



Half-Year Report



BOIRON



> Christian BOIRON
Chairman

> Thierry BOIRON
Managing Director

Health comes from within

The reorganization of our 50 production and distribution sites is now operational in most Group subsidiaries. The very first steps are now being taken to harmonize labor relations, ultimately enabling us to re-establish a single company in our hearts and minds.

We reaffirm the expansion of our strategic goals: medical development, international development, Research and Development and the development of our OTC specialties.

Our resources are gradually but purposefully being reallocated in line with these priorities.

We must quickly regain our levels of productivity and profitability in order to achieve our goal: for all physicians to use homeopathy in their daily practice.

Homeopathy is one of the resources available to specifically stimulate our natural defenses because it takes account of the personal reaction of the sick person to the illness.

Should the role of medication not be, above all other things, to facilitate the person's healthy recovery by stimulating their natural defenses?

Health comes from within.

Christian Boiron Thierry Boiron

2006 HALF-YEARLY RESULTS

1. PRO FORMA DATA

2005 saw the effective taking over of Laboratoires DOLISOS by BOIRON on July 1, 2005. In order to improve reporting on the Group's actual financial performance, the following presentation and commentary relate to the pro forma data for the first half of 2005. The pro forma data shows the Group's business as if the takeover of DOLISOS by BOIRON, the acquisition of the international subsidiaries of DOLISOS (apart from DOLISOS Poland integrated from April 1, 2006 and the sales of which are not material), the increased stake in UNDA and DOLISOS Switzerland had occurred on January 1, 2004.

2. SALES

The Group's consolidated sales to June 30, 2006 amounted to €187.83 million, up +23.3% on reported data, after deducting, by accounting convention under IFRS, certain sales from "OTC family medication specialties" relating to services invoiced to BOIRON by some of its customers and registered as marketing expenses under French GAAP. This reclassification has no impact on Group profitability. The synergies achieved in terms of the services invoiced by customers had a positive +€6.37 million impact on sales.

On pro forma data, the Group's sales were down - 4.5%; the taking off the market of certain nutritherapy and phytotherapy OTC specialties of Pierre Fabre had a -€6.13 million impact on consolidated sales.

On a like for like basis, in terms of scope and product ranges, the change between the two periods is -1.7% (-2.1% at constant exchange rates).

The first quarter of 2006 shows a decline of -4.5% as a result, firstly, of a weak winter pathology in most countries and, secondly, of the decline in France of non-proprietary homeopathic medicines, accordingly in line

with the national trend in subsidized medicines. The second quarter of 2006 saw a decline of -4.9%, as a result in particular of the decrease in sales of non-proprietary homeopathic medicines in France and a slowdown in Italy.

At the end of June, year to date sales of non-proprietary homeopathic medicines declined -3.6% (-3.9% at constant exchange rates) on pro forma 2005 data. In metropolitan France the decline was -3.9%: this change is down to the reduction to 35 % in the reimbursement rate for homeopathic medicine (without it being possible to put an exact figure on it) and the putting in place of the agreement on Designated Physicians, which led to a decline in business for physicians, including homeopathic physicians, and that, against a background of few winter pathology. In Italy a new pricing policy was put in place at BOIRON and was the subject of an advertising campaign, the previous pricing policy seeming to be a block on the development of homeopathy in Italy. It partly explains that sales of non-proprietary homeopathic medicines declined -10.3.

Before the impact of the re-invoicing of commercial services OTC specialties declined -5.8% (after the impact of the removal of so-called "discontinued" products from the 2005 data).

As a result of a weak winter pathology during the period, the Winter range saw a decline of -13.8% in sales particularly in France, Belgium and Poland, partially offset by the sharp increase in sales of OSCILLOCOCINUM in Russia. Of note also: the decline in sales of specialties of the former DOLISOS Group (down -16.4%, excluding discontinued products), Nutritherapy (particularly in France, Belgium and the Caribbean)

and Phytotherapy (in Asia, in particular). On the other hand note should be taken of the significant improvement of SEDATIF PC (+9.8%) in France and Spain, CAMILIA (+25.9%), which has proven successful with physicians, pharmacists and the general public in France, and ARNICA gels and creams (+20.9%), which continue to grow in the US.

OTC specialties, excluding "discontinued" products, increased by +5.0% (+4.1% at constant exchange rates), after the impact of the re-invoicing of commercial services.

Lastly, note should be taken of the positive +€0.78 million (and +0.4%) impact on sales of the change in the US and Canadian dollars, primarily in the first quarter.

3. RESULTS

The Group's current operating income amounted to €4.91 million versus €9.60 million in the data reported in June 2005. Compared to the pro forma current operating income to June 30, 2005 which amounted to €2.21 million, the current operating income was up 122.4%. It accounted for 2.6% of sales versus 1.1% in the first half of 2005 on pro forma data. This improvement in profitability stems from:

- A fall in manufacturing production costs (-15.6% at €40.75 million) representing 21.7% of sales during this period versus 24.5% in 2005. This decline is largely on the back of a reduction in personnel costs and subcontracting costs following on from the progressive introduction of the new industrial organization.

- A 5.7% reduction in preparation and distribution costs amounting to €69.17 million representing 36.8% of sales this period versus 37.3% in

2005 (on pro forma data). The falloff in distribution costs is largely the result of the lower transportation costs and personnel costs and the rise, on the other hand, of the special contribution on Direct Sales.

- An increase in marketing costs of +4.6% to €44.43 million versus €42.46 million in 2005, mainly as a result of an increase in medical marketing, medical training as well as mass marketing costs particularly in France (Stodal campaign) and Italy (advertising campaign in the national press on our new pricing policy). Marketing costs represented 23.7% of sales versus 21.6% in 2005.
- A +85% rise in research costs in line with our undertakings in this regard and, on the other hand, a -47.9% decline in the cost of regulatory affairs largely explained by staffing synergies in France. As a result, the expenses relating to research and development and regulatory affairs decrease by 8.7% to €2.99 million.
- Support departments costs were down 6.4% at €26.03 million, thereby reflecting the impact of synergies relating to the merger.

The first half of 2006 saw the impact of restructuring mainly in France of €4.4 million (no restructuring costs in June 2005).

The Group's tax rate was 129.6% this period versus 70.4% in 2005 (pro forma). The rise in the tax rate can be mainly explained by the rise in permanent differences in Italy.

Net income - Group share amounted to -€0.21 million versus €0.40 million for the first half of 2005 (pro forma), namely a decline of -152.5%.

Group earnings per share amounted to -€0.01 versus €0.02 for the first half of 2005 (pro forma).



Key events during the first-half of 2006

RECENT TRENDS AND OUTLOOK

During the second half of 2006, the implementation of the restructuring process at the Italian, Polish and Belgian companies will take place.

It should be noted that the two legal entities in Poland were merged on July 18, 2006.

In France, at the July 6, 2006 meeting of the Central Works Council, three new company-wide agreements were unanimously approved as part of the process of harmonizing the Articles of Association of BOIRON and DOLISOS. These agreements, resulting from a joint effort carried out within the various working groups, in addition to the one on retirement, lay the foundations for a new labor relations framework within BOIRON. The non-acceptance of the recently negotiated status by a part of employees concerned could lead to a new Job Protection Scheme.

Finally, the Court of Justice of the European Communities in Luxembourg published its position in its ruling of September 7, 2006, in which it came down in favor of BOIRON in its lawsuit with the ACOSS (the French social security contribution collection office) concerning the tax liability on direct sales and the reimbursement of taxes paid between 1998 and 2002, recognized in the amount of €9,959 thousand. The case will now come back before the Supreme Court which, in light of the ruling of the European Court of Justice, should overturn the ruling of the Lyon Court of Appeal and send the case back to another Court of Appeal.

For year 2006, the Group is forecasting sales of around €400 million and is confident in reaching a current operating income of more than 5 % of sales.

The Group is still confident in its vision and continues to reallocate resources in line with its strategic priorities - medical development, research and international development

A year after starting to implement the merger, the new commercial, logistical and industrial organization is now operational in most Group subsidiaries:

- On March 27, 2006, BOIRON sp. ZOO paid €311,000 for a 100% stake in DOLISOS Polska sp., previously owned by Pierre Fabre SA.
- In Belgium, Unda and DOLISOS Belgium merged on March 30, 2006, with effect from April 1, 2006.
- On June 30, 2006, the former DOLISOS regional laboratory in La Réunion was spun off into a subsidiary.
- In France, the new commercial organization is in place with, in particular, the merging and/or reorganization of some twenty regional laboratories.

The following events also took place during the first six months of 2006:

- Since the start of 2006, new packaging for the tubes and doses has been made available to patients: as part of a constant drive for quality in the manufacture of its medicines, BOIRON has produced a color and translucent tube that makes it possible to see how much medicine remains and perhaps arrange a refill. Moreover, the new two-part pill dose seems easier to open according to 70% of patients interviewed.
- DOLISOS OTC specialties - like Homéofortil - have adopted the BOIRON graphic identity and are therefore now offered in their new packaging.
- From March 14 to 17, 2006, our first participation in MEDEC conference, the leading French medical conference, enabled us to welcome, either at our stand or on the fringes of conferences and workshops, thousands of physicians and visitors including Xavier Bertrand, the Health Minister.
- On March 31 and April 1, 2006, the 2006 BOIRON Institute Open Days were held, welcoming 900 physicians with 60% coming from 39 different countries. On the occasion of this medical conference, the contribution of Homeopathy in medicine was brought to the fore, specially in the following themes: gynaecology, oncology, pediatry, research, obstetrics, child psychiatry.
- Research was stepped up with the putting in place of new assessment programs. In parallel, there was regular publication of work carried out. For example, two articles were published on the treatment of populations suffering from endemic arsenic poisoning in India.
Khuda-Bukhsh A.R. and al., Can homeopathic arsenic remedy combat arsenic poisoning in humans exposed to groundwater arsenic contamination, eCAM, October 2005.
Khuda-Bukhsh A.R. and al., Can administration of potentized homeopathic remedy, arsenicum album, alter antinuclear antibody titer in people living in high-risk arsenic contaminated areas, Belon P., and al., eCAM, January 2006.
- On May 11, 2006, the General Meeting of BOIRON's shareholders approved the payment on June 5, 2006, of a dividend of €0.37 per share in respect of the fiscal year 2005, i.e. a payout rate of 49.5% of the consolidated earnings per share compared with 47% in 2005. The General Meeting of BOIRON's shareholders renewed the appointments as directors, for a term of three years, of Mrs. Christine Boyer-Boiron and Messrs Jean Pierre Boyer and Paul Mollin.
- The Group also announced, on July 21, 2006, the date on which the first-half sales figures were released, that Mr. Thierry Montfort, the Deputy CEO, was leaving the Group. There are no plans to replace him in the short term.



BREAKDOWN OF GROUP SALES

in millions of euros

Consolidated data (audited figures)	1st quarter 2005 at comparable scope	1st quarter 2006 at comparable scope*	1st quarter 2005 at comparable scope*	1st quarter 2006 at comparable scope	Variation 2006/2005 at comparable scope
France and other	62.64	64.40	122.74	123.72	+ 0.8%
Europe excl. France	31.16	27.97	55.24	50.56	- 8.5%
North America	7.30	7.80	13.04	13.55	+ 3.9%
Group Total	101.10	100.17	191.02	187.83	- 1.7%

* including Dolisos Poland

SIMPLIFIED INCOME STATEMENT

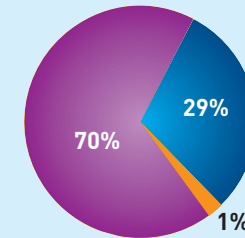
in millions of euros

Consolidated data (audited figures)	2005 published	2005 pro forma	2006	Variation 2006/2005 pro forma
Sales*	152.30	190.56	187.83	- 1.4%
Current operating income	9.60	2.21	4.91	+ 122.2%
Net income - Group share	6.71	0.40	(0.21)	- 152.5%
Net cash position	9.74	9.74	12.43	+ 27.62%

* 2005 published sales are restated by Deducting Services Invoiced by Customers. 2005 pro forma sales are excluding the taking off the market of certain specialties.

BREAKDOWN OF SALES BY PRODUCT CATEGORY

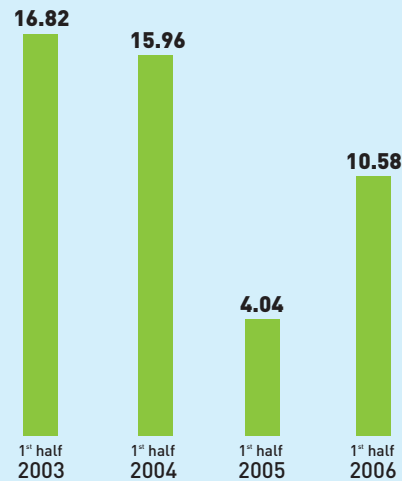
in millions of euros



- Non-proprietary homeopathic medicines: **132.41**
- BOIRON OTC Specialties: **54.68**
- Other products: **0.74**

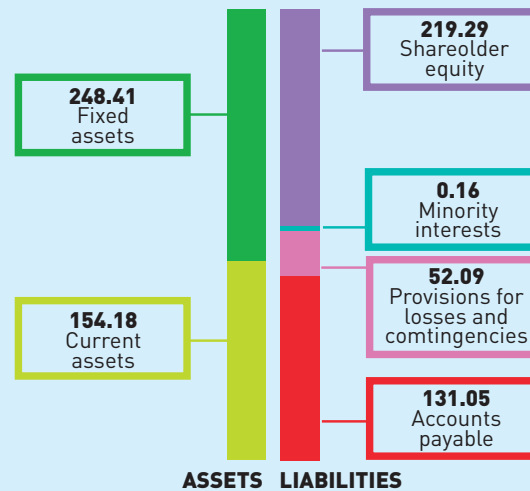
INVESTMENTS

in millions of euros



SIMPLIFIED BALANCE SHEET

in millions of euros



SHARE PRICE PERFORMANCE IN EUROS

