CAPITAL INCREASE (OR REDUCTION)	NUMBER OF SHARES	CAPITAL AFTER TRANSACTIONS
CAPITAL AS AT 12/31/2001: €18,672,000 divided into 4,668,000 shares with par value €4				
ESM 05/22/2003	As of July 1, 2003: <ul style="list-style-type: none"> <li>Setting the par value at €1</li> <li>Division of each share with a par value of €4, by exchanging these shares by issuing 4 shares with a par value of €1 for one share with par value of €4.</li> </ul>		18,672,000	€18,672,000
OSM 06/30/2005	Merger with LABORATOIRES DOLISOS and resulting increase in capital of €3,334,286, by creating 3,334,286 new shares with a par value of €1 each to be allocated according to the following swap ratio: 1.97514 LABORATOIRES DOLISOS shares for 1 BOIRON share	3,334,286	22,006,286	€22,006,286
Board of Directors Meeting 12/14/2007	As from January 1, 2008: cancellation of 58,720 shares acquired (in the frame of buyback program) by the company, and reduction of the share capital to the amount of €58,720 corresponding to the nominal value of the acquired shares.	(58,720)	21,947,566	€21,947,566

Securities not representing capital: none

Financial instruments giving potential rights over the share capital: none

### Changes in share capital breakdown (2005-2007)

	December 31, 2005				December 31, 2006				December 31, 2007				% Evolution
	Number of shares	Shares % of capital	Number of voting	Voting rights	Number of shares	Shares % of capital	Number of voting	Voting rights	Number of shares	Shares % of capital	Number of voting	Voting rights	
<b>Boiron family group</b>	<b>9,515,758</b>	<b>43.24%</b>	<b>18,573,756</b>	<b>57.69%</b>	<b>10,513,524</b>	<b>47.78%</b>	<b>19,606,336</b>	<b>60.72%</b>	<b>10,710,763</b>	<b>48.67 %</b>	<b>19,914,139</b>	<b>61.50 %</b>	<b>1.88%</b>
of which Sodeva	5,621,084	25.54%	11,073,006	34.39%	6,519,336	29.62%	11,971,272	37.07%	6,726,343	30.57%	12,227,303	37.76%	3.17%
of which SHB	2,012,594	9.15%	3,956,794	12.29%	2,037,594	9.26%	4,009,794	12.42%	2,044,594	9.29%	4,022,054	12.42%	0.34%
<b>PIERRE FABRE SA</b>	<b>3,330,434</b>	<b>15.13%</b>	<b>3,330,434</b>	<b>10.34%</b>	<b>3,330,434</b>	<b>15.13%</b>	<b>3,330,434</b>	<b>10.31%</b>	<b>3,330,434</b>	<b>15.13%</b>	<b>3,330,834</b>	<b>10.29%</b>	<b>-</b>
<b>Staff</b>	<b>766,529</b>	<b>3.48%</b>	<b>1,374,901</b>	<b>4.27%</b>	<b>843,506</b>	<b>3.83%</b>	<b>1,578,042</b>	<b>4.89%</b>	<b>841,653</b>	<b>3.82%</b>	<b>1,574,825</b>	<b>4.86%</b>	<b>-0.22%</b>
of which FCP	733,172	3.33%	1,333,172	4.14%	818,172	3.72%	1,551,344	4.80%	837,573	3.81%	1,570,745	4.85%	2.37%
<b>Public</b>	<b>8,339,279</b>	<b>37.89%</b>	<b>8,918,834</b>	<b>27.70%</b>	<b>7,217,525</b>	<b>32.80%</b>	<b>7,776,183</b>	<b>24.08%</b>	<b>7,006,238</b>	<b>31.84%</b>	<b>7,560,465</b>	<b>23.35%</b>	<b>- 2.93%</b>
Treasury shares	54,286	0.25%	0	0	101,297	0.46%	0	0	117,198	0.53 %	0	0	15.69%
<b>Total</b>	<b>22,006,286</b>	<b>100.00%</b>	<b>32,197,925</b>	<b>100.00%</b>	<b>22,006,286</b>	<b>100.00%</b>	<b>32,290,995</b>	<b>100.00%</b>	<b>22,006,286</b>	<b>100.00 %</b>	<b>32,380,263</b>	<b>100.00%</b>	

Christian BOIRON is the Chairman of the Board of Directors of BOIRON and CEO of SODEVA.

The Boiron family group is comprised of two companies (SODEVA and SHB) and 18 individuals.

BOIRON was founded by Messrs. Jean and Henri BOIRON. SODEVA holds and manages part of the BOIRON shares held by the assigns of Mr. Jean BOIRON. SHB holds and manages part of the BOIRON shares

held by the assigns of Mr. Henri BOIRON.

### Double voting rights (decision of the Extraordinary Shareholders' Meeting on June 8, 1988) (Article 35 of the Articles of Association)

A double voting right compared with that granted to other shares, in respect of the proportion of capital that they represent, is allotted to all fully paid-up shares that are proven to have been registered for at least three years in the name of the same shareholder.

This right is also granted as from their issue in the event of capital increases by incorporating reserves, profits or issue premiums, for registered shares allocated free-of-charge to a shareholder as a result of old shares for which he/she/it was entitled to this right.

Registered shares with a double voting right, that are converted to bearer shares for any reason whatsoever, lose the double voting right

### Identifiable bearer shares (Article 10 of the Articles of Association)

The company is entitled to request at any time from the securities clearing body the information permitted by law concerning the identity of holders of securities conferring, immediately or at a later date, a right to vote at Shareholders' Meetings.

The company is also entitled to request, under the conditions indicated in the Commercial Code, the identity of shareholders if it believes that some holders whose identities have been disclosed to it hold shares on behalf of third parties.

The company may ask any legal person holding more than 2.5% of the share capital or voting rights to disclose the identity of persons directly or indirectly holding more than one third of its shares or voting rights at its Shareholders' Meetings.

### Percentage of the capital and the voting rights held directly or indirectly by the members of the Board of Directors and the leaders of Company's Executives (at December 31, 2007)

	% Shares	% Voting rights
<b>Board of Directors:</b>		
Christian BOIRON	17.61	22.13
Thierry BOIRON	9.53	12.21
Jacky ABECASSIS	0.01	0.01
Michèle BOIRON	7.00	8.50
Paul MOLLIN	0.01	0.01
Christine BOYER-BOIRON	3.94	5.28
Jean-Pierre BOYER	0.01	0.01
Bruno GRANGE	0.00	0.00
F & MB CONSEIL	0.00	0.00
François MARCHAL	0.00	0.00
PIERRE FABRE SA	15.13	10.29
<b>Of which executives:</b>		
Christian BOIRON	17.61	22.13
Thierry BOIRON	9.53	12.21

### Statutory thresholds (ESM resolution of December 20, 1990) (Article 10 of the Articles of Association)

Any individual or legal entity having a shareholding of over 2% of the share capital is required to inform the Company of the total number of shares that he/she/it possesses, within fifteen days of the date at which this threshold is exceeded. The information indicated in the previous paragraph must also be provided within the same timeframe when the shareholding falls below the abovementioned threshold.

When determining the abovementioned shareholding threshold, the following are deemed to be shares held by the person bound to provide the information indicated in the previous paragraph:

1. Shares held by other persons on behalf of this person,
2. Shares held by other companies that he/she/it controls,
3. Shares held by a third party with whom/which he/she/it acts jointly,
4. Shares that one of the persons referred to in points 1, 2, and 3 above, is entitled to acquire, at his/her/its own initiative, under an agreement.

### Financial instruments giving possible rights over the share capital:

There are no financial instruments that, if implemented or exercised, would result in the creation of new shares.

### Stock-options granted to each executive and options exercised by the latter:

There are no options of subscription or purchase of actions granted by the Company.

### Loans and warrants granted or provided to members of the administrative, management or supervisory bodies:

No loans or warrants have been granted or provided to members of the administrative, management or supervisory bodies.

# Draft Resolutions submitted to the Ordinary Shareholders' Meeting on May 15, 2008

## First resolution - Approval of the financial statements

After having read the reports from the Board of Directors, the Chairman of the Board and the statutory auditors for the fiscal year ended December 31, 2007, the Shareholders' Meeting approves, as presented, the annual financial statements closed-out at that date, showing a profit of €24,252,436.34

## Second resolution - Approval of the consolidated financial statements

After having read the reports from the Board of Directors, the Chairman of the Board and the statutory auditors on the consolidated financial statements as at December 31, 2007, the Shareholders' Meeting approves these financial statements as presented, showing a profit (Group share) of €27,130,419.00

## Third resolution - Allocation of net income

The Shareholders' Meeting resolves to allocate the profit for the 2007 fiscal year as follows:

Profit for the 2007 fiscal year	€	24,252,436.34
Allowance to legal reserve up to 10% of the share capital	€	0.00
Plus, retained earnings	€	8,799,545.71
i.e. distributable income	€	33,051,982.05
Dividend of 0.55 euros per share on the basis of 21,947,566 shares	€	- 12,071,161.30
Remainder	€	20,980,820.75
Other reserves	€	-10,000,000.00
Retained earnings	€	10,980,820.75

The Shareholders' Meeting decides to pay as from June 5, 2008 a dividend of 0.55 euros per share for fiscal 2007, for each of the 21,947,566 shares in the share capital.

The full amount of the distributed dividend is eligible for the 40% allowance that compensates individuals domiciled in France for the abolition of the tax credit (Article 158-III-2 of the French General Tax Code).

The dividends that the Company may not receive for the shares acquired by it pursuant to Article L 225-209 of the French Commercial Code, which it will hold on the date of the payment of the dividend, will be credited to the retained earnings account.

The Ordinary Shareholders' Meeting also acknowledges that it has been reminded that, for the past three fiscal years, the distributed dividends have respectively been:

The following table summarizes the dividends paid over the past three fiscal years.

Fiscal Year	Amount of revenue eligible for the 40% allowance (Article 158-III-2 of the French General Tax Code)		Amount of revenue not eligible for the 40% allowance
	Dividends	Other distributed revenue	
2004	€9,709,440.00 (1)	-	-
2005	€8,142,325.82 (1)	-	-
2006	€6,601,885.80 (1)	-	-

(1) of which carried forward:

- €34,157.00 in 2004,

- €46,469.82 in 2005,

- €17,786.10 in 2006

for dividends not paid out on treasury shares.

### **Fourth resolution - Approval of the agreements referred to in Articles L. 225-38 and following ones of the French Commercial Code**

Deciding on the basis of the special report presented to it on the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code, the Shareholders' Meeting approves the agreements mentioned therein.

### **Fifth resolution - Reappointment of a director**

The Shareholders' Meeting hereby renews the term of office as director of Mr. Thierry Boiron for three years, ending after the Ordinary Shareholders' Meeting held in 2011 to approve the financial statements closed-out on December 31, 2010.

### **Sixth resolution - Reappointment of a director**

The Shareholders' Meeting hereby renews the term of office as director of Mrs Michèle Boiron for three years, ending after the Ordinary Shareholders' Meeting held in 2011 to approve the financial statements closed-out on December 31, 2010.

### **Seventh resolution - Reappointment of a director**

The Shareholders' Meeting hereby renews the term of office as director of Mr Jacky Abécassis for three years, ending after the Ordinary Shareholders' Meeting held in 2011 to approve the financial statements closed-out on December 31, 2010.

### **Eight resolution - Reappointment of a director**

The Shareholders' Meeting hereby renews the term of office as director of Mr Bruno Grange for three years, ending after the Ordinary Shareholders' Meeting held in 2011 to approve the financial statements closed-out on December 31, 2010.

### **Ninth resolution - Reappointment of a director**

The Shareholders' Meeting hereby renews the term of office as director of Mr François Marchal for three years, ending after the Ordinary Shareholders' Meeting held in 2011 to approve the financial statements closed-out on December 31, 2010.

### **Tenth resolution - Reappointment of a director**

The Shareholders' Meeting hereby renews the term of office as director of the company PIERRE FABRE SA for three years, ending after the Ordinary Shareholders' Meeting held in 2011 to approve the financial statements closed-out on December 31, 2010.

### **Eleventh resolution - Directors' fee:**

The Shareholders' Meeting resolves that the Board of Directors' fee shall receive hundred and forty thousand euros (€140,000) in directors' fee: for the 2008 fiscal year.

### **Twelfth resolution - Share buyback program**

Having read the Board of Director' report, the Shareholders' Meeting authorizes the latter, for a period of eighteen months, pursuant to Articles L. 225-209 and seq. of the French Commercial Code, to buy back, on one or more occasions, and whenever it so decides, Company shares within the limits of 10% of the shares composing the share capital if necessary adjusted to take into account possible operations of increase or reduction of the capital which can intervene during the duration of the program.

This authorization replaces the authorization granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2007.

Acquisitions may be made to:

- Stimulate the secondary market or the liquidity of BOIRON shares through a market maker under a liquidity agreement that complies with the code of conduct of the AFEI, as recognized by

the AMF,

- Cancel the shares purchased, subject to authorisation from the Shareholders' Meeting of May 10, 2007 in its fourteenth extraordinary resolution,
- Retain shares that are bought back and subsequently put them back on the market, or use them as consideration in acquisitions, it being stipulated that the shares acquired for this purpose shall not exceed 5% of the Company's share capital,
- Ensure coverage for securities granting entitlement to some of the Company's shares pursuant to applicable regulations.

These share acquisitions may be carried out by any means, including by the acquisition of blocks of shares, and whenever decided by the Board of Directors, including during a public offering to the extent permitted by stock market regulations. Nevertheless, the Company does not intend to use derivative products.

The maximum purchase price is set at €32 per share. In the event of a transaction on the capital, in particular the splitting or grouping of shares, or the free allocation of shares, the abovementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio between the number of shares making-up the capital prior to the transaction and the number of shares following the transaction).

The maximum amount of the transaction is set at €70,232,224.

The Shareholders' Meeting hereby gives all powers on the Board of Directors to carry out these transactions, to decide upon the terms and conditions and means thereof, to execute any agreement necessary and to complete all formalities.

### **Thirteenth resolution - Formalities**

The Shareholders' Meeting hereby gives all powers on the bearer of an original, copy or excerpt of these minutes for the purposes of fulfilling the formalities relating to filing and registration

## SPECIAL REPORT ON TRANSACTIONS CARRIED OUT UNDER THE SHARE BUYBACK PROGRAM

(As required by Paragraph 2 of Article L225-9 of the French Commercial Code)

Dear Shareholders,

Pursuant to Paragraph 2 of Article L.225-209 of the French Commercial Code, the following table lists the transactions carried out pursuant to the authorization that the Shareholders' Meeting granted to the Board of Directors in Resolution VIII on May 10, 2007.

Percentage of capital autoheld in a direct and indirect way (1)	0.31%
Number of shares cancelled during the last 24 months (2)	58,720
Number of shares held in portfolio (1)	68,697
Book value of the portfolio (1)	€1,197,831
Market value of the portfolio (1)	€1,053,812

(1) As of the date of this report.

(2) It relates to the 24 months prior to the date of this report.

Operations realized in conformance with the last authorization (from 03/01/07 to 01/31/08)							
		Contract of support on share	Salaried shareholding	Operations of external growth	Cover investment securities	Cancellation	Total
Purchase	Number of shares	135,611	None	None	None	None	135,611
	Price	€19.47	None	None	None	None	€19.47
	Amount	€2,640,729	None	None	None	None	€2,640,729
	Volume of the used shares	€135,611	None	None	None	None	€135,611
Sales / transferts	Number of shares	€67,426	None	None	None	None	€67,426
	Price	€20.89	None	None	None	None	€20.89
	Amount	€1,408,255	None	None	None	None	€1,408,255

The Company has not used derivatives as part of the share buyback program.

Shares held by the Company were not reallocated for other purposes since the most recent authorization granted by the Shareholders' Meeting.

# Description of the share buyback program

## 1) Summary of the previous program

The following tables list the trading in treasury shares from March 1, 2007 to January 1, 2008 (the period in question starts the day after the date on which the summary of the previous program was drawn up and ends on the date of publication of the program description).

Percentage of capital autoheld in a direct and indirect way (1)	0.31%
Number of shares cancelled during the last 24 months (2)	58,720
Number of shares held in portfolio (1)	68,697
Book value of the portfolio (1)	1,197,831 euros
Market value of the portfolio (1)	1,053,812 euros

(1) As of the date of publication of the program description.

(2) It relates to the 24 months prior to the publication of the program description.

	Accumulated gross flows*		Positions opened in the day of the description of the program**			
	Purchases	Sales/Transferts	Positions opened to Purchase		Positions opened to Sales	
			Bought options to buy	Forward buyings	Sold options to buy	Forward sales
Number of shares	135,611	67,426				
Maximal term averages	None	None	None	None	None	None
Average rate of transaction	€19.47	€20.89	None	None	None	None
Average Price	None	None	None	None	None	None
Montants	€2,640,729	€1,408,255	None	None	None	None

\* Cumulative flows include cash purchases and sales as well as options and futures exercised or at maturity.

\*\* Open positions include futures (sales and purchases) not at maturity as well as unexercised purchase options.

## 2) Breakdown by intended use of treasury shares held to date

Number of shares directly or indirectly held: 68,697, or 0.31% of the Company's share capital.

Number of shares held broken down by intended use:

- Supporting the stock price via a AFEI liquidity agreement: 68,697
- Acquisitions: None
- Covering stock options or other employee shareholding scheme: None
- Covering investment securities giving the right to the granting of shares: None
- Cancellation: None

### 3) New share buyback program

- **Program authorization:** Shareholders' Meeting on May 15, 2008.
- **Securities covered:** Ordinary shares
- **Maximum portion of the share capital that can be bought back:** 10%, which corresponds to 2,194,757 shares. Given that the Company already holds 68,697 shares (or 0.31% of the share capital), the maximum number of shares that can be bought is 2,126,060 (or 9.69% of the share capital), unless the Company disposes of or cancels the shares already held.
- **Maximum purchase price:** 32 euros
- **Intended use (by order of decreasing priority):**
  - Support the secondary market or the liquidity of the Boiron stock through a market maker under a liquidity agreement that complies with the code of ethics of the AFEI, as recognized by the AMF;
  - For cancellation, subject to the authorization proposed in Extraordinary Resolution XIV of this Shareholders' Meeting;
  - To subsequently put back on the market or use as consideration in acquisitions, provided that the shares acquired in this regard do not exceed 5% of the Company's share capital; and
  - To cover investment securities giving rights over shares in the Company, in line with applicable regulations.
  
- **Length of the program:** 18 months from the Shareholders' Meeting on May 15, 2008 (i.e., until November 15, 2009).

This publication is available from the Boiron registered office as well as from BNP Paribas, Securities Services, GCT Emetteurs, Immeuble Tolbiac, 75450 Paris Cedex 09, which is responsible for the Company's securities services.

For further information, please contact Fabrice Rey, Group Treasurer, at +33 (0)4 78 45 62 92.

# List of information published or made public during the past 12 months (from January 1, 2007 to January 29, 2008)

pursuant to Article L451-1-1 of the French Monetary and Financial Code and Article 211-1-1 of the AMF General Regulations

## Publication of financial notices in the press, AMF website, Boiron website, and Euronext

01/25/2007	Activity 2006
03/07/2007	Results 2006
04/24/2007	Activity of the first quarter 2007
08/30/2007	Activity of the 1 <sup>st</sup> half of the year 2007
08/30/2007	Biannual narrative financial report - 06/30/2007
09/14/2007	Half Year report 2007
09/14/2007	Half Year results 2007
10/23/2007	Activity of the third quarter 2007
01/29/2008	Activity 2007

## Information on the AMF and Boiron websites

	<b>Annual Report</b>
04/06/2007	Annual Report 2006
	<b>Press releases</b>
January 2007	Half Year balance sheet on liquidity agreement
01/25/2007	Activity 2006
03/07/2007	Results 2006
04/06/2007	Put at the disposal preparatory documents BM and annual report 2006
04/24/2007	Activity of the first quarter 2007
05/09/2007	Description of buyback program
05/09/2007	List of the information made public during the last 12 months
05/18/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
05/28/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
05/31/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
07/10/2007	Half Year balance sheet on liquidity agreement
07/17/2007	Collective commitment of preservation of Company's shares
07/27/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
08/30/2007	Half Year Activity 2007
08/30/2007	Biannual narrative financial report - 06/30/2007
09/14/2007	Consolidated Financial Statements - 06/30/2007
09/14/2007	Half Year Report 2007
09/14/2007	Half Year Results 2007
10/23/2007	Activity of the third quarter 2007
10/23/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
12/21/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
01/04/2008	Half Year balance sheet on liquidity agreement
01/29/2008	Collective commitment of preservation of Company's shares
01/29/2008	Activity 2007
	<b>Crossing of threshold</b>
05/31/2007	Declaration on crossing of threshold concerning the Family group
	<b>Declarations</b>
01/22/2007	Declaration of purchases and transfers by the companies of their own shares
03/05/2007	Declaration of purchases and transfers by the companies of their own shares
04/16/2007	Declaration of purchases and transfers by the companies of their own shares
05/02/2007	Declaration of purchases and transfers by the companies of their own shares
05/18/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
05/28/2007	Declaration of purchases and transfers by the companies of their own shares
07/27/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
08/08/2007	Declaration of purchases and transfers by the companies of their own shares
08/28/2007	Declaration of purchases and transfers by the companies of their own shares
09/24/2007	Declaration of purchases and transfers by the companies of their own shares
10/15/2007	Declaration of purchases and transfers by the companies of their own shares
10/23/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
11/26/2007	Declaration of purchases and transfers by the companies of their own shares
12/21/2007	Declaration of operations on shares by the Board of Directors of the Company Boiron
12/26/2007	Declaration of purchases and transfers by the companies of their own shares

### Information published in the BALO

01/31/2007	Sales compared 4th quarter 2005-2006
04/02/2007	Notice of meeting CSM 05/10/2007
04/18/2007	Annual Accounting Documents - balance sheet at 12/31/2006
04/30/2007	Sales compared with 1st quarter 2006-2007
06/04/2007	Declaration on voting rights
06/04/2007	Statutory Auditors report
06/20/2007	Notice of publication for the annual accounts at 12/31/2006 of HERBAXT company in LE TOUT LYON
07/30/2007	Sales compared 2d quarter 2006-2007
09/26/2007	Consolidated Financial Statements - Jun 30, 2007
10/12/2007	Half Year Report 2007
10/31/2007	Sales compared 3d quarter 2006-2007

### Information filed with the Lyon Commercial Court

06/04/2007	Formalities relative to modifications of the statutes
06/26/2007	Deposit of the social and consolidated accounts on 2006

## TABLE OF CONCORDANCE

So as to facilitate your reading of this reference document, the following topic-based table makes it possible to identify the main sections required by Commission Regulation (CE) no. 809/2004 of April 29, 2004, from the European Parliament and Council Directive 2003/71/CE.

	2008 BOIRON institutional prospectus	2007 Annual Report Pages
<b>1. PERSONNES RESPONSABLES</b>		
1.1 Persons responsible for information .....		Inside Cover page
1.2 Declaration from the person responsible .....		Inside Cover page
<b>2. STATUTORY AUDITORS</b>		
2.1 Name and address of the issuer's auditors .....		86
2.2 Auditors who have resigned, been removed or not been reappointed .....		-
<b>3. SELECTED FINANCIAL INFORMATION</b>		
3.1 Selected historical financial information .....		
3.2 Comparative financial information for interim periods .....		
<b>4. RISK FACTORS</b> .....		18 to 22
<b>5. INFORMATION ABOUT THE ISSUER</b>		
<b>5.1 History and development of the company</b>		
5.1.1 The legal and commercial name of the issuer .....		88
5.1.2 The place of registration of the issuer and its registration number .....		88
5.1.3 The date of incorporation and the length of life of the issuer .....		88
5.1.4 Head office, legal form and contact details for the issuer .....		88
5.1.5 Important events in the development of the issuer's business .....	Cover	2 and 3
<b>5.2 Investments</b>		
5.2.1 Main investments .....	49	-
5.2.2 Main investments in progress and financing method .....		-
5.2.3 Main future investments and firm commitments .....	40	17
<b>6. BUSINESS OVERVIEW</b>		
<b>6.1 Main activities</b> .....		
6.1.1 Operations and main activities .....	20 to 36	
6.1.2 New products .....		
<b>6.2 Main markets</b> .....	15 - 42 - 43	
<b>6.3 Exceptional events having influenced the activities and markets</b> .....	Cover	2 and 3
<b>6.4 Patents and licences</b> .....	-	-
<b>6.5 Competitors</b> .....	-	-
<b>7. ORGANIZATION CHART</b>		
7.1 Description of the Group and the issuer's position .....		87
7.2 List of significant subsidiaries .....	44	12 and 13
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
8.1 Major existing or planned tangible fixed assets .....		55
8.2 Environmental impact of utilization of these assets .....		18 to 22
<b>9. OPERATING AND FINANCIAL REVIEW</b>		
9.1 Financial situation .....		3 to 10
9.2 Operating results .....		5 to 10
9.2.1 Significant factors having a major impact on operating revenue .....		5 to 10
9.2.2 Important changes in net sales or net revenue .....		5 to 10
9.2.3 Factors that have materially affected, or could materially affect, the issuer's operations .....		2 and 3
<b>10. CAPITAL RESOURCES AND CASH</b>		
10.1 The issuer's capital resources .....		37 - 90 - 91
10.2 Cash-flow .....		36
10.3 Borrowing requirements and funding structure .....		61 and 62
10.4 Restrictive Conditions .....		-
10.5 Sources of financing .....		61 and 62
<b>11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES</b> .....	12 - 13	14 - 15 - 41 - 54
<b>12. TREND INFORMATION</b>		
12.1 Principal recent trends .....	3 - 41	17
12.2 Factor likely to have a material effect on prospects .....		17
<b>13. PROFIT FORECASTS OR ESTIMATES</b> .....		
13.1 Hypotheses .....		
13.2 Statutory Auditors Report .....		
<b>14. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND MANAGEMENT DIRECTOR'S OFFICE</b>		
14.1 Information concerning the members of the company's administrative and management bodies .....		26 - 79 to 81
14.2 Conflicts of interest at administrative, management and senior management level .....		81
<b>15. REMUNERATION AND BENEFITS</b>		
15.1 Remuneration paid .....		27 - 77
15.2 Provisions .....		27 - 77

	2008 BOIRON institutional prospectus	2007 Annual Report Pages
<b>16. BOARD PRACTICES</b>		
16.1 Expiry date of term of office .....		26
16.2 Service contracts .....		-
16.3 Audit and Remuneration Committee .....		81
16.4 Compliance with corporate governance regimes .....		85
<b>17. EMPLOYEES</b>		
17.1 Number of employees .....	29 - 30	16
17.2 Shareholdings and stock-options .....		-
17.3 Employee Shareholding .....	46	25 - 90
<b>18. MAJOR SHAREHOLDERS</b>		
18.1 Crossings of threshold .....		25 - 90
18.2 Voting rights of the major shareholders .....		25 - 90
18.3 Nature of control of the group .....	46	-
18.4 Shareholders' agreement that could change the control .....		-
<b>19. RELATED PARTY TRANSACTIONS</b> .....		77
<b>20. FINANCIAL INFORMATION CONCERNING THE PROPERTIES, FINANCIAL POSITION AND RESULT COMPANY</b>		
20.1 Historical financial information .....	48 -49	34 to 77
20.2 Pro-forma financial information .....		-
20.3 Financial Statements - Social Accounts .....		-
20.4 Auditing of historical annual financial information .....		-
20.4.1 Declarations .....		-
20.4.2 Other checked-financial informations .....		-
20.4.3 Other non checked-financial information .....		-
20.5 Age of latest financial information .....	47	-
20.6 Interim and other financial information .....		-
20.7 Dividend policy .....	49	14 - 60 - 93
20.8 Legal and arbitration procedures .....		-
20.9 Significant change in the financial or trading position .....		-
<b>21. ADDITIONAL INFORMATION</b>		
21.1 Share capital .....		
21.1.1 Amount of issued share capital .....		60 - 90 - 91
21.1.2 Non representatives shares of the capital .....	-	-
21.1.3 Treasury shares .....		28 to 30 - 60 - 90
21.1.4 Amount of convertible securities, exchangeable securities or securities with warrants .....		60 - 90 - 91
21.1.5 Acquisition rights not discharged .....		60 - 90 - 91
21.1.6 Options .....		-
21.1.7 History of share capital .....	46	60 - 90 - 91
21.2 Incorporation and Status .....		
21.2.1 Issuer's corporate purpose .....		88
21.2.2 Regulation of the organs of management and control .....		88 - 89
21.2.3 Rights, preferences and restrictions attached to each class of share .....		88 - 89
21.2.4 Strict conditions for changing the rights of shareholders .....		88 - 89
21.2.5 Summons and admittance to shareholders' meetings .....		88 - 89
21.2.6 Capacity delaying, deferring or preventing a change of control .....		88 - 89
21.2.7 Threshold of participation .....		92
21.2.8 Strict conditions for changing capital .....		92
<b>22. IMPORTANT CONTRACTS</b> .....		-
<b>23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF INTERESTS</b>		
23.1 Qualifications and contact details for experts .....		-
23.2 Declaration of third party information .....		-
<b>24. DOCUMENTS ON DISPLAY FOR THE PUBLIC</b> .....	47	Inside Cover
<b>25. INFORMATION ON HOLDINGS</b> .....		12 and 13



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Limited liability company with capital of 21,947,566 euros - Lyon Commercial Register no. 967 504 697

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