

2004 Annual Report

BOIRON

Person Responsible for the Reference Document

Thierry MONTFORT
Deputy Managing Director

Certificate of the Person Responsible for the Reference document:

“To the best of my knowledge, the information in this Reference Document is accurate. This Reference Document includes all the information required for investors to form a judgement on the assets, activity, financial situation, results and outlook of the BOIRON Group. They do not contain any omission which could alter its extent.”

Sainte-Foy-lès-Lyon, March 14, 2005.

A handwritten signature in white ink, appearing to read 'T. Montfort', with a long horizontal stroke extending to the right.

Thierry MONTFORT

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The BOIRON Document de Reference comprises two separate documents:

- a general brochure "BOIRON 2004"
- a 2004 Annual Report

Financial Report

Board of Directors' Report March 4, 2005

On June 24, 2004, Christian Boiron and Pierre Fabre announced the project to bring together the BOIRON and DOLISOS Groups by means of a merger acquisition of DOLISOS by BOIRON and thus acquire the requisite means to ensure international expansion and medical development of homeopathy. Expected synergies will make it possible to develop research, medical information, promotion with regard to the general public and ensure the distribution of homeopathy internationally, thereby consolidating our corporate plan: "For each physician in the world to integrate homeopathic medicine in daily practice". The projected merger was favorably received in principle by the staff representatives of the BOIRON and Laboratoires DOLISOS companies.

The merger operation, which is subject to authorization from the French Ministry for Economic Affairs, Finance and Industry for concentration authorization in France, was referred to the Competition Council Authority on October 8, 2004. The Ministry for Economic Affairs, Finance and Industry issued a conditional authorization on February 21, 2005 to merge the two companies on the strength of the ruling by the Competition Council Authority handed in January 7, 2005.

Subject to approval by the Extraordinary General Meetings, the merger of the two companies should be implemented in the second half of 2005. The integration of BOIRON and DOLISOS will therefore be the major project for 2005.

In addition to this major event, the following occurred in 2004:

- Announced at the end of September 2003 by Mr. Jean-François Mattéi, then French Minister for Health, of the lowering from 65% to 35% of the reimbursement rate for homeopathic medicine; the reduction became effective on January 19, 2004. In France, the increase in 2004 of sales in non-proprietary homeopathic medicine slowed down significantly to + 0.2% compared to + 5.1% in 2003.
- Over 800 physicians took part in the sixth BOIRON Institute Conference, which was held in Lyon in March 2004 focusing on current medical issues such as fibromyalgia and dysthyroidia.
- A new information campaign was launched in May 2004 concerning the "Progress Contract", which highlights the benefits of homeopathy both for Medicine and French Social Security system. The proposed contract with the authorities upholds in particular

the need to reevaluate the reimbursement rate for specific homeopathic medicine and also requests that homeopathic medicines be entitled to collective authorizations so that they can be more generally used in hospitals.

- Partners since 1988, BOIRON and UNDA, a Belgian homeopathic laboratory, announced on June 8, 2004, their desire to strengthen links. The BOIRON stake in the Company's capital should be increased from 46.51% to approximately 97%.
- The new production site for the HERBAXT subsidiary which specializes in manufacturing bottletpacks, opened up in June 2004 in Montevrain in the greater Paris region. The opening of the new site marks the completion of the industrial investment program implemented from 2002 to 2004 at the Messimy, Sainte-Foy-lès-Lyon and Montevrain sites totaling €36 million. These investments now mean increased production and logistics capacity that will enable the Group to acquire the means to meet growth in activity for the next 5 to 7 years.
- The French National Medical Academy, in a statement dated June 29, 2004 and released at the start of

September 2004, requested the complete de-reimbursement of homeopathic medicines. Some days later, the Minister for Solidarity, Health and Family Issues, Mr. Philippe Douste-Blazy, announced that he was in favor of maintaining reimbursement of homeopathic medication because homeopathic medicines accounted for only 0.4% of national health insurance reimbursements and that any cancellation would result in a substitution approach using medication that was on average five times more expensive. Furthermore, it was also stated that such medication was used on a daily basis by 10 million French people and was prescribed by 25,000 physicians.

- Two new medicines with Market Authorizations were launched in France in September 2004:
 - DIARALIA®, homeopathic medication used in treating acute passing diarrhea. Diarrhea is a highly prevalent pathology. In France, 4-5 million people consult a general practitioner each year for this illness. It is also a frequent cause for seeking advice from a pharmacist.
 - CHARBON VÉGÉTAL BOIRON, medicine in the BOIRON phytotherapy range, used in treating difficult digestion.

- Three new studies assessing the therapeutic efficacy of homeopathy were published in 2004.
 - The first study published in Rheumatology, concerned the improvement in the clinical condition of patients suffering from fibromyalgia after the administration of individualized homeopathic treatment. Tested on a group of 62 patients, the study showed that homeopathic treatment is significantly more effective than the placebo because it reduced pain in sensitive areas and improved the quality of life and health of fibromyalgia patients.
 - The second study concerned a clinical test demonstrating the protective action of *Calendula officinalis* by digestion in the occurrence of serious forms of radiodermatitis in women suffering from malign breast tumors who were treated using radiotherapy. The study was published in the Journal of Clinical Oncology .
 - A third study concerning the treatment of recurring acute rhinopharyngitis in children was published in Disease Management & Health Outcomes . The study offered interesting results even when non-homeopathic general practitioners (MG) and homeopathic general practitioners (MGH) adopted different therapeutic strategies. The therapeutic efficacy, quality of life of

parents, direct and indirect costs relating to treatment of the illness by homeopathic and non-homeopathic general practitioners were compared.

- The Board of Directors' meeting on December 15, 2004 decided to appoint Mr. Thierry Boiron managing director of BOIRON with effect from January 1, 2005. Mr. Christian Boiron remains chairman of the Boiron Board of Directors. The terms of office of deputy managing directors for BOIRON SA of Messrs. Thierry Montfort and Bruno Joët were confirmed.

1 - I.R. Bell, D.A. Lewis, A.J. Brooks, G.E. Schwartz, S.E. Lewis, B.T. Walsh and C.M. Baldwin – "Improved clinical status in fibromyalgia patients treated with individualized homeopathic remedies versus placebo", *Rheumatology* 2004 ; 1 of 6.

2 - "Phase III Randomized Trial of *Calendula officinalis* Compared With Trolamine for the Prevention of Acute Dermatitis During irradiation for Breast Cancer", *Journal of Clinical Oncology* (22: 1447-1453, 2004).

3 - M. Trichard, G. Chauferin, C. Dubreuil, N. Nicoloyannis and G.Duru « Effectiveness, Quality of Life, and Cost of Caring for Children in France with Recurrent Acute Rhinopharyngitis Managed by Homeopathic or Non-Homeopathic General Practitioners: A Pragmatic, Prospective Observational Study », *Dis Manage Health Outcomes* 2004; 12 (6): 419-427

Financial Report

2004 Performance

SALES

Boiron Group sales (in € thousands)	2002	2003	2004	2004/2003
Total France	195,653	206,868	208,060	+ 0.6 %
Boiron SA	194,374	205,687	207,146	+ 0.7 %
Herbaxt	1,279	1,181	914	- 22.6 %
Direct Export (Boiron SA + Herbaxt)	21,296	24,113	26,176	+ 8.6 %
European subsidiaries (excluding France)	45,626	48,560	51,638	+ 6.3 %
Italy	33,473	35,664	36,808	+ 3.2 %
Spain	12,107	12,845	14,759	+ 14.9 %
Other subsidiaries	46	51	71	+ 39.2 %
North American subsidiaries	24,477	25,797	27,275	+ 5.7 %
USA	15,492	15,988	17,042	+ 6.6 % ⁽¹⁾
Canada	4,088	4,061	4,109	+ 1.2 % ⁽²⁾
Caribbean	4,897	5,748	6,124	+ 6.5 %
Total International	91,399	98,470	105,089	+ 6.7 %
Total Consolidated	287,052	305,338	313,149	+ 2.6 %
UNDA (equity method) ⁽³⁾	15,851	16,678	17,127	+ 2.7 %

(1) Sales growth rate in 2004 in USD = +17.4%

(2) Sales growth rate in 2004 in CAD = +3.5%

(3) Restated according to Group consolidation standards. Before expired and free stock adjustments, sales from 2002 amounted to €16,439 thousand.

At December 31, 2004, Group sales amounted to €313,149 thousand with an increase of +2.6%, compared to +6.4% at the end of 2003. At exchange rate parity, growth in Group sales amounted to +3.2% over 2004. Trends in North American currencies penalized 2004 sales to the extent of €1,821 thousand.

The slowdown in growth was significant in the last quarter of 2004 with a drop in sales of -3.3% against the last quarter of 2003 (-2.6% at exchange rate parity). The drop in sales should be taken in the context of 10.3% growth booked by the BOIRON Group in the fourth quarter of

2003, a fourth quarter which was marked by a prevailing influenza pathology in France and the USA.

GROWTH IN 2004 SALES BY GEOGRAPHIC AREA AND PRODUCT CATEGORY

	Non-proprietary homeopathic medicines	OTC specialities	TOTAL (including other products)
METROPOLITAN FRANCE	+ 0.2 %	+ 1.5 %	+ 0.6 %
INTERNATIONAL	+ 7.6 %	+ 6.2 %	+ 6.7 %
TOTAL	+ 1.8 %	+ 3.9 %	+ 2.6 %

Sales growth in non-proprietary homeopathic medicines slowed down to +1.8% compared to +4.8% in 2003. The slowdown in growth was particularly acute in mainland France, where sales of non-proprietary homeopathic medicines posted aggregate growth of only +0.2% compared to +5.1% at December 31, 2003. The slowdown in sales of non-proprietary homeopathic medicines was concomitant with the reduction in the reimbursement rate from 65% to 35%, which entered into effect in France on January 19, 2004. In contrast, the

increase in information campaigns for physicians in Spain and the USA resulted in an increase in international sales of non-proprietary homeopathic medicines of +7.6% compared to +3.9% in 2003.

Sales growth in OTC specialties also slowed down to +3.9% compared to +9.3% at the end of 2003. Sales in winter specialties suffered from the lack of an influenza epidemic at the end of 2004 and by an adverse base effect (at the end of 2003, the influenza epidemic

affected three million people in France). OSCILLOCOCCINUM® sales increased by +5.4% compared to +14.7% in 2003. The "Children" product range also posted sound performance with a 42.8% increase driven by CAMILIA®, a medicine launched in France in 2003 to treat ailments relating to teething in infants. The last two new medicines, DIARALIA® and CHARBON VÉGÉTAL BOIRON, launched in France in September 2004, accounted for 8.6% of aggregate growth in OTC specialties.

Financial performance

RESULTS

Boiron Group Income Statement (in € thousands)	2002	2003	2004	2004/2003
Sales	287,052	305,338	313,149	+ 2.6 %
Operating income	36,841	39,521	34,549	- 12.6 %
Net income (Group share)	23,017	25,630	22,105	- 13.8 %
Cash flow	36,630	42,589	35,623	- 16.4 %

Net Income per Country (in € thousands)	2002	2003	2004	2004/2003
France	17,700	19,310	15,031	- 22.2 %
Boiron SA	16,483	17,901	14,040	- 21.6 %
Herbaxt	1,217	1,409	991	- 29.7 %
Europe (excluding France)	3,521	4,156	4,804	+ 15.6 %
Italy	2,718	2,777	2,955	+ 6.4 %
Spain	654	979	1,365	+ 39.4 %
Other countries ⁽¹⁾	149	400	484	+ 21.0 %
North America	1,796	2,164	2,270	+ 4.9 %
USA	952	1,231	1,394	+ 13.2 % ⁽²⁾
Canada	309	302	254	- 15.9 % ⁽³⁾
Caribbean	535	631	622	- 1.4 %
Total Boiron Group	23,017	25,630	22,105	- 13.8 %

(1) Belgium (with a 46.51% proportion of net income) and promotion subsidiaries

(2) + 24.8% en USD

(3) -13.8% in CAD

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Operating income recorded a 12.6% drop amounting to €34,549 thousand. Operating income represented 11.0% of Group sales, compared to 12.9% in 2003 and 12.8% in 2002.

The drop in operational profitability may be explained primarily by the slowdown in sales growth and the ensuing insufficient gross margin. Weak sales growth was insufficient to absorb cost levels under the Group's usual profitability profile:

- An increase in promotion expenses of +10.6% to €85,089 thousand compared to €76,914 thousand in 2003 resulting from the strengthening of medical visits in France, but also in Italy, Spain and the USA and in promotion subsidiaries. At December 31, 2004, the Group had 62 medical representatives in France, 31 in Italy and 25 in Spain. Furthermore, promotion campaigns aimed at the general public were increased, in particular in France (television campaigns for HOMEOPPLASMINE® and SEDATIF PC®) and in the USA (television campaign for OSCILLOCOCCINUM®)
- A +3.8% increase in distribution and preparation costs totaling €97,990 thousand compared to €94,442 thousand in 2003. The €2,357 thousand increase in pharmaceutical taxes based on sales of products which can be

reimbursed in France amounted to taxes of €3,735 thousand compared to €1,378 thousand in 2003.

- The +10.3% increase in depreciation and amortization to €16,108 thousand compared to €14,601 thousand in 2003 was the result of investments in both industrial and logistical tools.

Financial results worsened by €275 thousand, with a €518 thousand loss compared to €243 thousand in 2003. The persistent depreciation of the US Dollar against the Euro in 2004, along with the increase in value of the Polish Zloty against the Euro were behind the higher coverage costs and exchange rate results that were less favorable in 2004 than in 2003 at €222 thousand. The drop in 2004 in investment in progress and remuneration rates for cash asset surpluses also contributed for €122 thousand to this result.

Non-recurring items amounted to €1,921 thousand compared to €147 thousand in 2003. They included profits arising from the return of manufacturing rights on alcohol totaling €340 thousand following the ruling against the Lyon Customs and Duties regional directorate as a result of our case. Non-recurring items also included the cancellation of the provision constituted in 2003 for €1,292 thousand

to deal with the risk of medicine returns as a result of the application of the French decree dated December 18, 2003, modifying the reimbursement rate of homeopathic medicines. The residual risk of returns had been reached and thus the provision was cancelled.

Taxes on profits amounted to €13,965 thousand. The overall Group tax rate amounted to 38.8% of the current result of integrated companies compared to 35.4% in 2003. In 2003, the Group had received a tax credit on exceptional dividends paid by the Italian subsidiary totaling €1,279 thousand. In 2004, the tax credit on the payment of dividends was no longer effective following the repeal of the tax credit system by the Italian authorities.

The proportion of results from the UNDA Belgian subsidiary corresponding to the equity investment by BOIRON in UNDA amounted to €266 thousand, an 11.9% drop.

Consolidated net income, Group share, used to calculate the net result per share, amounted to €22,105 thousand, a 13.8% drop compared to 2003. It was the equivalent of 7.1% of sales compared to 8.4% in 2003.

Consolidated cash flow in 2004

Consolidated cash flow amounted to €35,623 thousand in 2004, a 16.4% drop compared to 2003, and was the equivalent of 11.4% of sales.

Investments amounted to €23,050 thousand compared to €33,358 thousand in 2003. Acquisitions of fixed assets in 2003 included capacity investments for the Messimy and Sainte-Foy-lès-Lyon sites, whereas investments in 2004 concentrated on the new Montevrain site and the new

distribution platform in Messimy, the construction of which was completed in March 2004. Investments were equal to 7.4% of sales.

Dividends paid to BOIRON shareholders amounted to €9,672 thousand compared to €8,632 thousand in 2003, or 37.7% of the Group net income in 2003.

At December 31, 2004, the Company held 64,522 treasury shares, compared to

71,192 at December 31, 2003. The Company purchased 18,328 shares during the fiscal year and sold 24,998 shares for an overall amount of €160 thousand.

In light of the above, cash assets increased by €1,904 thousand during the 2004 fiscal year to amount to €38,919 thousand at December 31, 2004.

Change in accounting methods

Boiron France retirement preparation agreement

In establishing in 1976 an optional retirement preparation fund, BOIRON France asserted its desire to facilitate the transition from employed activity to retirement by means of a gradual reduction in working hours without a drop in salary.

Employees and the Company confirmed their interest in this transitional period offered at a time of a major change in their life both to leave gradually their position with extreme hardness and to facilitate the transfer of know-how detained by employees leaving the Company for retirement. The agreement has also made it possible for the Company to obtain very important information concerning the employees entitled to the scheme and consequently to organize the succession plan.

Management and unions review the scheme's terms of application every three years.

The main provisions are as follows:

- Each BOIRON (France) employee is granted time capital for retirement preparation to be taken before his or her retirement (depending on the employee's seniority in the Company),
- Capitalized hours are paid but not worked on the basis of reduction terms and conditions agreed upon by the beneficiary and his or her department manager,

- The beneficiary agrees not to undertake paid activity during the time in which s/he does not work. In setting the terms of a gradual withdrawal from work between the date at which the retirement preparation starts and the effective retirement date, the Company ensures greater visibility to ensure forward employment management,

- In the event that the French Social Security system or supplementary retirement schemes significantly modify the conditions to obtain full-rate retirement, the parties involved would meet to amend where applicable the terms and conditions of the agreement,
- The agreement will be signed for a three-year term with effect from April 1, 2005. It cannot be tacitly renewed but will be reviewed by the parties concerned at each expiry date.

The cost of paid time not worked during the year is financed by a deduction from the productivity gain in the previous year. The remainder of the productivity gain is allocated to the general salary increase. The collective labor agreement general pay rise results from the application of a specific Company agreement and is therefore reduced by the increase in the retirement preparation cost. At December 31, 2004, the cost of paid time not worked amounted to 1.48% of the overall payroll and had been the subject of deductions from past general pay

rises. The current means of financing, by deductions from productivity gains, applies to employees who joined the retirement preparation system and should be entitled to the system in the following year.

Based on the definitions of retirement commitments and similar employee benefits provided in the recommendation 2003-R.01 from the National Accounting Council on April 1, 2003, the Group considered that the retirement preparation agreement for BOIRON SA was a benefit scheme subsequent to the use of the defined benefits. The financing system described below was not deemed an asset in the system which could reduce the commitment amount.

As the recommendation applies to fiscal years beginning after January 1, 2004, BOIRON undertook a preliminary actuarial assessment and constituted a provision on January 1, 2004 to cover the commitment.

The change in method lowered consolidated reserves by €20,910 thousand at January 1, 2004.

Financial Report

International activities

EUROPE

BOIRON Italy

Sales growth in Italy amounted to +3.2% to €36,808 thousand. The increase concerned primarily OTC specialty products (+4.1%), the contribution of which to the subsidiary's sales for 2004 was 48.6% compared to 48.2% at the end of 2003. The confirmed success of EUPHRALIA®, a homeopathic eye-drop, and the successful launch in August 2004 of QUIETALIA®, a homeopathic syrup for children, contributed to the growth of specialty products. In contrast, sales of

non-proprietary homeopathic medicines posted more modest growth at +2.3%.

Operating income rose by +3.6% to €5,621 thousand compared to €5,428 thousand in 2003 and was equal to 15.3% of sales. Personnel costs increased by +9.2% to €10,875 thousand and resulted from increases following the strengthening of the sales team and the network of medical representatives in November 2003. The Italian subsidiary had 31

medical representatives and 58 pharmaceutical representatives at December 31, 2004.

The subsidiary acquired a building as part of the relocation of the Rome facility totaling €2,891 thousand.

Net income posted a 6.4% increase to €2,955 thousand, or 8.0% of sales.

BOIRON Spain

On June 18 and 19, 2004, BOIRON Spain celebrated its twentieth anniversary with an invitation to its entire staff in Madrid. In 2004, BOIRON Spain strengthened its position on the Spanish medicine market.

Sales amounted to €14,759 thousand, a 14.9% increase. The proportion of sales from BOIRON Spain to Group sales amounted to 4.7% compared to 4.2% in 2003. Activity growth was driven equally by non-proprietary homeopathic medicines (+16.0%) and by brand name specialties (+14.5%).

Operating income at €1,841 thousand rose by 21.1% against 2003. The 17.6% increase in personnel costs reflects in part the consolidation of networks of medical and pharmaceutical representatives which as of December 31, 2004 counted 39 people. Furthermore, a Company agreement was signed concerning long-term service gratuities.

The agreement stipulated the payment of a gratuity equal to one month's salary after 20 years' seniority, followed by one month's gratuity for every additional five years. A provision representing the commitment was booked in 2004 totaling €176 thousand (€45 thousand in gratuities had also be paid out during the year).

In addition, non-recurring income included a retained provision amounting to €210 thousand. The Spanish Health and Consumer Affairs Ministry had proposed a transaction agreement entailing the payment of a €210 thousand fine for alleged non-compliance with Spanish law in marketing complex magistral preparations (Real Decreto 2208/1994). A provision for contingencies was established for the entire amount requested by the Ministry in the accounts at December 31, 2002. The non-deductible provision was maintained in 2003. On April 20, 2004,

the administrative courts handed down a ruling canceling the decision by the Ministry of Health and Consumer Affairs and the proposed €210 thousand penalty. The provision for contingencies was re-absorbed in the income statement in its entirety. On June 23, 2004, the Spanish Medicinal Agency informed BOIRON Spain of its decision to draft a new penalty proposal. At the time this report was drafted, no notification about this had been issued to BOIRON Spain.

BOIRON Spain acquired 1,000 m² additional premises alongside its Madrid facility. The €1,591 thousand investment has increased the subsidiary's distribution capacity.

Belgium

On June 8, 2004, BOIRON and UNDA announced their wish to strengthen ties. The BOIRON Group should increase its share in the capital of the UNDA Company from 46.51% to some 97%. The share acquisition process was

still under way at December 31, 2004. Consequently, sales by the UNDA Company for the 2004 fiscal year were not integrated in the consolidated accounts of the BOIRON Group. UNDA sales amounted to €17,127 thousand, a

2.7% increase. Only a proportion of net income amount to the BOIRON stake in UNDA capital (46.51%) was integrated in the income of the BOIRON Group, i.e., €266 thousand for 2004, compared to €302 thousand in 2003.

Central and Eastern Europe

Sales booked by central and eastern European countries amounted to €17,111 thousand, a 5.2% increase over 2003. The overall level of activity is now comparable with that of the USA. The 2004 analysis by country indicates varying situations, in particular between Poland and other countries. Poland,

where sales accounted for 44.8% of sales from central and Eastern Europe in total, posted a drop in sales of 15.1% given the complete lack of winter pathologies and heightened competition over the fiscal year. In contrast, other central and eastern European countries posted extensive growth rates (30.7%)

that offset the drop in Poland. This was the case in particular in Hungary (+45.3% at €1,978 thousand) and Romania (+72.3% at €1,242 thousand). Furthermore, sales in Russia rose by 137% to €676 thousand.

AMERICAS

BOIRON USA

In 2004, consolidated US Dollar sales rose by +17.4% to \$21,189 thousand, driven primarily by sound performance from OTC specialty products in the "winter" range, after a +25% increase in 2003. In the fall of 2004, the fear of insufficient influenza vaccines combined with the media coverage of OSCILLOCOCCINUM®, which was presented as a possible alternative, led in November and December to the extensive deployment in distribution networks of OSCILLOCOCCINUM®. The extent and concentration of deliveries in the last two months of the year prompted the Group to book \$850 thousand as turnover loss for the year given the risk of returns noted. Over the year, OSCILLOCOCCINUM® recorded a +22.8% increase in US Dollars (after deduction of the provision referred to above). Sales of non-proprietary homeopathic medicines rose by +14.7% in US Dollars thanks to the increase in referencing of Blue Tubes in health food stores.

The depreciation of the US Dollar against the Euro (dropping by 9.2% on average in 2004), lowered the increase in consolidated sales to +6.6% at €17,042 thousand.

Operating income amounted to €2,424 thousand, compared to €2,270 thousand in 2003, a +6.8% increase in 2004. Net income at €1,394 thousand posted a +13.2% increase. Rising sales combined with increasing promotion and personnel costs relating to the growth in sales ensured an improvement in 2004 profitability figures.

The Group was informed on December 22, 2004, of the decision by the US customs authorities to reclassify homeopathic medicines in the customs nomenclature as "medicines" as opposed to "foodstuffs" with immediate effect. Consequently, the purchase of homeopathic medicine from BOIRON France is no longer subject to 6.4% customs duties.

The gross margin for the subsidiary will be increased accordingly. Furthermore, the decision offers important clarification to US regulations concerning homeopathic medicines.

The relocation of the Simy Valley distribution site near Los Angeles to new premises built in a nearby area with a surface area of 1,900 m² is scheduled for the end of March 2005. The increased size of our West Coast facility will make it possible to increase our preparation and distribution capacity and thereby serve more effectively our customers on the Pacific Coast of the USA.

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BOIRON Canada

Canadian Dollar sales posted a +3.5% increase at 6,644 Canadian dollars. When converted into Euro, sales rose by +1.2% after a 0.7% contraction in 2003. The proportion of brand name specialty products remained predominant at 70.3%

of overall sales, a slight increase over 2003 (69.6% in 2003). The "Smiles of CAMILIA®" campaign launched in the spring of 2004 boosted sales of the "Children" range.

Net income fell by 15.9% to €254 thousand. The drop in profitability may be attributed for the most part to low sales growth.

BOIRON Caribbean

Business activity expanded by +6.5% to €6,124 thousand. Sales growth was primarily the result of increased sales in non-proprietary homeopathic medicines whose sales accounted for 65.1% of the subsidiary's turnover, a +7.9% growth over 2003, or 77% of the subsidiary's growth.

Operating income amounted to €903 thousand, a +7.4% increase over 2003, in line with sales growth. The tax burden amounted to 32.8% of current results, or 4.7 points in addition to 2003. The subsidiary which had benefited from a tax deduction until 2003 following the investment in its new laboratory in 2001, was subject in 2004 to income tax without significant reductions for investment.

The extension of the BOIRON Caribbean laboratory is in progress. The €500 thousand investment should be operational by the summer of 2005.

FRANCE

BOIRON France, the parent Company

Business

Company sales (before elimination of sales to Group subsidiaries) amounted to €252,383 thousand, a 2.6% increase.

Sales net of intra-Group operations restated for consolidation purposes amounted to €232,351 thousand, a 1.5% increase over the previous fiscal year. For 2004, sales of non-proprietary

homeopathic amounted to €160,428 thousand, or growth of 0.8%. The stagnation in sales of non-proprietary homeopathic medicines recorded in 2004 was concomitant with the drop in the reimbursement rate in France from 65% to 35%, which entered into effect on January 19, 2004. OTC specialties at €70,363 thousand recorded a 2.9%

increase, driven primarily by the range in winter products and medicines for children. The market launch in September 2004 of DIARALIA® and CHARBON VÉGÉTAL BOIRON and the confirmed success of CAMILIA®, which was launched in France in June 2003, also contributed to growth.

Profitability

Company operating income amounted to €23,938 thousand, a 13.8% drop compared to 2003. The drop in profitability posted by BOIRON France may be explained by the faster growth rate in specific charges compared to business. Personnel charges, promotion costs and trends in pharmaceutical taxes prompt the comments below.

Personnel charges (excluding bonuses, profit-sharing, variations in retirement and long-term service gratuity commitments)

rose by 7.5% to amount to €83,393 thousand in 2004 compared to €77,600 thousand in 2003. The increase related primarily to increases in the network of medical representatives, as well as to integration costs of a medical promotion network previously outsourced at September 1, 2003. At the end of 2004, BOIRON France has 62 medical representatives compared to 57 at the end of 2003.

In total, the increase in promotion expenses amounted to +11.5%. Promotion expenses intended for physicians, pharmacists and the general public are now equivalent to 25.9% of Company sales compared to 23.8% in 2003.

Taxes and duties increased significantly in 2004 at an overall amount of €9,916 thousand compared to €7,194 thousand in 2003, i.e., a +37.8% increase. The increase resulted from the rise in pharmaceutical taxes at €4,135 thousand

in 2004 compared to €2,109 thousand in 2003, i.e., an increase of +96.1%. Accordingly, the following should be noted.

- The implementation of a new exceptional contribution from the 2004 Social Security Budget act. The new tax based on sales of reimbursed medicines amounted in 2004 to €688 thousand.
- For the 2004 fiscal year, the tax on direct sales (art. 245-6-1 of the Social Security Budget act) for reimbursable medicines was paid at an amount of €2,547 thousand compared to €878 thousand in 2003 and €1,824 thousand in 2002. As a reminder, a modification to the tax base on direct sales had been implemented in 2002 resulting in a reduction in the tax amount of €1,601 thousand for the 2002 fiscal year, which was booked in the 2003 accounts.

Furthermore, as part of the 2002-2004 investment plan, depreciation and amortization for tangible assets rose by +12.3% at €12,164 thousand. The increase followed the implementation in the second half of 2003 and in 2004 of new logistical, production and administrative premises at the Sainte-Foy-lès-Lyon and Messimy sites.

Company financial income amounted to €2,209 thousand compared to €7,298 thousand in 2003. The difference relates

to the drop in dividends provided by subsidiaries the amount of which totaled €2,436 thousand in 2004 compared to €7,418 thousand at December 31, 2003. In 2003, BOIRON France had benefited from two dividend distributions by BOIRON Italy totaling €5,893 thousand.

Non-recurring income amounted to €2,384 thousand, an increase of €1,635 thousand. This item included the €1,292 thousand retained non-recurring provision established to deal with the return of merchandise as a result of the entry into effect on January 19, 2004 of the French decree concerning the modification to the reimbursement rate for non-proprietary homeopathic medicines marketed in France. As the residual risk of returns had lapsed, the provision was eliminated. Furthermore, non-recurring income included profit arising from the return of manufacturing rights on alcohol following the successful case against the Lyon Customs and Indirect Duties regional directorate totaling €339 thousand. Proceedings had been instigated in 1999 before the Tribunal de Grande Instance courts in Lyon and Bordeaux against the Customs and Indirect Duties regional directorates. The Company claimed the return of duties paid between 1993 and 1998 for manufacturing alcohol-based products solely for medicinal purposes. The Lyon Tribunal de Grande Instance handed down a ruling in October 2004 in

favor of BOIRON France, which obtained €419 thousand of which €339 thousand in returned rights were accounted for as non-recurring revenue and €80 thousand as financial revenue.

Bonuses and profit-sharing for BOIRON France employees fell from €4,318 thousand to €3,157 thousand, a drop of 26.9%.

At December 31, 2004, the Company tax rate amounted to 30.4% compared to 26.1% in 2003. In 2003, a tax credit for the distribution of Italian dividends was booked for €1,279 thousand.

In light of the above, Company net income amounted to €17,655 thousand, a drop of 24.1%.

After consolidation restatements, operating income amounted to €21,269 thousand, a 20.0% drop against the previous fiscal year. Consolidated net income amounted to €14,040 thousand, a drop of 21.6%. The restated tax rate amounted to 38.2% compared to 32.9% the year before.

Under the provisions of article 39.4 of the French General Tax Code, the Company amortized the fraction of the acquisition price of leisure vehicles exceeding 18,500 euros to the extent of 29,682.15 euros.

HERBAXT

HERBAXT Company sales amounted to €5,965 thousand, an increase of 4.3% against 2003.

Consolidated sales (after elimination of Group sales) amounted to €1,882 thousand, a drop of 12.5% against 2003. The downfall in sales should be taken in the context of the sharp rise in sales to other Group companies of specialty products in the form of single dose liquid products including CAMILIA® and HOMEOPTIC®.

The 14.3% increase in personnel costs (excluding bonuses and profit-sharing and including temporary staff costs) and the increase in depreciation and amortization (+ €304 thousand) affected consolidated operating income at €1,747 thousand, a 17.4% drop compared to 2003. The implementation of the new Montevrain site (Val de Marne, greater Paris region) in June 2004 caused an increase in expenses relating to the installation, implementation and

pharmaceutical qualification of new industrial equipment. Non-recurring income amounted to - €209 thousand and concerned the scrapping of former fixtures and equipment following the relocation of the Company.

The site should be fully operational by the end of the first quarter of 2005.

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Share performance and buy-back program

Shares and shareholder structure

The share price ended 2004 at 24.50 euros, a 32.4% increase compared to its 18.50 euros price on January 1, 2004 (opening price). The share's highest trading price was on December 20, 2004 at 25.00 euros; its lowest on June 14, 2004 at 17.40 euros.

Since the announcement of the merger with DOLISOS on June 24, 2004, BOIRON shares have risen by over 32%. Some of the rise in value occurred after the last week of November 2004.

Trading levels reached €58.03 million, a 45.2% increase over 2003. Over the year, transactions concerned 2,848,586 shares, an average of 11,041 shares traded per session. Compared to 2003, the number of shares traded in 2004 rose by 32.1%.

As per article L.233-13 of the French Commercial Code, the persons owning proportions of shares or voting rights as stipulated under article L.233-7 were, to the best of the Company's knowledge, as follows:

- over 20% of shares and over 33 1/3% of voting rights: the SODEVA Company

- over 10% of shares and of voting rights: the SHB Company

During the year, the following companies declared that they owned over 2% of capital or voting rights in BOIRON: GROUPAMA (4.98% of Company capital or 929,620 shares, declaration dated February 10, 2004), CAISSE DES DÉPÔTS ET CONSIGNATIONS (4.51% of Company capital or 842,640 shares, declaration dated June 29, 2004), SMA GESTION (2.05% of Company capital, declaration dated June 7, 2004).

Successive share buy-back programs

The Company implemented several programs in turn to buy back shares. The latest share buy-back program was launched in 2004 (visa 04-385). The program was authorized by the Ordinary General Meeting of shareholders on May 27, 2004, with the following aims:

- Regularize share prices through systematic intervention against market trends,
- Intervene through purchases and sales according to market conditions,
- Retain shares to optimize the management and shareholders' equity along with revenue per share,
- Ensuring investment or financing by use of shares for external growth operations or the issue of negotiable securities entitling the allocation of Company shares.

At December 31, 2004, the Company held 64,522 treasury shares.

We will request the Ordinary General Meeting of Shareholders on June 30, 2005 to authorize the implementation of a new share buy-back program in compliance with the European Regulation applicable since October 13, 2004 and recommendations from the French Financial Markets Authority (AMF) for an 18-month period to replace the current program which will be terminated in advance. The new share buy-back program will make it possible to acquire up to 10% of the share capital. The purpose of the proposed program will be as follows:

- steer the share as part of liquidity contract in compliance with the code of practice accepted by the AMF,
- cancel acquired shares,
- retain shares and their subsequent transmission in exchange or as payment for external growth operations.

Research and development

Scientific research programs (fundamental, clinical and medico-economic) relating to homeopathy are increasing with over a hundred articles published in authoritative international scientific publications. Research aims are two-fold. On the one hand, the aim is to understand the mechanism of action of high dilutions; on the other, to continue demonstrating the effectiveness and utility of homeopathic medicines, which have long been acknowledged and accepted by practicing physicians.

Clinical experimentation makes it possible to confirm scientifically the effectiveness of a homeopathic medicine or treatment. This is made complex by individualized prescriptions, however, for some years, extensive work has been undertaken and published to confirm the positive action of

homeopathy. In April 2004, the scientific revue *Journal of Clinical Oncology* published an article demonstrating the effectiveness of *Calendula officinalis* by digestion in preventing acute dermatitis during post-operative radiotherapy for breast cancer patients. The study concerned 254 patients operated for breast cancer from July 1999 to June 2001.

Pharmaco-epidemiological assessment makes it possible not only to assess the characteristics of medical practice of physicians prescribing homeopathic medicine but also the effectiveness and utility of homeopathic medicines.

For example, a study published in 2004⁴ concerning treatment of acute recurring rhinopharyngitis in children in France showed widespread and often inappropriate use of antibiotics. Acute recurring

rhinopharyngitis affects over five million children aged below seven every year. Cases are mostly treated using antibiotics despite their primarily viral origin. The study showed that homeopathic management offered better results in terms of the number of infectious episodes and complications, ensuring a higher quality of life and at a comparable total reimbursement cost.

In 2004, Boiron allocated €3,375 thousand to research and development and regulatory activity, i.e. some 1.1% of the Group's annual sales.

Human resources

A chapter of the 2004 annual report ("Human Resources") focuses on the Group's human resources policy. It details all the Human Resource data (staff levels, compensation, working hours and training).

Human Resource Policy and Company Agreements

Human Resource policy is based on a two-fold – economic and social – policy. This results in a policy structured around two axes: full and unreserved involvement of employees in major decisions affecting the Company and the equally strong desire to ensure the continuation of demanding Human Resource commitments. To date, 25 Company agreements substantiate an Human Resource policy

based on dialogue and trust. Each year, these agreements are reviewed by the Company and employee representatives and are amended where required or renewed.

Among the main Company agreements applicable to employees at BOIRON France is the retirement preparation agreement. On January 19, 2004, a

branch agreement was signed as part of the collective labor agreement for the pharmaceutical industry between the LEEM and unions to restore the option to obtain retirement before the age of 65. The French Minister for Employment, Labor and Social Cohesion issued an authorization on June 7, 2004, for this agreement in a decree published in the French Official Journal on June 17, 2004

⁴ - Effectiveness, quality of life, and cost of caring for children in France with recurrent acute rhinopharyngitis managed by homeopathic or non-homeopathic general practitioners. M. Trichard, G. Chauferin, C. Dubreuil, N. Nicoloyannis, G. Duru. *Disease Management and Health Outcomes* 2004, 12 (6): 419-427

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effective June 18, 2004. Subsequently, companies subject to the pharmaceutical industry collective labor agreement may, under specific conditions, again decide to offer retirement to employees under the age of 65. At the same time, the agreement on retirement preparation is under renewal before expiring in March 2005.

The new draft agreement will be submitted for approval by the Central Employee Representative Council on March 17, 2005 and will offer adaptation terms to contain the cost of preparing for retirement as incurred by the Company.

Furthermore, an agreement on the professional integration of people with a disability was renewed in 2004. It is structured around a multi-year action program including in particular a recruitment plan, induction plan and training plan along with a plan to maintain employment.

Legal procedure to inform and consult with staff representative bodies

As part of the announced merger plan with DOLISOS, the BOIRON Group implemented an internal communications policy to ensure that all staff members are informed of the progress made. On June 24, 2004, the employee representative bodies at BOIRON (France) were informed of the intended merger as part of the information and consultation procedure stipulated by the French Labor Code.

Under the terms of the legal information and consultation procedure, members of

the Boiron (France) Central Employee Representative Council were invited to give their opinion on the merger project at an exceptional meeting held on July 8, 2004. At the end of the meeting, members of the Central Employees Representative Council unanimously voted in favor of the operation.

The merger project with DOLISOS is subject to approval by the French Minister for Economic Affairs, Finance and Industry for supervision of economic

concentration operations. A new exceptional meeting of the Central Employee Representative Council was held on September 1, 2004. During the information-consultation meeting, a summary of the appraisal application drawn up for the economic concentration authorities and sent to the Directorate General for Competition and Fraud on July 29, 2004, was presented to the members of the Central Employee Representative Council, who issued a favorable opinion.

Human Resource 2004 data

The BOIRON Group had a total worldwide workforce of 2,779 at December 31, 2004, a drop of 0.3%. Employee staff levels

internationally amounted to 560 people. In mainland France, staff levels amounted to 2,219 members, a 1.5% drop.

The BOIRON Group had 2,661 permanent staff members and 118 temporary staff members, as assessed during 2004.

Information on issuer risks

Industrial and environmental risks

The industrial activity of preparation of medicines is concentrated in the Group's three French facilities at Sainte-Foy-lès-Lyon, Messimy and Montevrain which are classified pharmaceutical laboratories. Over 90% of the medicines marketed by the Group worldwide are manufactured at these three production facilities which must comply with Good Manufacturing Practices issued and

controlled by the AFSSAPS (French Agency for Health Safety in Health Products). The start-up of new units or extensions is subject to prefectural decree after a public inquiry and preliminary investigation by the French Industry and Research Regional Directorate.

Our regional laboratories (29 in France, 6 in Italy, 4 in Spain, 2 in the USA, 1 in

Canada and 1 in Martinique) manufacture some 10% of the medicines sold by the Group. Each of these laboratories complies with local regulations in terms of activity authorization on opening and of regular inspections to which they are subject.

The new Montevrain site (Val de Marne in the greater Paris region), previously

located in Torcy, progressively went into service at the end of the first half of 2004. The new industrial deployment, once complete, will double the production capacity of HERBAXT, which specializes in manufacturing bottelpacks or single dose liquid medicines.

The limitation of production risks is based on the complementary nature of the two production facilities at Sainte-

Foy-lès-Lyon and Messimy and on the presence of 43 preparation-distribution laboratories owned by the Group. In contrast, single-dose liquid medicines are manufactured solely by the HERBAXT Company at its Montevrain site.

The BOIRON Group does not conceive the development of activities without integrating all factors to preserve its environment. A section of the 2004

annual report ("Environment and Safety") addresses environment data of the BOIRON Group. One of the major events in 2004 was the Group's commitment to cooperate with the French Environmental and Energy Control agency (ADEME) to reduce by 10% the quantity of waste generated and not recycled. This approach will be supported by assistance from an expert over two years.

Technical risks

To the knowledge of the Company, there is no technological risk concerning industrial processes, equipment or raw

materials used and no dependency with regard to technology that the Company does not own which would require a

specific statement in the 2004 Annual Report.

Insurance

The Group is covered by an integrated liability insurance program structured around a Master Policy that covers its activity (operational liability and liability after delivery) and the activity of its entities worldwide. The policy is capped at €15 million. Fully integrated international subsidiaries and UNDA also have local first line liability policies taken out from the same insurance Company.

Assets are covered by an asset policy that provides guarantees against direct damage incurred by assets along with ensuring business interruption cover. Inspectors from the Company which issued the assets policy regularly inspect our industrial sites and contribute to the risk prevention policy implemented by the Group's Organization and Methods division.

The amount of premiums paid by the Group in 2004 came to €1,792 thousand, a 14.0% increase over 2003 (€1,572 thousand).

Financial risk management

The Group exchange and interest rate risk management policy is marked by:

- maximum horizon of one-year coverage,
- coverage conditional on the existence of detailed forecasts,
- use of firm and optional coverage operations,
- detailed monitoring before and after coverage operations,

- a separation of powers with regard to decision-making, implementation and control spread between general management, which defines and approves the annual exchange risk management policy, Group Treasury which assesses risks, implements and monitors coverage operations and the Treasury Committee which monitors operations implemented by Group Treasury.

The separation of functions described above also applies to interest rate risk management.

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EXCHANGE RISK MANAGEMENT

The BOIRON Group is exposed to two types of exchange risk:

- an asset exchange risk which arises from stakes owned by BOIRON France in foreign subsidiaries. The risk is assessed but is not specifically managed insofar as stakes are held over a long-term horizon,
- an exchange risk on transactions which arise from commercial and financial operations carried out by each Group Company in currencies other the local currency. The risk is assessed and managed with the aim of controlling the impact of variations in currency rates in Group results.

The exchange risk on transactions is located for the vast majority of cases in BOIRON France and HERBAXT and arises primarily from:

- sales booked by Boiron France HERBAXT for American and Canadian subsidiaries amounting to €6,863 thousand,
- dividends paid by BOIRON Canada and BOIRON USA to the extent of 172 thousand Canadian Dollars and \$507 thousand respectively,
- business by promotion subsidiaries and representations in central and eastern European countries (Poland, Slovakia, Hungary, Bulgaria, the Czech Republic and Romania) and in North African

countries (Morocco and Tunisia). The most significant amounts concern Poland (€3,312 thousand) and the Czech Republic (€1,099 thousand) with an overall amount of €7,167 thousand.

The Group's exposure to exchange risks concerns primarily US and Canadian Dollars. Short-term positions (excluding fixed assets used by the foreign subsidiaries concerned over liabilities of more than one year) were as follows:

	KUSD	KPLN	KCAD
ASSETS	9,778	3,236	3,347
LIABILITIES	3,490	236	433
Net position before management	6,288	3,000	2,914
Off-balance sheet position	1,450	-	350
Net position after management	4,838	3,000	2,564
Net position after management (corresponding value in Euro)	3,552	734	1,562

The only liability in a foreign currency (USD) at more than one year originally concerned the loan contracted by BOIRON Inc. from the Pennsylvania Industrial Development Authority (PIDA). At December 31, 2004, the balance of the loan amounted to \$152 thousand of which \$39 thousand concerned the 2005

due date. The loan in question featured a 2% interest rate.

In 2004, we covered our exchange risk for \$3,200 thousand, 850 thousand Canadian Dollars and 7,250 thousand Polish Zloty. The operations made it possible to limit an exchange loss of €80 thousand compared to 2003.

With effect from January 1, 2005, the exchange result of BOIRON France will be calculated for the US Dollar, the Canadian Dollar and the Polish Zloty on the basis of daily fixing rates to replace monthly average rates.

CREDIT RISKS

Direct export sales booked by BOIRON France are covered by credit insurance taken out with COFACE. At December 31, 2004, no export credit had required the use of our guarantee from our credit insurer.

In France, debt recovery is ensured by an in-house department which carries out dunning and recovery operations. The average debt recovery timeframe in France was 38 days.

At December 31, 2004, provisions for debt depreciation with a recovery risk amounted to €603 thousand, or 1.3% of the overall amount of Group client recoverables.

RATE RISKS

Group operations generate significantly cash flow. Investments are financed primarily by treasury flows from operations. The BOIRON Group also regularly pays dividends. Financial debt levels amounted to €4,487 thousand. The net cash position was positive at December 31, 2004 at €38,919 thousand (cf. Notes 16 and 19 in the Notes to the consolidated financial statements).

Exchange risks which might impact treasury investment returns were not covered by any specific financial instruments at December 31, 2004.

The policy to place Group cash surpluses gives absolutely priority to availability and security criteria according to the following terms of application:

- Use of monetary and assimilated instruments with a maturity date less than one year with a 60% minimum in treasury,
- Structural surpluses invested in instruments listed under the "diversified" product category by the French Financial Market Authority or as "dynamic monetary" instruments by Standard & Poor's, or structured maturity

instruments with maturity dates under one year and without a capital risk,

- Selection of investors offering security characteristics in terms of solvency and corresponding risks ("investment grade").

At December 31, 2004, the breakdown of Group treasury investments and financial debt by management horizon was as follows:

(in € thousands)	DD at 1 year	1-5 years	> 5 years
ASSETS (negotiable security value and cash assets)	40,667	-	-
LIABILITIES (short-term financing)	2,338	2,149	-
Net position	38,329	(2,149)	-
Off-balance sheet	-	-	-
Net position after management	38,329	(2,149)	-

A 100 point drop in base points in average remuneration from treasury investments at -1 year would result in a drop in financial income of €383 thousand.

SHARE RISKS

(in € thousands)	TP share portfolio	Own share portfolio
Assets position	26	1,244
Off-balance sheet	-	-
Net overall position	26	1,244

The own share portfolio included 64,522 BOIRON shares. At the closing rate on December 31, 2004 of €24.50 per share,

the portfolio of treasury shares amounted to €1,581 thousand. A 1 Euro drop in the share price would result in a depreciation

of our portfolio of €65 thousand.

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Legal disputes in progress

Significant disputes or lawsuits (with a potential impact exceeding €500 thousand or 10% of net income from each Company) are detailed by country below.

FRANCE

Disputes and prior risks occurred before 2004

1. Tax on direct sales

The BOIRON France Company filed an appeal before the Cour de Cassation to cancel its eligibility for additional taxes on direct sales and the reimbursement of taxes paid between 1998 and 2002. The Company booked under charges the amounts it claimed totaling €9,959 thousand for the fiscal years of 1998 to 2001 and did not book any income accruable from such.

The appeal concerned solely EU law issues and was filed following the decision handed down by the Lyon Court of Appeal on October 29, 2002 which in particular deemed that the additional tax on direct sales were not a State subsidy as defined by article 92 of the EC Treaty (which was amended to become article 87 EC).

In a decision dated December 14, 2004, the Commercial, Financial and Economic

Chamber of the Cour de Cassation decided to raise two prejudicial questions before the European Court of Justice (ECJ) located in Luxembourg with regard to this suit. The first question concerned the principle of returning contributions qualified as State subsidies; the second concerned the onus of proof. Pending a response from the ECJ, the *Cour de Cassation* deferred a ruling on the appeal.

2. Manufacturing right on alcohol

The BOIRON France Company filed before the Tribunal de Grande Instance in Bordeaux and in Lyon against the Regional Directorate for Customs and Indirect Duties. The Company sued for return of duties paid during 1993 to 1998 for the manufacture of alcohol based products used exclusively for medicinal purposes. The duty contravenes European Directives 92/12/EEC and 92/83/EEC and was repealed by the 1999 Budget. Duties paid during the fiscal years in question amounted to €873 thousand.

The Lyon Tribunal de Grande instance handed down two decisions dated September 15, 2004 in favor of the BOIRON France Company and stated that:

- payment of manufacturing rights on alcohol contravened EU legal provisions.

The court sentenced the Customs Regional Directorate to reimburse the amounts paid during the period between January 1, 1997 and December 31, 1998 at the legal rate of interest. The court ordered the provisional implementation of the sentence and the Customs Regional Directorate paid €420 thousand (€340 thousand in reimbursement and €80 thousand in legal interest);

- sentenced the French State to pay the BOIRON Company compensation of €390 thousand as damages for payment of manufacturing fees for the period from January 1, 1993 to December 31, 1996. The decision did not include an executive order.

The Customs Regional Directorate appealed against the court decision.

In contrast, the Bordeaux Tribunal de Grande Instance recused itself in a ruling dated November 2, 2004 after having first decided to defer a ruling pending the incrimination of the Treasury Legal Agent and rejecting the complaint in part (decision handed down March 25, 2003). The BOIRON France Company appealed against the decision, as it had done against the March 25, 2003 ruling.

Finally, the Bordeaux Court of Appeal upheld the Tribunal de Grande Instance decision of November 8, 2004 which had deemed inapplicable the request made for reimbursement by the BOIRON France Company. The Company filed an appeal to France highest court, the *Cour de Cassation*.

3. Dispute with the Fonds d'Intervention et de Régulation du Marché du Sucre (F.I.R.S)

The BOIRON France Company acted as plaintiff before the Lyon Administrative Tribunal against the Fonds d'Intervention et de Régulation du Sucre. The Company

claimed the payment of returns stipulated for companies using sugar in industrial production. The duties claimed amounted to €876 thousand. No income receivable

was booked. The Lyon Administrative Tribunal rejected the entire suit filed by the BOIRON France Company. The Company appealed against these rulings.

Disputes and risks occurring during 2004

1. Reimbursement rate reduction decree

On February 18, 2004, the Company filed a non-suspensive appeal before the French Council of State to repeal the decree dated December 18, 2003 which was published in the Official Journal on December 19, 2003. The decree, which amends the French Social Security Code, made effective the drop in reim-

bursement rates to 35% of homeopathic medicines on January 19, 2004. They had previously been reimbursed at 65%.

2. Case from the Labor Ombudsman by former employees of an external service provider

The BOIRON SA Company was sub-poenaed before the Lyon Labor Ombudsman by former employees of an external service provider. The case resulted in a withdrawal from the

courts and the signature of transaction settlements.

Implementation of the new IFRS standard

With effect from January 1, 2005, BOIRON will publish financial statements in compliance with the International Financial and Reporting Standards (IFRS) establishment and disclosure principles. In order to publish half-yearly and annual accounts according to IFRS norms, BOIRON has implemented the following approach.

- 2002/2003: qualitative familiarization with IFRS standards and identification of quantitative divergences between CRC 99-02 and IFRS standards;
- 2003/2004: implementation within the Group of monthly income reports for each consolidated subsidiary using the global integration method, and migration to a new consolidation software application to generate IFRS information;
- 2004: production of quarterly statements as per CRC 99-02 standards (for publication) and as per IFRS standards (to establish the reference accounts);
- 2005 and subsequent fiscal years: publication of half-yearly and annual financial statements as per the IFRS standards.

The implementation process included communication on progress in adopting the new IFRS standard to members of the Audit Committee and the Group's statutory auditors.

The statutory auditors were informed of the significant impact of the transition from CRC 99-02 to the IFRS. The main sources of differences by nature, as identified to date, are as follows:

- Industrial equipment amortization duration: the period applied from the implementation of IFRS will be longer than currently used, which will lead to a reduction in the annual amortization charge;
- Financial repercussion of applying IAS 19 and IFRS 1 on benefits after employment;
- Breakdown of performance achieved by the Company by region (primary segmentation) defined as follows: France and other, Europe excluding France, Americas;
- End of goodwill amortization and replacement by depreciation tests conducted at the level of cash generating units.

Furthermore, IAS 32 and IAS 39 standards concerning accounts and assessment of financial instruments should not have a significant impact on consolidated financial statements.

The above comments and analyses concern only the consolidation scope for BOIRON Group at December 31, 2004 and

cannot under any circumstances be extrapolated to the scope of Laboratoires DOLISOS with which the BOIRON Group undertook a merger on June 24, 2004.

As soon as any such impact has been quantified in a sufficiently reliable and precise manner and has been validated by the statutory auditors, BOIRON will disclose:

- A merge of shareholder equity submitted a balance sheet compliance with CRC 99-02 and IFRS standards at January 1, 2004 (transitional balance sheet)
- A merge of shareholder equity submitted as a balance sheet compliance with CRC 99-02 and IFRS standards at the closing date for the 2004 fiscal year using the same format as used at the transition date
- A reconciliation of the income statement for the 2004 fiscal year using domestic and IFRS standards
- An explanatory note of the main restatements of cash flow for 2004.

These items will be available later than the publication of half-yearly 2005 financial statements.

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Compensation of Executives and Company Directors

1. Compensation of executives

Overall compensation included fixed and variable proportion. The variable payment is proportional to the Group's net income from the previous fiscal year. Variable compensation is calculated in proportion

to seniority starting when the position was filled. It is paid during the year following the fiscal year to which it refers. Other unavailable gross income concerns income which is paid at a later date

(bonuses, profit-sharing, contribution to the Company savings plan, severance pay, etc.).

Executive compensation (in euros)					
	C. Boiron	T. Boiron ⁽⁴⁾	J. Abécassis ⁽⁶⁾	T. Montfort	B. Joët
Fixed payment ⁽¹⁾	248,094	235,052	185,520	215,932	191,951
Variable payment ⁽²⁾	169,158	19,061	76,890	76,890	29,902
Other unavailable gross income ⁽³⁾	27,100	2,143	40,056	39,722	30,462
Total gross income 2004	444,352	256 256	302,466	332,544	252,315
Income after payroll charges, CSG, RDS deduction and IRRP calculated at the fixed rate of 53%	193,244	149,397 ⁽⁵⁾	130,024	140,658	104,709
Reminder of 2003 gross income amounts	429,814	237,979	343,494	312,252	212,052

(1) Includes board of directors' attendance fees.

(2) These are bonuses paid in 2004.

(3) Profit-sharing, bonuses, contributions to the company savings plan and severance pay.

(4) Deputy managing director with effect from July 1, 2004.

(5) Chairman of Boiron Inc. until June 30, 2004, net income received during the first half of the year added to estimated net income received from BOIRON SA.

(6) Employee of BOIRON SA until August 31, 2004 as director of technical services and marketing coordination.

2. Compensation of other company directors

Board of Directors' attendance fees paid are intended primarily to remunerate the office of member of the Board of Directors and the ensuing responsibilities, not diligence in attending meetings. The allocation is made in equal proportions and in proportion to time spent (in numbers of days).

The compensation policy for Company directors also stipulates the following cases:

- Termination of the position of member of the board of directors and appointment of another member as a replacement: attendance fees are paid in proportion to the term of office of each member of the board taking into account the date of the Board of Directors' meeting

which took note of the termination and of the meeting or General Meeting of Shareholders which co-opted or appointed a member.

- Termination of duties of a member of the Board of Directors without a replacement: allocation is carried out in equal shares and in proportion to time spent taking account of the date of the Board meeting which took note of the termination of the position.
- Appointment of an additional board member during a fiscal year: the allocation is carried out in equal shares and in proportion to time spent taking account of the board meeting or General Meeting of Shareholders date which co-opted or appointed a member.

The Board of Directors remains entirely free to arrange a different distribution system where appropriate.

Compensation of Company Directors (in euros)

	A. Audibert	P. Mollin	JP. Boyer	F&MB Conseil	P. Collod ⁽⁵⁾	M. Boiron	B. Grange	C. Boyer-Boiron
Fixed salary ⁽¹⁾	6,500	11,900	11,900	13,700	17,300	6,500	76,564	59,183
Variable salary ⁽²⁾	-	-	-	-	-	-	-	-
Other gross unavailable income ⁽³⁾	-	-	-	-	-	-	8,166	6,385
Other income ⁽⁴⁾	-	-	-	-	-	17,352	-	-
Total gross income 2004	6,500	11,900	11,900	13,700	17,300	23,852	84,730	65,568
Reminder of gross income amounts in 2003	5,427	10,051	10,051	10,051	14,674	13,608	79,556	62,187

(1) includes attendance fees.

(2) bonuses paid in 2004.

(3) profit-sharing, bonuses, contribution to the company savings plan, severance compensation and.

(4) excl. Hosting costs related to board meetings and annual general meetings.

(5) resigned from board position in May 2004.

3. Options for subscription or purchase of shares granted to the top ten non-representative appointee employees

There are no options to subscribe to, or purchase shares granted by, the Company.

Dividend distribution proposal

The Board of Directors proposes to allocate profits for the 2004 fiscal year as follows:

(in euros)	
Profits from the 2004 fiscal year	17,654,952.90
- Allocation to statutory reserves	-
- Allocation to special reserve for long-term gains	-
+ Retained earnings	9,944,601.42
= Distributable profits	27,599,554.32
- Dividend	9,709,440.00
= Remaining sum	17,890,114.32
- Allocation to "other reserves"	-
= Balance carried forward	17,890,114.32

The Board of Directors proposes increasing the dividend by €0.52 for the 2004 fiscal year, i.e., a 43.8% distribution rate for the net income per share. The entire distributed dividend is eligible

for the 50% rebate (article 158-III-2 of the French General Tax Code). Treasury shares held by the Company at the date of payment of the dividend, July 4, 2005, will not be entitled to dividends.

Attributable dividends for these shares will, where applicable, be booked under retained earnings.

Distribution of dividends and other disposals:

Fiscal year	Number of shares ^(*)	Overall income	Distributed dividend	Tax credit
2001	18,604,700	0.6000 EUR	0.4000 EUR	0.2000 EUR
2002	18,647,508	0.6975 EUR	0.4650 EUR	0.2325 EUR
2003	18,600,808	0.7800 EUR	0.5200 EUR	0.2600 EUR

(*) number of shares adjusted after division of the face value by four on July 1, 2003 and elimination of treasury shares.

The terms of office of Mrs. Michèle Boiron and of Messrs. Thierry Boiron, Jacky Abécassis and Bruno Grange will expire. The Board Members in question

are standing again. We propose renewing their office for a three-year term to expire at the end of the Ordinary General Meeting in 2010 to review the accounts

for the 2009 fiscal year. We also propose the appointment of a new Board Member, Mr. François Marchal.

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Finally, the appointment of your statutory auditors is about to expire. We propose appointing the firm of Barbier, Frinault et Autres on the one hand and the firm

Deloitte et Associés on the other as titular statutory auditors and to appoint Mr. Pascal Macioce and the firm B.E.A.S. as secondary statutory auditors.

Furthermore, we propose setting attendance fees for Board Members for the 2005 fiscal year at €119,490.

Future prospects

The decision by the French Minister for Economic Affairs, Finance and Industry to authorize the merger of BOIRON and DOLISOS under conditions was issued on February 21, 2005.

On March 4, 2005, an addendum to the Protocol dated June 24, 2004 was signed by the parties to take account of the consequences of a merger postponed to 2005. Under the terms of the amendment, the parties reasserted the bases for evaluation which had been used in the June 24, 2004 memorandum and in particular that current DOLISOS shareholders shall hold 15.15% of the merged entity after the merger. The accounts used as the basis for the merger shall be the accounts for the fiscal year ending December 31, 2004. In accounting and fiscal terms, the merger will enter into effect retroactively on January 1, 2005. Goods comprising DOLISOS assets will be contributed to BOIRON and booked in its accounts at their real value. The companies will assign the merger to the tax system stipulated under article 210 A of the French General Tax Code. Shares in the merged Company intended to pay contributions made as part of the merger will be issued at the exercise date of January 1, 2005. As a result of the merger postponed to 2005, the parties agreed to compensate the fiscal impact of the postponement with an additional adjustment to the receivable of €25 million to be reimbursed to the Pierre Fabre SA Company after three years. The interna-

tional subsidiaries of DOLISOS will be transferred to BOIRON no later than March 31, 2005 except for the joint venture in Switzerland and possibly the Spanish Company for which a domestic concentration procedure is in progress. The transfers will make it possible to start the integration of DOLISOS subsidiaries on April 1, 2005. The value of the transfers is booked under assessments and parity defined in 2004 based on the price matching their consolidated net accounting value at December 31, 2004. The BOIRON Board of Directors on the one hand and the DOLISOS Supervisory Board on the other will meet on March 30, 2005 to approve the draft merger agreement and draw up the drafts of the reports to the Extraordinary General Meetings as well as the amendment to the report from the Management Board for the Company Laboratoires DOLISOS (known as "document E") which is submitted for registration to the French Financial Market Authority. The merger will be final after approval by the Extraordinary General Meetings of the BOIRON and DOLISOS companies to be held on June 30, 2005. The merger should be effective July 1, 2005.

The merger with DOLISOS will consolidate the implementation of a Corporate mission statement intending that "each physician in the world integrate homeopathic medicine in its daily practice". The new Group ensuing from the merger will be able to acquire the means required for its international expansion

and the medical development of homeopathy. Furthermore, international development should continue with the opening in Poland of a subsidiary with its own resources (direct local invoicing of Polish customers) and the opening of a promotion subsidiary in Russia.

2005 will witness the start of the integration process of BOIRON and DOLISOS. The task will concern industrial organization, logistics, sales, marketing and information technology. The project will gradually bear fruit with the synergies implementation between 2005 and 2008 in France and abroad.

2005 will also be a year to continue developing our portfolio of brand name specialties both in France and internationally.

In France, measures concerning the reform of national health insurance as a result of the law dated August 13, 2004, will necessarily change the environment of health actors. The measures voted include the implementation of a National Health Authority, one of whose missions will be to assess the utility of medicines and medical treatment. With regard to the assessment of homeopathic medicines and their continued reimbursement by the French Social Security system, the Authority will have to take account of current scientific work, assessments of medical practice and medical-economic assessments of homeopathic medicines.

Sainte-Foy-lès-Lyon, March 4, 2005.

Consolidated Financial Statements and Notes

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	12/31/2004	12/31/2003	12/31/2002
Net sales	2-3	313,149	305,338	287,052
Other operating revenue ^(a)		2,115	2,420	2,115
Raw materials ^(a)		(30,197)	(30,792)	(27,428)
Personnel and social charges ^(b)	4	(113,768)	(107,381)	(100,600)
Other operating charges		(112,076)	(107,399)	(99,260)
Taxes		(10,510)	(7,097)	(10,843)
Depreciation and amortisation	5	(14,164)	(15,568)	(14,195)
OPERATING INCOME	2	34,549	39,521	36,841
Interest income (expense)	2-6	(518)	(243)	(349)
CURRENT INCOME OF FULLY CONSOLIDATED COMPANIES		34,031	39,278	36,492
Non-recurring items	7	1,921	147	862
Income tax	8	(13,965)	(13,954)	(14,335)
NET RESULT OF FULLY CONSOLIDATED COMPANIES		21,987	25,471	23,019
Companies accounted for under the equity method	12	266	302	137
Amortization of goodwill	9	(126)	(126)	(126)
NET INCOME OF THE GROUP		22,127	25,647	23,030
Minority interests		(22)	(17)	(13)
NET INCOME (GROUP SHARE)	2	22,105	25,630	23,017
Earnings per share		1.19 EUR	1.38 EUR	1.24 EUR

(a) Stored production is restated from the line 'other operating revenue' to 'Raw materials' for the following amounts: €1,955 thousand at December 31, 2004, €396 thousand at December 31, 2003, €3,599 thousand at December 31, 2002.

(b) Temporary staff personnel costs were restated from the 'Other operating charges' item to the 'Personnel and social charges' item for the following amounts: €1,140 thousand at December 31, 2004, €1,371 thousand at December 31, 2003 and €1,911 thousand at December 31, 2002.

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CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	Notes	12/31/2004	12/31/2003	12/31/2002
		Net	Net	Net
Fixed assets		111,691	108,541	92,827
Goodwill	9	1,900	2,026	2,152
Intangible fixed assets	10	13,694	12,025	14,276
Tangible fixed assets	11	93,561	91,620	73,757
Investments		317	815	838
Investments accounted for using the equity method	12	2,219	2,055	1 804
Current assets		153,775	139,431	137,899
Inventory and work in progress	13	32,641	30,909	30,327
Accounts receivable	14	45,996	48,062	43,566
Deferred tax assets	8	13,138	2,991	3,464
Other receivables	15	21,333	18,222	16,307
Short-term investments	16	28,257	29,729	39,030
Cash and cash assets	16	12,410	9,518	5,205
TOTAL ASSETS		265,466	247,972	230,726

LIABILITIES (in thousands of euros)	Notes	12/31/2004	12/31/2003	12/31/2002
Shareholder equity (Group share)	17	140,597	149,423	134,370
Share capital		18,672	18,672	18,651
Additional paid-in capital		21,854	21,854	21,854
Retained earnings ^(a)		100,071	108,897	93,865
Minority interests		120	107	95
Provisions for losses and contingencies	18	45,618	16,854	14,264
Deferred tax liabilities	8	0	0	0
Liabilities		79,131	81,588	81,997
Long-term debt	19	4,487	5,471	4,792
Accounts payable	20	34,969	36,514	32,953
Other debts and restatement accounts	21	39,675	39,603	44,252
TOTAL LIABILITIES		265,466	247,972	230,726

(a) Treasury shares held by the Group reduce retained earnings.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Notes	12/31/2004	12/31/2003	12/31/2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income from consolidated companies		21,987	25,471	23,018
Depreciation and provisions (excluding current assets)	5-6-7-9	12,790	17,165	14,641
Change in deferred taxes	8	762	388	(461)
Other items (including income from asset disposals)		(18)	(486)	(618)
Cash flow from consolidated companies		35,521	42,538	36,580
Dividends received from companies accounted for using the equity method	12	102	51	50
Consolidated cash flows	2	35,623	42,589	36,630
Change in inventory and work in progress		(1,916)	(940)	(3,575)
Change in trade receivables		(813)	(9,635)	(7,211)
Change in trade payables		1,916	4,712	8,618
Change in working capital		(813)	(5,863)	(2,168)
NET CASH FLOWS FROM OPERATING ACTIVITIES		34,810	36,726	34,462
CASH FLOWS RELATED TO INVESTING ACTIVITIES				
Acquisitions of fixed assets		(23,050)	(33,358)	(16,165)
Disposals of fixed assets		371	847	799
Investment subsidies			273	
Changes in financial investments			18	87
Impact of changes in consolidated subsidiaries		7	(100)	0
NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES		(22,672)	(32,320)	(15,279)
CASH FLOWS RELATING TO FINANCING ACTIVITIES				
Dividends paid to the shareholders of the parent company		(9,672)	(8,632)	(7,459)
Reduction in capital, additional paid-in capital and reserves		(8)	(13)	(4)
Buy-back/sale of treasury shares		160	(858)	885
Loan issues		690	463	178
Repayment of loans		(1,263)	(854)	(964)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		(10,093)	(9,894)	(7,364)
CHANGES IN CASH POSITION		2,045	(5,488)	11,819
Impact of exchange rate fluctuations		(141)	(605)	(867)
Net opening cash position		37,015	43,108	32,156
Net closing cash position		38,919	37,015	43,108
Cash flow per share		1.91 EUR	2.29 EUR	1.97 EUR
Cash flow as a percentage of sales		11.4 %	13.9 %	12.8 %

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STATEMENT OF CHARGES IN SHAREHOLDER'S EQUITY

Before appropriate of income (in thousands of euros)	Number of shares ^(a)	Capital	Share premium	Consolidated reserves	Treasury shares	Currency translation adjustment	Shareholder's equity (Group share)	Minority interests	Shareholder's equity total
At January 1, 2002	18,604,700	17,790	21,854	79,928	(1,193)	704	119,083	85	119,168
Increase (reduction) in capital and reserves	42,808	881		(867)	722		736		736
Dividends paid				(7,459)			(7,459)	13	(7,446)
Currency translation adjustment						(1 756)	(1 756)	(3)	(1,759)
Income from the period				23,017			23,017		23,017
Changes in consolidated subsidiaries and other movements				749			749		749
At December 31, 2002	18,647,508	18,671	21,854	95,368	(471)	(1,052)	134,370	95	134,465
Increase (reduction) in capital and reserves	(46,700)	1		15	(859)		(843)		(843)
Dividends paid				(8,632)			(8,632)		(8,632)
Currency translation adjustment						(1,381)	(1,381)	(5)	(1,386)
Income from the period				25,630			25,630	17	25,647
Changes in consolidated subsidiaries and other movements ^(b)				279			279		279
At December 31, 2003	18,600,808	18,672	21,854	112,660	(1,330)	(2,433)	149,423	107	149,530
Increase (reduction) in capital and reserves	6,670			48	86		134		134
Dividends paid				(9,672)			(9,672)	(8)	(9,680)
Currency translation adjustment						(478)	(478)		(478)
Income from the period				22,105			22,105	21	22,126
Changes in consolidated subsidiaries and other movements ^(c)				(20,915)			(20,915)		(20,915)
At December 31, 2004	18,607,478	18,672	21,854	104,226	(1,244)	(2,911)	140,597	120	140,717

(a) 2003 data were restated to take account of the division of the share by 4 on July 1, 2003.

(b) Of which €255 thousand in investment subsidies booked as shareholder capital as per PCG [art. 362-1].

(c) Consolidated reserves were impacted by the allocation at the opening date of the comment net of deferred taxes concerning the Retirement preparation agreement, as per note 1-4 of the notes to these consolidated financial statements, for an amount of €20,910 thousand.

Notes to the 2004 the Consolidated Financial Statements

Unless otherwise stated, all figures given below are expressed in thousands of euros.

These notes are an integral part of the consolidated financial statements for the fiscal year ending at December 31, 2004.

The consolidated financial statements were drawn up by the Board of Directors on the March 4, 2005.

MAIN EVENTS OF THE FISCAL YEAR

Share buy-back program

The General Meeting of Shareholders held on May 27, 2004 authorized Boiron to acquire treasury shares to the extent of 10% of share capital with a view to:

- Regularizing its share prices through systematic intervention against market trends
- Intervening through purchases and sales according to market conditions

- Retaining shares to optimize cash management and shareholders equity along with revenue per share

- Ensuring investment or financing by use of shares for external growth operations or the issue of negotiable securities entitling the allocation of Company shares.

The Company held 64,522 treasury shares at the closing date valued at €1,244 thousand.

The treasury shares were deducted from consolidated equity as per Regulation 99-02 of the French Accounting Regulations Committee and in accordance with the 98-D advice of the Emergency Committee of the National Accounting Council.

January 19, 2004: entry into effect of the reduction in the reimbursement rate for homeopathic medicine

The publication of a Prime Ministerial decree in the Official Journal on December 19, 2003 created a special

category for most homeopathic medicines which are now reimbursed in France at the rate of 35%, compared to 65%

previously. The measure entered into effect on January 19, 2004.

June 8, 2004: BOIRON and UNDA decided to strengthen their links

BOIRON and UNDA have been partners since 1988. On June 8, 2004, they announced their wish to strengthen their links. The BOIRON holding should

be increased to approximately 97% of the Belgian company's equity.

To date, stronger ties have not been finalized; UNDA results were consolidated

using the equity method at December 31, 2004, to the extent of the BOIRON holding in UNDA: 46.51%.

June 24, 2004: BOIRON and DOLISOS initiate their merger process

Pierre Fabre and Christian Boiron published an announcement on June 24, 2004 initiating the merger process between BOIRON and Laboratoires DOLISOS to pursue the promotion of French homeopathy constrained by its regulatory framework and to provide the company with the adequate resources for research and international development.

The merger operation, subject to authorization from the French Finance Economic and Industry Minister as stated by antitrust regulations, was referred to the French Antitrust Council on October 8, 2004. On the strength of the finding of the French Antitrust Council handed down on January 7, 2005, the French Finance Economic and

Industry Minister authorized on February 21, 2005 the merger of the two companies subject to conditions.

Subject to approval by the Extraordinary General Meetings of Shareholders, the merger of the two companies should be completed in the second half of 2005. The integration of BOIRON and DOLISOS will be the major program of 2005.

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Legal financial and fiscal fees incurred as part of the merger process were booked as intangible fixed assets in progress amounting to €1,051 thousand. This method was the preferred approach as per the provisions of the

French General Accounting Plan and opinion No. 2000-D of the Emergency Committee of the National Accounting Council dated December 21, 2000. At the date of the effective implementation date of the operation, these expenses

will be allocated to the paid-in capital generated at the time of the booking of contributions and capital increase resulting from these contributions.

Decision to extend the branch agreement signed by the LEEM and unions on retirement conditions:

The branch agreement signed in January 2004 as part of the collective labor agreement for the pharmaceutical industry between the LEEM and unions was authorized by the French Ministry for Employment, Labor and Social Cohesion on June 7, 2004.

The authorization, stated in a decree published in the French Official Journal

on June 17, 2004, was applicable with effect from June 18, 2004.

Companies within the purview of the collective labor agreement for the pharmaceutical industry are once again authorized to allow employees to retire before the age of 65, which the Fillon law on pension reform had not authorized since August 2003.

Consequently, commitments booked at December 31, 2003 were re-estimated at December 31, 2004 on the basis of the new agreement provisions and statistical data specific to the BOIRON France Company.

Customs duties incurred by BOIRON Borneman Inc.:

On December 22, 2004, the Customs authorities published their decision in the "Custom Bulletin and Decisions" to classify homeopathic medicines under

the "medicines" nomenclature with immediate effect. Consequently, purchases of homeopathic medicines carried out by the subsidiary for Boiron

France are no longer subject to 6.4% customs duties.

NOTE 1 - VALUATION METHODS AND CONSOLIDATION PRINCIPLES

The consolidated financial statements have been drawn up in accordance with Regulation N°99-02 of the French Accounting Regulations Committee, which were endorsed by ministerial decree on June 22, 1999.

1.1. – Consolidation scope

The following BOIRON Group companies were consolidated using the full consolidation method:

Equity investments held by the BOIRON parent Company in the Belgian company UNDA were consolidated using the equity method based on an equity proportion held, i.e. 46.51%.

BOIRON SA also owns 100% of non-consolidated equity in CDFH for which sales and profit amounted to €207 thousand and €2 thousand at December 31, 2004. This company was not consolidated given its insignificant size.

Company	Country of	Percentage of capital
BOIRON Srl	Italy	99.88 %
BOIRON Inc.	USA	100.00 %
BOIRON SIH	Spain	98.88 %
BOIRON Canada Inc.	Canada	100.00 %
BOIRON GmbH	Germany	100.00 %
BOIRON Caraïbes	France	99.04 %
HERBAXT	France	99.99 %
BOIRON CZ sro	Czech Rep.	100.00 %
BOIRON SK sro	Slovakia	100.00 %
BOIRON SP zoo	Poland	100.00 %
BOIRON TN Sarl	Tunisia	99.90 %
BOIRON RO srl	Romania	100.00 %
BOIRON MA sarl	Morocco	100.00 %
BOIRON HUNGARIA kft	Hungary	99.80 %

1.2. – Foreign currency translation and presentation in euros

Subsidiaries' financial statements were converted into Euro using the following exchange rates:

- closing rate of the fiscal year for balance sheet items other than shareholders' equity items
- average rate in the fiscal year for the income statement.

The resulting currency translation adjustments were included as a separate component of shareholders' equity.

Exchange rates used for consolidation purposes (against euro):

	Average rate 2004	Average rate 2003	Closing rate 2004	Closing rate 2003
US Dollar	1.243	1.129	1.362	1.263
Canadian Dollar	1.617	1.581	1.642	1.623
Czech Koruna	31.906	31.839	30.464	32.410
Slovak Koruna	40.033	41.483	38.745	41.169
Tunisian Dinar	1.543	1.450	1.629	1.527
Romanian Lev (1,000)	40.525	37.500	39.390	41.256
Moroccan Dirham	11.010	10.814	11.208	11.055
Polish Zloty	4.532	4.392	4.085	4.702
Hungarian Forint	251.783	NA	245.970	NA

1.3. – Accounting principles and valuation methods used at December 31, 2004

General remarks:

Consolidation was carried on the basis of the individual financial statements drawn up in each country. Some balances were restated where applicable to comply with Group accounting principles.

Intangible fixed assets:

Research and development costs were booked as expenses in the fiscal year. Software was depreciated over a period of one to five years from the acquisition date.

Goodwill:

When loss of value indexes were noticeable in asset or profitability activity, impairment tests were carried out.

Goodwill was depreciated over 30 years. Net goodwill amounted to €10,275 thousand.

Goodwill:

- **LHF goodwill:** net value €7,019 thousand - 2004 depreciation, €540 thousand.

This goodwill is linked to the purchase in 1988 of the LHF Company which resulted in a 45% to 57% growth of the BOIRON share in the homeopathic medicine market. LHF activities have been fully integrated in BOIRON and are now

indistinguishable and indissociable (comprising for the most part non-proprietary homeopathic medicines which are not marketed with a trade mark name).

Each year, verifications are carried out that the forecast sales do not undermine the analysis carried out at the closing of the previous fiscal year.

- **SIBOURG goodwill:** net value: €1,356 thousand - 2004 depreciation, €87 thousand.

This goodwill is linked to the retroactive merger at July 1, 1990 of BOIRON SA and Laboratoires SIBOURG of which activities were exclusively located in Marseilles and its surroundings. In 1990, BOIRON did not have a laboratory in Marseilles. The acquisition enabled the Company to increase by a factor of practically four its sales in non-proprietary homeopathic medicines in the customer catchment areas. Each year, verifications are carried out that the forecast sales do not undermine the analysis carried out at the closing of the previous fiscal year.

Goodwill:

- **HERBAXT Goodwill:** net value €1,675 thousand - 2004 depreciation, €110 thousand.

In 1990, the BOIRON Company acquired 51% of HERBAXT shares. The stake was raised to 99.99% of equity in June 1995. Since 1991, the net income generated by the HERBAXT Company has always been positive and amounted to €859 thousand at December 31, 2004.

Each year, verifications that the forecast sales do not undermine the analysis carried out at the closing of the previous fiscal year.

- **UNDA goodwill:** net value €225 thousand - 2004 depreciation. €16 thousand.

Forecast profitability data for each year remained in line with the analysis carried out at the previous closing. Goodwill was the result of the subscription by the BOIRON Company to the equity increase in the UNDA Company carried out in 1989 and the equity acquisition in 1990.

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Tangible fixed assets:

The basic method used to enter and assess fixed assets was the historical cost method.

The straight-line method was used for consolidation.

Useful lives generally applied are as follows:

- **3 to 5 years** for office equipment, rolling stock and IT hardware,
- **8 to 10 years** for industrial equipment and tooling, furniture, land improvements, fittings and miscellaneous fixtures,
- **20 years** for buildings.

Capital lease contracts were restated where required in order to reflect the cost of acquisition of such goods as fixed assets and as financial debts.

These goods were depreciated at the same rates as fixed assets of the same type that were fully owned.

Inventories:

The gross value of raw materials and supplies included acquisition prices and incidental costs.

Manufactured goods were valued at production cost which included consumption, direct and indirect production expenses and allocations to amortization for assets used in production.

A provision for loss in value was booked when the market value of a product was lower than its cost. Similarly, a provision for loss in value was established for unusually slow-moving items.

Inter-company profits included in inventories were eliminated.

Current Assets:

Current Assets were valued on a case by case basis. Wherever necessary, a provision for depreciation was booked for each item according to the risk incurred.

Taxes:

The current income tax charge reflected taxes paid or to be paid to the local tax authorities for the fiscal year according to the regulations and rates applied in each country.

Deferred income taxes were computed using the liability method. They primarily result from:

- a timing difference between the recording of certain charges and their deductibility for tax purposes,
- elimination of inter-company profits in inventory owned by the subsidiaries at the closing date,
- restatement of the provisions recorded for tax purposes (including accelerated amortization for tax purposes),
- restatement of assets bought under plant and property capital lease agreements.

A provision for loss in value is recorded for deferred tax assets when the probability of future tax income was low.

Sales:

Consolidated sales were the sum of sales booked by Group companies to non-Group entities. Inter-company sales were cancelled.

Supplementary or optional retirement schemes and other long-term employee benefits (excluding the retirement preparation scheme for Boiron France covered by note 1.4):

Defined contribution plans:

Group companies booked contributions to be paid when incurred (France, USA, Canada, Czech Republic, Poland, Slovakia) as expenses during the fiscal year.

TFR Italy:

Commitments concerning the TFR (payment of retirement gratuities to Italian employees) were booked under other liabilities given their qualification as certain expenses payable. The annual charge concerning the variation in these commitments is stated in the income statement under personnel charges.

Defined benefits plans:

For Boiron France and Boiron Caraïbes, the estimate of commitments under the benefit plans defined (retirement compensation for BOIRON France, long-term service compensation for BOIRON-France and BOIRON-Caraïbes) is performed each year by an independent actuary.

In 2004, Boiron Spain implemented a new company agreement which established the payment of bonuses based on a principle similar to long-term service bonuses. The estimate of this commitment was performed by an independent actuary.

The assessment method used was the Projected Unit Credit Method (a retrospective method using the salary at the end of the employee's career based on benefits acquired at the end of the fiscal year in question). The estimates are based on actuarial hypotheses that included subsequent service term of the employee, subsequent compensation levels, life expectancy and staff turnover.

Commitments were updated where applicable on the basis of a specific rate for each country in which commitments obtain. Where commitments were financed in advance through external funds, assets held through the funds

were assessed at the appropriate value. Modifications to actuarial hypotheses impacting commitment valuations, as well as any discrepancies between the expected long-term returns from outsourced financing and actual returns booked were restated as actuarial gains and losses.

Under the income statement, the cost of services rendered was booked as an

expense to reflect the increase in commitments relating to the acquisition of an additional year of seniority as well as the interest charge on the actuarial debt. The expected return from outsourced financing was booked as a deduction from charges.

For retirement gratuities, actuarial differences were related to the income statement during the fiscal year which

followed their booking wherever the update difference exceeded 10% of the highest amount between the actuarial debt and the actual value of outsourced financing assets. Differences were staggered over the residual average duration of employee activity until retirement. For long-term service bonuses, actuarial differences were booked in the results for the fiscal year.

Changes in actuarial hypotheses between 2002, 2003 and 2004:

BOIRON France and BOIRON Caraïbes

Actualisation hypothesis	2004	2003	2002
Actualisation rate	4.2 %	4.1 %	5.0 %
Annual employee salary revaluation	1.2 %	1.2 %	1.0 %
Group turnover level 1 to 5			
- Under 35	8.5 %	8.0 %	4.5 %
- 36 to 45	1.5 %	1.5 %	1.5 %
- 46 to 55	1.0 %	1.0 %	1.0 %
- Over 56	0.0 %	0.0 %	0.0 %
Group turnover level 6 and over			
- Under 35	11.0 %	10.0 %	7.5 %
- 36 to 45	6.0 %	6.0 %	4.0 %
- 46 to 55	2.0 %	2.0 %	2.0 %
- Over 56	0.0 %	0.0 %	0.0 %

BOIRON Spain

Actualisation hypothesis	2004
Actualisation rate	4.62 %
Annual employee salary revaluation	5.00 %
Turnover	5.34 %

Commitment assessment:

The assessment of commitments relating to retirement compensation was carried out as per:

- for 2003, Law No. 2003-775 dated 21 August 2003 (known as the "Fillon" law)
- for 2004, the branch agreement extended on January 19, 2004.

The provisions of the Opinion No. 2004-A from the Emergency Committee of the National Accounting Council were applied; the resulting modifications to commitments were deemed modifications to the retirement scheme institutional framework. The impact of these changes in system were staggered over employees' average residual duration of activity.

Accordingly, in 2003 the Group booked changes in the scheme amounting to €3,107 thousand, to be staggered over a 15-year period, i.e., an additional charge of €69 thousand for the 2003 fiscal year.

In 2004, the stock of scheme changes was modified to €1,347 thousand to be staggered over a 15-year duration, i.e., an additional charge of €94 thousand for the 2004 fiscal year.

Company liabilities concerned the following commitments:

(a) **Retirement gratuities** (also known as retirement compensation):

- BOIRON France: they are defined by the Collective Labor Agreement for the

Pharmaceutical Industry. These gratuities are equal to 3/10 of the monthly salary for each year of seniority with an upper limit of nine months' salary and a five-year minimum seniority (BOIRON - France).

(b) **Early retirement compensation** (retirement at the initiative of the employer):

- BOIRON France :

The employer can retire an employee as soon as s/he is entitled to a retirement pension at the full rate (as defined by the French Social Security System). The corresponding costs for the company in question concern:

- Commitments in terms of vocational

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training and training actions intended in particular for employees aged over 55,

- Corresponding employment requirements: the employer undertakes to employ one employee for every three employees taking retirement before the age of 65,
- Retirement gratuity amount: with five years' seniority onwards, compensation is equal to 3/10 of a month's salary starting from the recruitment date in the company for the first five years and then for each five-year seniority section, 4/10 of a month's salary per year. The gratuity amount may not exceed 15 months' salary for the employee in question.

At December 31, 2004, based on the statistical data available within the company and on passed experience, it was noted that:

- 85% of the workforce were concerned by early retirement compensation at the employer's initiative (entitlement to a full-rate pension as defined by the French Social Security System before the age of 65 and at the effective retirement date). These commitments are exempt from Social Security contributions and income tax.
- 15% of workforce could not gain entitlement to the above conditions and remained concerned by prior provisions regarding retirement compensation. These commitments were subject to charges at a 45% rate (employer contributions) as well as to Social Security contributions and income tax.

At December 31, 2003, commitments concerning retirement compensation had been booked in their entirety at a 45% rate pending the extension of the branch agreement by the minister.

(c) Long-term service bonuses

- BOIRON-France and BOIRON-Caraïbes: a gratuity equivalent to one month's salary is paid to employees when awarded long-term service bonuses after 20, 30, 35 and 40 years of work provided that the employees in question have at least 15 years' seniority.
- BOIRON-Spain: a gratuity equivalent to one month's salary is awarded to employees after 20 years' seniority, plus one additional month every five years.

1.4. – Changes in accounting methods

(a) Regulation 2000-06 concerning liabilities

It should be recalled that the Group complied with Regulation 2000-6 of the French Accounting Regulations Committee concerning liabilities with effect from January 1, 2002. The impact of the change in method established with the 2002 opening after tax deduction was an increase in consolidated reserves amounting to €644 thousand. This concerns the validation fees concerning a Product Market Authorization and Registration which had been provisioned at December 31, 2000.

(b) CNC recommendation 2003-R.01 dated 1 April 2003

In establishing in 1976 an optional retirement preparation fund, BOIRON (France) asserted its desire to facilitate the transition from employed activity to retirement by means of a gradual reduction

in working hours without a drop in salary.

Employees and the company confirmed their interest in this transitional period offered at a time of a major change in their life both to quit gradually their careers with extreme hardness and to facilitate the transfer of know-how detained by employees leaving the company for retirement. The agreement has also made it possible for the company to obtain very important information concerning the employees entitled to the system and consequently to organize the succession plan.

Every three years, the terms of application of the scheme are reviewed by unions and management.

The main terms are as follows:

- Each employee at BOIRON (France) is entitled to retirement preparation time before leaving the company (established according to seniority in the company)

- Capitalized time is paid but not worked on the basis of reduction terms jointly agreed upon by the beneficiary and the person's department manager

- The beneficiary waives the right to paid activity during the time in which s/he does not work. In setting the terms of gradual labor reduction between the start date of the retirement preparation plan and the retirement departure date, the company ensures greater visibility for advance employment management

- In the event that the French Social Security system or additional retirement organizations significantly modify the terms and conditions for obtaining full retirement benefits, the parties would meet to adapt the terms of the Boiron system accordingly

- The cost of paid time not worked during the year is financed by a deduction from the productivity gain of the previous year. The remainder of the productivity gain is allocated to the general salary

increase. The collective labor agreement general pay rise results from the application of a specific company agreement and is therefore reduced by the increase in the retirement preparation cost. At December 31, 2004, the cost of paid time not worked amounted to 1.48% of the overall payroll and had been the subject of deductions from passed general pay rises. The current means of financing, by deductions from productivity gains, applies to employees who joined the retirement preparation system and should be entitled to the system in the following year.

On the basis of definitions of retirement commitments and similar benefits provided in Recommendation 2003-R.01 issued by the National Accounting Council on April 1, 2003, the Group considered that the retirement preparation agreement at Boiron S.A. constituted a benefit scheme subsequent to the use of defined benefits. The financing system described above was not considered as an asset in the scheme which could reduce the commitment amount.

The recommendation applies to fiscal years with effect from January 1, 2004. BOIRON accordingly undertook a preliminary actuarial assessment and constituted a provision at January 1, 2004 to cover the commitment.

The change in accounting method reduced the consolidated reserves by €20,910 thousand at January 1, 2004.

NOTE 2 - FRANCE AND INTERNATIONAL NET INCOME BREAKDOWN

The 2003 and 2004 fiscal years showed the following breakdowns, taking into account that BOIRON Caraïbes is part of the Boiron international subsidiaries:

2004	International		Group
	France	Subsidiaries	
Net sales	234,233	78,916	313,149
Operating income	23,016	11,533	34,549
Financial income	(341)	(177)	(518)
Net income	15,031	7,074	22,105
Operating cash flow	27,855	7,768	35,623

2003	International		Group
	France	Subsidiaries	
Net sales	230,970	74,368	305,338
Operating income	28,713	10,808	39,521
Financial income	(60)	(183)	(243)
Net income	19,310	6,320	25,630
Operating cash flow	35,061	7,528	42,589

NB - France: data from BOIRON SA and HERBAXT.

NOTE 3 - NET SALES

Consolidated net sales may be broken down as follows:

	2004	%	2003	%
Non-proprietary homeopathic medicines	199,480	64	196,026	64
OTC specialties and other products	113,669	36	109,312	36
TOTAL	313,149	100	305,338	100

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NOTE 4 - PERSONNEL COSTS

	2004	2003
Personnel costs	106,029	99,346
Bonuses and profit-sharing	5,292	6,203
Retirement gratuities and other company benefits	2,447	1,832
TOTAL	113,768	107,381

Temporary staff costs were booked under personnel costs with effect from 2004. To ensure data comparability, €1,371 thousand were reclassified for 2003 from external charges to personnel costs.

Retirement gratuities and other company benefits were included in personnel costs.

	2004	2003
Retirement gratuities (France)	1,297	1,250
Long-term service bonus (France)	611	249
Long-term service bonus (Caribbean)		36
Long-term service bonus (Spain)	221	
TFR (Italy)	318	297
TOTAL	2,447	1,832

The average headcount in 2004 was 2,516 people. Remuneration paid by BOIRON SA to the members of the Management Committee and to the Board of Directors of BOIRON SA during the fiscal year amounted to €1,665 thousand. No loans or advances were granted to the Management of the Company.

NOTE 5 – DEPRECIATION & AMORTIZATION AND CHANGES IN OPERATING PROVISIONS

Depreciation and amortization and changes in operating provisions may be broken down as follows:

	2004	2003
Net amortization of goodwill	(627)	(628)
Net amortization of other intangible assets	(1,071)	(1,245)
Net depreciation of tangible fixed assets	(14,410)	(12,728)
DEPRECIATION AND AMORTIZATION	(16,108)	(14,601)
Changes in provisions for current assets	152	192
Changes in provisions for losses and contingencies	1,792	(1,159)
CHANGES IN PROVISIONS	1,944	(967)
DEPRECIATION, AMORTIZATION AND CHANGES IN PROVISIONS	(14,164)	(15,568)

The change in depreciation and amortization on the balance sheet is described in Notes 10 and 11.

The change in provisions for losses and contingencies by category is described in Note 18.

NOTE 5 bis- DETAIL OF PROVISIONS FOR CURRENT ASSETS

	Opening balance	Increase			Decrease (non expensed provision)			Decrease (expensed provision)			Currency translation adjustment	Closing balance
		Operating	Financial	Non-recurring	Operating	Financial	Non-recurring	Operating	Financial	Non-recurring		
Inventory	1,076	948			(30)			(1,086)			(6)	902
Accounts receivable	603	155			(51)			(88)			(16)	603
Miscellaneous debtors	22										(1)	21
Balance	1,701	1,103			(81)			(1,174)			(23)	1,526

NOTE 6 - INTEREST EXPENSE AND INCOME

The financial result may be broken down as follows:

	2004	2003
Interest income	614	736
Interest expenses	(230)	(160)
Discounts granted to customers	(672)	(776)
FOREX gains and losses	(181)	41
Interest expenses on capital leases	(49)	(84)
Allocations to and reversals of provisions on investments	0	0
TOTAL	(518)	(243)

NOTE 7 - NON-RECURRING ITEMS

Non-recurring items may be analysed as follows:

	2004	2003
Net change in non-recurring provisions for losses and contingencies	1,598	(1,288)
Other non-recurring items	468	1,155
Change in non-recurring provisions for assets	27	0
Result of disposal of assets	(172)	280
TOTAL	1,921	147

At December 31, 2003, non-recurring items amounted to €147 thousand and concerned primarily an insurance allowance relating to a damage which took place in 2002 and a provision for exceptional returns.

At December 31, 2004, non-recurring items amounted to €1,921 thousand, consisting primarily of the following:

- The cancellation of the provision for exceptional returns
- A €340 thousand reimbursement of tax on alcohol. The BOIRON France Company had instigated proceedings before the

Lyon and Bordeaux high courts against the French Customs and Indirect Duties authorities. The company claimed the return of rights paid between 1993 and 1998 for the manufacture of alcohol based products used exclusively for medical purposes. This duty, which contravenes European Union Directives 92/12/EEC and 92/83/EEC, had been repealed by the French 1999 Budget Act. No income receivable had been booked accordingly. The Lyon Tribunal de Grande Instance ruled on September 15, 2004 that BOIRON France had

obtained the reimbursement of duties for years 1997 and 1998, i.e., €340 thousand as well as €80 thousand in interest calculated at the legal interest rate.

The French Customs regional authority appealed against the ruling. The case brought before the Bordeaux Tribunal de Grande Instance was pending at December 31, 2004.

Movements in non-recurring provisions are explained in note 18.

NOTE 8 - INCOME TAX

8.1 Breakdown of Income Tax Expenses:

	2004	2003
Current tax payable	(13,203)	(13,566)
Deferred taxes	(762)	(388)
TOTAL	(13,965)	(13,954)
Effective rate	38.8 %	35.4 %

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The difference between the actual tax expense booked and the tax which would be recorded at by applying the nominal rate may be broken down as follows for 2003 and 2004.

	2004	%	2003	%
Theoretical tax	12,736	35.4	13,968	35.4
Impact of foreign tax rates	110	0.3	201	0.5
Impact of reduced tax rates	(9)		(9)	
Permanent differences (net)	1,237	3.4	1,258	3.2
Tax credits, deferred tax adjustment and other	(109)	(0.3)	(1,464)	(3.7)
Actual tax	13,965	38.8	13,954	35.4

In 2003, results were positively impacted by a tax credit of €1,279 thousand on dividends for a €5,893 thousand amount paid to BOIRON France by the Italian subsidiary. This tax advantage was abolished with effect from January 1, 2004.

Tax rate applicable in France for 2004, 2005 and 2006:

The 2005 Budget abolished the additional contribution of 3% with effect from January 1, 2006. The contribution rate is reduced to 1.5% for 2005. The tax rate in

France therefore amount to 35.43% for 2004, 34.93% for 2005 and 34.43% for 2006. These rates were used to establish deferred taxes for corporate taxation for companies subject to French law.

8.2 Analysis of deferred taxes in the Balance Sheet:

The change in the deferred tax position in the balance sheet was as follows:

	12/31/2003	Impact on opening equity	Currency translation adjustment	Variations	12/31/2004
Provision for deferred taxes on regulated provisions	(2,810)			(130)	(2,940)
Provision for deferred taxes on capital leases	(479)			(2)	(481)
Provision for deferred taxes on employee benefits	2,207				2,207
Deferred tax position in relation to local taxation (net assets)	3,169		(59)	(743)	2,367
Other deferred taxes (net assets)	903	10,975	(6)	113	11,985
Net deferred taxes	2,990	10,975	(65)	(762)	13,138
Of which deferred tax asset	2,990	10,975	(65)	(762)	13,138
Of which deferred tax liability	0				0
Net deferred taxes	2,990	10,975	(65)	(762)	13,138

NOTE 9 - GOODWILL

	12/31/2003	Increase	Decrease	12/31/2004
Goodwill: HERBAXT	3,087			3,087
Goodwill: UNDA	495			495
GROSS AMOUNT	3,582			3,582
Goodwill: HERBAXT	(1,302)	(110)		(1,412)
Goodwill: UNDA	(254)	(16)		(270)
AMORTIZATION	(1,556)	(126)		(1,682)
NET AMOUNT	2,026	(126)		1,900

NOTE 10 - INTANGIBLE FIXED ASSETS

	12/31/2003	Currency translation adjustment	Increase	Decrease	12/31/2004
Goodwill	18,823				18,823
Other intangible assets	16,994	(11)	3,342	(231)	20,094
GROSS AMOUNT	35,817	(11)	3,342	(231)	38,917
Goodwill	(9,821)		(627)		(10,448)
Other intangible assets	(13,971)	9	(1,071)	258	(14,775)
AMORTIZATION AMOUNT	(23,792)	9	(1,698)	258	(25,223)
NET INTANGIBLE FIXED ASSETS	12,025	(2)	1,644	27	13,694

Legal counsel fees and financial and fiscal consulting fees incurred during the merger process were booked under intangible fixed assets in progress amounting to €1,051 thousand. This was the preferred method according to the provisions of the French General Accounting Plan and opinion No. 2000-D of the Emergency Committee of the National Accounting Council dated December 21, 2000. At the effective operation

date, the expenses will be booked under the paid-in capital generated at the time of the booking of contributions and capital increase resulting from this contributions.

Breakdown by geographical zone

The breakdown of intangible fixed assets by geographical zone was as follows, given the fact that Boiron Caraïbes forms part of the "France and other" geographical zone.

	France and other	Europe	Americas	TOTAL
Goodwill	8,375			8,375
Other intangible fixed assets	5,130	126	63	5,319
NET INTANGIBLE FIXED ASSETS	13,505	126	63	13,694

NOTE 11 - TANGIBLE FIXED ASSETS

	12/31/2003	Currency translation adjustment	Increase	Decrease	12/31/2004
Land and fixtures	16,518	(23)	1,162	478	18,135
Land under capital leases	774	0	0	(8)	766
Buildings	67,673	(76)	7,596	4,326	79,519
Buildings under capital leases	6,313	0	0	(297)	6,016
Equipment	53,264	(6)	3,990	433	57,681
Other fixed assets	36,300	(85)	4,122	(10,339)	29,998
GROSS AMOUNT	180,842	(190)	16,870	(5,407)	192,115
Depreciation and provisions	(84,155)	91	(14,150)	4,784	(93,430)
Capital lease depreciation	(5,067)	0	(318)	261	(5,124)
AMORTIZATION AMOUNT	(89,222)	91	(14,468)	5,045	(98,554)
NET TANGIBLE FIXED ASSETS	91,620	(99)	2,402	(362)	93,561

Breakdown by geographical zone

The breakdown of net tangible fixed assets by geographical zone was as follows given the fact that Boiron Caraïbes assets are attached to the "France and other" geographical zone.

	France and other	Europe	Americas	TOTAL
Land and fixtures	15,058	514	294	15,866
Buildings	41,256	6,314	417	47,987
Equipment	17,346	959	17	18,322
Other fixed assets	7,825	2,836	725	11,386
NET TANGIBLE FIXED ASSETS	81,485	10,623	1,453	93,561

At December 31, 2004, no asset was pledged or the subject of a guarantee or security.

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NOTE 12 - INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The BOIRON SA's stake in the UNDA Company is 46.51%.

Sales booked by the company restated to comply with Group consolidation principles amounted to €17,127 thousand with a restated result of €571 thousand.

The change in investments accounted for under the equity method may be broken down as follows:

	12/31/2003	Changes in equity (net)	Share of net income	12/31/2004
Investments accounted for using the equity method	2,055	(102)	266	2,219

NOTE 13 - INVENTORIES AND WORK IN-PROGRESS

	12/31/2004	12/31/2003
Raw materials	7,424	7,494
Semi-finished goods and finished goods	26,119	24,491
Provisions for inventory losses	(902)	(1,076)
TOTAL	32,641	30,909

NOTE 14 - ACCOUNTS RECEIVABLE

	12/31/2004	12/31/2003
Net accounts receivable in Euro area currencies	43,035	45,319
Net accounts receivable in other currencies	2,961	2,743
TOTAL	45,996	48,062

NOTE 15 - OTHER RECEIVABLES

Other receivables consisted in particular of a receivable from the French State for €6,563 thousand relating to VAT and a

tax credit to be received from the Italian government for €1,609 thousand.

NOTE 16 - SHORT-TERM INVESTMENTS AND CASH AND CASH EQUIVALENTS

The change in short-term investments may be broken down as follows:

	12/31/2004	12/31/2003
Short-term investments	28,257	29,729
Provisions for short-term investments		
TOTAL	28,257	29,729

The breakdown of short-term investments in Euro equivalents was as follows:

	12/31/2004	12/31/2003
Euro area currencies	27,042	26,439
Other currencies	1,215	3,290
TOTAL	28,257	29,729

The breakdown of cash and cash equivalents in Euro equivalents was as follows:

	12/31/2004	12/31/2003
Euro area currencies	8,252	3,432
Other currencies	4,158	6,086
TOTAL	12,410	9,518

NOTE 17 - SHAREHOLDER EQUITY

The share capital of BOIRON SA at December 31, 2004 comprised 18,672,000 fully paid up shares (1 euro for each share), and thus amounted to €18,672,000.

The face value amount of treasury shares deducted from the consolidated reserves was €64,522.

Shares which have been registered for three or more years qualify for a double voting right at the General Meetings of Shareholders.

Share capital is constituted as follows:

	2004	2003
Number of shares		
Share capital	18,672,000	18,672,000
Treasury shares deducted from the consolidated reserves	(64,522)	(71,192)
Capital after the deduction of treasury shares	18,607,478	18,600,808

There were neither convertible bonds outstanding nor stock options for employees.

NOTE 18 - PROVISIONS FOR LOSSES AND CONTINGENCIES

	12/31/2003	Currency translation adjustments and other movements	Increase	Decrease (provision not used)	Decrease (provision not used)	12/31/2004
OPERATING						
Provisions for goods returned	3,701	(25)	2,497	(28)	(2,691)	3,454
Provisions for RG and employee benefits	9,256	31,890	490		(203)	41,433
Provisions for contingencies and disputes	1,933	2	124	(1,218)	(476)	365
Provisions for charges	91					91
	14,981	31,867	3,111	(1,246)	(3,370)	45,343
EXCEPTIONAL						
Provisions for goods returned	1,292			(1,275)	(17)	0
Provisions for contingencies and disputes	580			(305)		275
Provisions for charges	1				(1)	0
	1,873	0	0	(1,580)	(18)	275
TOTAL	16,854	31,867	3,111	(2,826)	(3,388)	45,618

Provisions for Retirement Gratuities and Employee Benefits

The amount of the provisions established at Group level totalled €41,433 thousand.

- **BOIRON France**

Trends in actuarial debt for retirement gratuities and long-term service bonuses at BOIRON France were as follows:

Retirement gratuities

Actuarial debt	12/31/2003	2004 cost	Actuarial Change	Changes in system	Payments	Other	12/31/2004
RG	(16,115)	(1,425)	69	1,691	734		(15,046)
Investment value (+)	5,939	223	(13)		766		6,915
System changes (+)	3,038	(94)		(1,691)			1,253
Actuarial differences (-)	(910)		56			0	(854)
Provision	(6,228)	(1,296)	0	0	1,500	0	(6,024)

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At December 31, 2004, the actuarial loss amounted to €827 thousand compared to €910 thousand at December 31, 2003.

Long-term service bonuses

Actuarial debt	12/31/2003	2004 cost	Actuarial change	Changes in system	Payments	Other	12/31/2004
LTS bonuses	(2,994)	(611)			297		(3,308)
Provision	(2,994)	(611)	0	0	297		(3,308)

Trends in the value of outsourced financing were as follows:

Value of investments at December 31, 2003	5,939
Estimated investment return (4,1%)	244
Management costs	(21)
Contributions paid	1,500
Benefits exercised	(734)
Actuarial gain generated during the 2004 fiscal year	(13)
Value of investments at December 31, 2004	6,915

At December 31, 2004, the amounts of the actuarial debt not accounted for and resulting from changes in the scheme may be broken down as follows:

Balance at December 31, 2003 after staggering	3,038
New company agreement increase in the compensation ceiling	2,512
New company agreement charge exemption for RG	(4,203)
	(1,691)
Balance at December 31, 2004 before staggering	1,347
2004 staggering over system changes booked in 2003	(207)
2004 staggering over system changes booked in 2004	113
	(94)
Balance at December 31, 2004 after staggering	1,253

Retirement preparation agreement

As stated in paragraph 1.4, the Group changed methods on January 1, 2004 pursuant to recommendation No. 2003-R.01 issued by the National Accounting

Council on April 1, 2003.

A provision for long-term employee benefits concerning the agreement was therefore constituted totaling €31,890

thousand before tax. The amount was the best current estimate of the commitment.

• BOIRON Caraïbes

The BOIRON Caraïbes Company booked a commitment in 2003 concerning bonuses paid for long-term service. The commitment amounted to €35 thousand at December 31, 2004.

• BOIRON Spain

The BOIRON Spain Company booked a commitment in 2004 for gratuities paid for long-term service. The commitment, booked at its current value under charges for the fiscal year, amounted to

€176 thousand. In addition, €45 thousand were accounted for in 2004 under gratuities paid during the fiscal year.

Changes in actuarial losses and gains between 2003 and 2004 were as follows:

Actuarial differences	RG
Actuarial difference at December 31, 2003	910
(differences generated over the 2004 fiscal year)	
Actuarial losses	
Increase in salary valuation from 1% to 1.2%	96
Increase relating to the adjustment to the base salary	0
Regulation difference	117
Actuarial increase on financial return	13
Other	0
Actuarial gains	0
Turnover	(6)
Regulation difference	0
Other	(106)
Update rate increase from 4.1% to 4.2%	(170)
Actuarial difference at December 31, 2004 before amortisation	854
2004 amortisation of actuarial differences	0
Balance after amortisation at December 31, 2004	854

In accordance with the corridor rule, the actuarial difference was not amortised in 2004.

Provisions for risks and disputes

Writ issued by former employees of an external service provider before the Labor Relations Board.

The case brought before the Lyon Labor Relations Board by former employees of

an external service provider ended with a withdrawal from the court and agreements signed which were accounted for during 2004. Furthermore, the company decided to extend the conditions of

these agreements to former employees of the external service provider that had been integrated in the Boiron workforce. The cost of the agreements signed was accounted for under charges in 2004.

Non-recurring provision for merchandise returns

Labels on specific medication and reduction in the reimbursement rate.

The reduction in the reimbursement rate for homeopathic medication to 35% entered into effect on January 19, 2004. The measure had no impact on inventory in dispensing pharmacies for most of them. For a minority of products

(Current Prescription formulae), the barcode included information on the reimbursement rate. The sell-off deadline for medication in dispensing pharmacies using the former label was set at March 19, 2004. A non-recurring provision for return risks was constituted totaling €1,292 thousand at December 31, 2003.

Effective returns booked in 2004 amounted to €17 thousand. Given the lack of a residual significant risk of return of this merchandise, the company cancelled the non-utilized provision totaling €1,275 thousand.

NOTE 19 - BORROWINGS AND FINANCIAL DEBT

	12/31/2004	12/31/2003
Borrowings	112	149
Short-term financing	1,685	2,160
Capital lease financing debt	1,229	1,585
Profit-sharing reserve	1,398	1,504
Other	63	73
TOTAL	4,487	5,471

The breakdown of long-term term in Euro equivalents was as follows:

	12/31/2004	12/31/2003
Financial debt in Euro area currencies	4,375	5,321
Financial debt in other currencies	112	150
TOTAL	4,487	5,471

The reimbursement schedule of financial debt may be analyzed as follows:

December 31, 2004	Under 12 months	More than one year and less than five	Over five years	TOTAL
Short-term financing	1,685			1,685
Accrued interest not due	63			63
Treasury Liability	1,748	0	0	1,748
Borrowings	29	83		112
Capital lease financial debt	561	668		1,229
Profit-sharing reserve	0	1,398		1,398
Borrowings and financial debts	590	2,149	0	2,739
TOTAL	2,338	2,149	0	4,487
December 31, 2003	2,694	2,777	0	5,471

For 2003, the breakdown of financial debt by due date was modified. €1,291 thousand in "debts of over five years"

were reclassified to the extent of €1,013 thousand as "debts of under 12 months", whilst €278 thousand were

booked under "debts of more than one year and less than five".

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NOTE 20 - ACCOUNTS PAYABLE

	12/31/2004	12/31/2003
Accounts payable in Euro area currencies	32,504	35,157
Accounts payable in other currencies	2,465	1,357
TOTAL	34,969	36,514

NOTE 21 - OTHER PAYABLES

TFR rights for Italy employees were classified from 2001 onwards under this debt item and amounted at 12/31/2004 to €3,594 thousand.

NOTE 22 - OFF-BALANCE SHEET COMMITMENTS

Commitments	TOTAL	Maturity		
		Current portion	Between 1 and 5 years	Over 5 years
Received	1,487	1,487	0	0
Currency derivatives	1,352	1,352		
Interest rate derivatives	0			
Lease deposits	110	110		
Other guarantees	25	25		
Given	1,647	753	174	720
Currency derivatives	0			
Interest rate derivatives	0			
Bank Guarantee	0			
Real estate guarantee	288	288		
Securities on real estate leases	108	32	66	10
Customs and Tax securities	934	224		710
Discounted notes not yet matured	0			
Capitalized Leasing contracts	0			
Non capitalized Leasing contracts	317	209	108	

Currency derivatives:

Currency risks arose mainly from parent company export sales. Financial instruments are used selectively without seeking to speculate to cover firm or forecast sales over a maximum of a one-year timeframe.

The main currency exposure for the Group related to the following currencies: US Dollar, Canadian Dollar and Polish Zloty.

Received commitments were purchases of options on currencies net of sales of options on currencies.

Options on currencies at December 31, 2004 comprised the options on the following sales:

US Dollar

Nominal (in KUSD)	Due date	Strike	Premium (in KUSD)
300	05/09/05	1.2705	9
300	08/09/05	1.2705	11
450	05/09/05	1.3000	13
400	08/09/05	1.3000	15
1,450			48

Canadian Dollar

Nominal (in KCAD)	Due date	Strike	Premium (in KCAD)
150	02/09/05	1.5500	3
200	05/09/05	1.5500	5
350			8

Interest rate derivatives (swaps):

The Group used risk management instruments selectively only to cover the

risk on borrowings, capital leases and investments.

No instrument of this type was implemented at December 31, 2004.

On-going litigation:

The BOIRON France Company filed an appeal before France's highest court, the Cour de Cassation, requesting the cancellation of its eligibility to the additional tax on direct sales and the reimbursement of taxes paid between 1998 and 2002. The company accounted for the amounts it is claiming back totaling €9,959 thousand and did not book any receivable accruable.

The appeal applies solely to EU law issues and was filed following the ruling by the Lyon Court of Appeal on October 29, 2002, which had deemed that the additional tax on direct sales were not a

State subsidy as defined by article 92 of the EC Treaty (which became article 87 EC after amendment).

In its ruling dated December 14, 2004, the Commercial, Financial and Economic Chamber of the Cour de Cassation decided to postpone a ruling pending the response to two prejudicial questions before the European Court of Justice based in Luxembourg. The first question concerned the principle of restitution of contributions qualified as State subsidies; the second concerned the burden of proof.

The Company filed for action before the French Council of State to have repealed the French decree dated December 18, 2003, which was published in the French Official Journal on December 19, 2003. The decree amended the French Social Security Code and entered into effect on January 19, 2004 reducing the reimbursement rate of our homeopathic medicines from the previous 65% to 35%. A ruling by the Council of State is expected during 2005.

Financial Report

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report, together with the statutory auditors' report addressing financial and accounting information in the Presidents' report on internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

(Free translation of a French language original)

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we have audited the accompanying consolidated financial statements of Boiron for the year ended December 31, 2004.

These 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 the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw attention to the matter discussed in Note 1.4 to the financial statements relating to the change in accounting method regarding the first recognition of a provision concerning Boiron SA's agreement on retirement preparation, resulting from the application of the recommendation 2003-R.01 from the CNC (French professional body) dated April 1, 2003.

II. Justification of assessments

In accordance with the requirements of article L. 225-235 of the French company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Your company accounts for provisions to cover risks and contingencies as described in the paragraph 18 of the notes to the financial statements. Based on available information at this date, our assessment of the provisions is based on an analysis of processes implemented by the management to identify and evaluate the risks, as well as on a review of the related files.
- As mentioned in the first part of this report, a provision for long-term employee benefits relating to Boiron SA's agreement on retirement preparation has been booked as a deduction from the consolidated reserves as of January 1, 2004. Our assessment of this provision is based on the examination of the terms of the plan as well as on the analysis of the processes implemented by the management to estimate the amount of the commitment.

Our assessments procedures of these estimates did not reveal any items that cause us to believe that retained assumptions as well as related estimates are not reasonable.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion 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 management report.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Villeurbanne and Lyon, March 14, 2005
French original signed by

Jacques CONVERT



BARBIER FRINAULT & AUTRES
ERNST & YOUNG
Nicolas SABRAN



Financial Report

STATEMENT OF SUBSIDIARIES AND INVESTMENTS AS

Subsidiaries and Investments	Currency	Capital in Currency	Shareholder's equity before appropriation of income	Share of capital held as a %
1. Subsidiaries (over 50% of capital held by the Company)				
BOIRON Srl	1,000 EUR	2,500	9,771	99.88
BOIRON Inc. which is consolidated holds 100% of BOIRON Borneman Inc.	1,000 USD	3,588	6,154	100.00
BOIRON SOCIEDAD IBERICA DE HOMEOPATIA	1,000 EUR	1,099	5,285	98.88
BOIRON CANADA Inc	1,000 CAD	1,735	1,428	100.00
BOIRON GmbH	1,000 EUR	511	(588)	100.00
BOIRON CARAIBES	1,000 EUR	1,660	3,400	99.04
HERBAXT	1,000 EUR	384	7,178	99.99
CDFH	1,000 EUR	8	21	100.00
BOIRON CZ s.r.o	1,000 CZK	3,600	2,905	100.00
BOIRON SK s.r.o	1,000 SKK	1,700	1,931	100.00
BOIRON SP z.o.o	1,000 PLN	2,457	714	100.00
BOIRON RO Srl	1,000 ROLK	800	2,171	100.00
BOIRON TN Sarl	1,000 TND	105	35	99.90
BOIRON MA Sarl	1,000 MAD	800	211	100.00
BOIRON HUNGARIA KFT	1,000 HUF	49,000	7,311	99.80
2. Investments (10% - 50% of capital held by the Company)				
UNDA	1,000 EUR	1 750	3,118	46.51

OF DECEMBER 31, 2004 (French decree n°83-1020 of November 29, 1983, Article 24-11)

Book value of shares held		Loans and advances granted in EurK	Sureties and guarantees given in EurK	Average rate for the fiscal year	Sales excluding tax for the last fiscal year in Currency	Profit or loss for the last fiscal year in Currency	Dividends received during the last fiscal year in EurK	Observations
gross in EurK	net in EurK							
620	620				36,808	2,911	1,049	
3,452	3,452		152	0.8043	21,244	1,748	422	
2,109	2,109				14,781	1,292	365	
1,315	1,315			0.6184	6,644	411	104	
517		82				(3)		Advance full written off
1,898	1,898				6,124	626	395	
4,192	4,192	909			5,965	859		
7,6	7,6				207	2,3		
99	99			0.0313	36,315	1,086		
40	40			0.0250	26,663	1,310		
624	624			0.2206	12,846	418		
43	43			0.0247	16,200	521		
84	84			0.6481	544	8		
77	77			0.0908	3,845	198		
187	187			0.0040	177,002	7,311		
1,525	1,525				17,423	707	102	

Chairman's Report on Internal Control

- The due diligence carried out by the Chairman which underpin this report reside partly in the implementation of analysis work and the collection of information carried out by the Group's Internal Audit department, in collaboration with the main operational, functional and financial departments. Consultations and validations have also taken place with General Management, the Audit Committee, and the Statutory Auditors.
- The object of this report is to give an account of the conditions for preparation and organization of the work of the Board of Directors and of the internal control procedures established by the Company.
- BOIRON is a pharmaceutical laboratory, specializing in homeopathy,
 - for which production is mainly based in France (in the Lyon Region),
 - it has been convinced for some time now that the "economic" and "social" are two inextricably linked elements in their contribution to the overall performance of the Company.
- These elements characterize the businesses culture and even more so influence the internal control culture.

1. 1. PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD

Preparation of the work of the Board

- In addition to the convening to each meeting of the Board, board members receive the following documents:
 - the draft minutes of the previous meeting
 - the list of various questions tabled for discussion at the Board.
- In addition, before the meeting of the Board of Directors called to draw up the accounts, the following draft documents are sent to the Directors one week in advance:
 - the consolidated accounts and financial statements at December 31
 - the management report and Board's report to the EGM (if there is one)
 - the resolutions of the OGM and EGM (if there is one)
 - the table tracking the history of dividend distributions during the last ten years.
- The other documents are issued at the meeting.

Organization and content of the meetings

- The composition of the Board of Directors reflects the family shareholder structure.

Composition of the Board of Directors

Surname, forename, mandate	Date of first nomination	Date of end date of current mandate	Main role in the Company	Main role outside the Company	Other mandates and roles carried out in any Company	COMMENTS
Christian BOIRON Director, Chairman of the Board of Directors	EGM 12/12/1973 BOD 06/16/1983 BOD 12/15/2004	OGM 2007	Chairman of the Board of Directors	None	Chairman and Managing Director of SODEVA, Director of BOIRON Srl, Director and Chairman of the Board of BOIRON INC, BOIRON BORNEMAN INC, Honorary Chairman of BOIRON RESEARCH FOUNDATION (BRF)	
Thierry BOIRON Director, Managing Director	BOD 09/18/1996 BOD 12/15/2004	OGM 2005 BOD 2007	Managing Director	Chairman of BOIRON BORNEMAN Inc.	Director of SODEVA and BOIRON BORNEMAN INC., Director and Chairman of BOIRON INC., BOIRON CANADA INC. Chairman of BOIRON RESEARCH FOUNDATION (BRF)	
Thierry MONTFORT Director, Deputy Managing Director	OGM 05/30/1995 BOD 05/30/1995	OGM 2007	Director of co-ordination of administrative and financial services, of Pharmaceutical and General Public Development and International Development	None	Director and Vice Chairman of BOIRON BORNEMAN INC, BOIRON INC, Director of BOIRON Srl, BOIRON SOCIEDAD IBERICA DE HOMEOPATIA, UNDA, Permanent representative of BOIRON on the HERBAXT BOD, Vice-Chairman of BOIRON RESEARCH FOUNDATION (BRF) Director and Vice Chairman of the Supervisory Board of LYON 3 VALORISATION Manager of SARL EQUILIBRE SANTE	
Jacky ABECASSIS Director	OGM 05/06/1987	OGM 2005	None	None	Director and Vice-Chairman of BOIRON INC; Director of BOIRON BORNEMAN INC, BOIRON CANADA INC., BOIRON Srl, BOIRON SOCIEDAD IBERICA DE HOMEOPATIA, HERBAXT Vice-Chairman of BOIRON RESEARCH FOUNDATION	
André AUDIBERT Director	EGM 12/12/1973	OGM 2007	None	None	Director continuously since 12/12/1973	
Société F & MB CONSEIL Director	OGM 23/05/2002	OGM 2007	None		Director of SODEVA, Member of the Audit Committee of BOIRON, Chairman of the Compensation Committee of BOIRON.	
Permanent representative: Michel BOUISSOU				Ethics manager of NATEXIS PRIVATE EQUITY	Chairman and Managing Director of CITA S.A. Chairman of the Supervisory Board of EUROMEZZANINE CONSEIL Member of the Supervisory Board of SPEF Développement and NATEXIS EQUITY MANAGEMENT	
Michèle BOIRON Director	BOD 09/18/1996	OGM 2005	None	Community Pharmacist	Director of SODEVA	
Paul MOLLIN Director	OGM 05/18/2000	OGM 2006	None	Independent auditor	Member of the BOIRON Audit Committee Husband of Michèle Boiron, Director	
Jean-Pierre BOYER Director	OGM 05/18/2000	OGM 2006	None	Administrative manager of CONJONXION	Manager of SARL GREVIN, Member of the Audit Committee of BOIRON. Husband of Christine Boyer-Boiron, Director	
Bruno GRANGE Director	OGM 05/23/2002	OGM 2005	Budget Controller (employee)	None	Chairman of the Supervisory Board of FCPE BOIRON Member of the Compensation Committee of BOIRON	
Christine BOYER-BOIRON Director	OGM 05/22/2003	OGM 2006	Documentation Department Manager	None	Director of Company SOCIETE HENRI BOIRON (SHB)	

Corporate Governance

- To date, there is no independent Director within the meaning of the Bouton report.
- The Board of Directors has not hitherto established any internal regulation.
- The Board of Directors met at the head office and has received the elements necessary to keep it informed.
- The average duration of Board Meetings (approximately 5 hours) facilitates discussions between Board Directors.
- Number of Directors representing employee shareholders: 1 (Bruno GRANGE)
- Number of shares required to be held by Directors: 10
- Level of attendance of the members of the Board of Directors : 93.4%
- There were eight meetings of the Board of Directors held in 2004
- During 2004 the Board of Directors was aware of, examined or adopted the fol-

lowing points in particular: the Groups activity, the definitive annual consolidated accounts, forecast accounts, regulated agreements, current or normal agreements, plans and operations relating to external growth and the appointment and renewal of director and Company representative post holders.

Composition and role of the Audit Committee

The composition of the Audit committee, created at the meeting of the Board of Directors on May 18, 2000, is as follows:

- Mr. Philippe COLLOD: Chairman (for the record, having resigned on May 26, 2004)
- Messrs. Michel BOUISSOU, representative of F & M.B. CONSEIL, Paul MOLLIN and Jean-Pierre BOYER: members
- The Committee carries out the examinations, evaluations and assessments defined below. It has no decision-making powers and reserves for the Board any conclusions arising from its work or proposals.

- Examination of accounts reports and financial information supplied to shareholders and to the financial market (the Statutory Auditors' review of accounts as well as employees responsible for drawing up the Group's accounts).
- Examination and evaluation of the appropriateness of provisions established in order to deal with the known risks and internal procedures for the collection and checking of information ensuring their relevancy, especially for ensuring the reliability, integrity and frequency of financial information.

- Definition and monitoring of the implementation of the annual internal audit program: examination and monitoring of recommendations made.
- Examination of means of evaluation of significant operations involving asset acquisition and transfer: investments, partial contributions of assets, joint ventures, business sales.
- The Committee is involved in the choice of Statutory Auditors, in the discussion of their fees, in monitoring their recommendations and in the selection of tasks entrusted to them.
- The Audit Committee has had four one-day meetings in 2004.

Composition and role of the Compensation Committee

The composition of the Compensation Committee, created at the Board of Directors' meeting of February 5, 2003, is as follows:

- Mr. Michel BOUISSOU, representative of F & M.B. CONSEIL, Chairman
- Mr. Bruno GRANGE, member.
- Its role is to keep the Board informed of the compensation of managers of the

Company or to draft any plans for changes in the managers' remuneration system.

- It examines and proposes to the Board of Directors the amounts and methods of fixed and variable remuneration, including benefits in kind and deferred compensation, for the Managing Director and Deputy Managing Directors.

- For the variable part, the Committee proposes or examines the profit-sharing scheme for managers and ensures that this is incorporated into the overall compensation policy of the Company.
- The Compensation Committee met twice in 2004.

2. LIMITATIONS TO THE POWERS OF THE MANAGING DIRECTOR

- The Board of Directors of BOIRON, which met on May 27, 2004, decided to entrust the general management of the Company to Christian BOIRON, Chairman of the Board of Directors.

- The Board of Directors of BOIRON, which met on December 15, 2004, changed the means of approach to general management with effect from January 1, 2005 :

- Christian Boiron will assume the role of Chairman of the Board of Directors
- Thierry Boiron will assume the General Management of the Company
- Thierry Montfort and Bruno Joët are

confirmed in their mandates as Deputy Managing Directors.

- The Chairman of the Board of Directors, the Managing Director and

Deputy Managing Directors shall exercise their powers under the conditions laid down by law.

- Under the aegis of a measure for internal order, which can be imposed on third parties, no limitation is applied to the powers of Managing Director.

3. INTERNAL CONTROL PROCEDURES

Preamble

- BOIRON is both the parent Company of the Group and the most significant entity in terms of materiality of accounts and level of risk.
- As a consequence, this section places the emphasis on the internal procedures implemented by the parent Company for its own operations and for controlling its subsidiaries.

- Internal control procedures are partly decentralized to the following full operations subsidiaries that are fully integrated:
 - Italy, Spain, USA, Canada and the Caribbean; these subsidiaries deal with the distribution of products themselves and operate according to a general plan which is analogous to that

of BOIRON France (head office and distribution establishments).

- HERBAXT which operates as a true production center in the same way as the Messimy and Sainte-Foy-lès-Lyon sites of BOIRON SA.
- They have a homogenous character.

Procedures for internal control relating to operational and functional processes

GENERAL ORGANISATION OF CONTROL PROCEDURES AT COMPANY LEVEL

Objectives assigned to internal control and inherent limitations

- Internal control procedures relating to the operational and functional procedures in force at BOIRON are intended to provide a reasonable degree of assurance that the following four objectives are achieved:
 - effectiveness and efficiency of the conduct of operations
 - respect for applicable laws and regulations
 - prevention and control of risks arising from the business activity and the risks of error or fraud
 - safeguarding of assets.

- The objectives are translated into the internal control environment established by General Management. The decentralization of activities of the Group leads to delegation with confidence and the emphasis placed on transparency as a corollary to major demands in terms of reports and controls.
- The draft map of the second level risks (cf. paragraph "Axes of progress 2005-2006" at the end of the report) will enable identification of the major risks for the Group on the basis of certain axes of analysis and especially the four cited above.

- However, as with any control system, the mechanism in place cannot provide any absolute guarantee of total elimination of risk.
- The Company does not apply the Internal controls - Integrated framework relationship throughout as produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a benchmark in English-speaking countries that presents a conceptual control framework for internal control, but uses it as an inspiration for some of its essential principles, such as the control environment, evaluation of risks and control activities.

The main actors carrying out control activities

- The Board of Directors, the Audit Committee and the Compensation Committee: cf. section 1 relating to the preparation and organization of the work of the Board.
- General Management; it should be noted that one or more of its members

is on the boards of directors of the following subsidiaries: Italy, Spain, USA, Canada, Caribbean, Belgium and HERBAXT.

- The Head Pharmacist: this person ensures compliance with the provisions of public health law in respect of the

manufacture, distribution and export of drugs and in his/her absence this is carried out by one of the deputy Head Pharmacists. This responsibility is structured in particular through different departments of the Company such as Quality Control, Quality Assurance and

Corporate Governance

Regulatory Affairs which, amongst other tasks carry out a control function. The Head Pharmacist is a member of General Management.

- Legal Department: this involves an expert function responsible for the monitoring of contentious procedures in consultation with lawyers. It manages major contracts and takes part in the protection and safeguarding of brands and trademarks. And finally, it ensures correct insurance cover at Group level.
- The IT Department: has responsibility for
 - the implementation of IT projects arising from the translation of Group

- strategy into information systems;
- the design, development or acquisition of software, testing and the commissioning of applications for production;
- the operation, administration and supervision of information systems;
- the security of information systems;
- backing up and archiving data;
- the specification and implementation of IT emergency recovery plans (applications and infrastructures);
- The Internal Audit department: is attached to the General Management of the Group (which gives it a degree of independence vis-à-vis operational and

financial departments), and carries out a direct examination of the internal control system and makes recommendations for improvement. It is made up of two people for an overall Group staff of 2,779 people.

- The Financial Risks Committee comprises of members of General Management, the Administrative and Financial Department, the Legal Department, the Internal Audit Manager and the Management Control Department. It ensures appropriate consideration of risks at Group level.

Main internal or external references

- GMP Procedures (Good Manufacturing Practices) and GDP (Good Distribution Practices): these are pharmaceutical standards published in the Official Journal, drafted by the AFSSAPS (French Agency for Health Safety in Health Products), to which BOIRON must conform.
- Documentary Quality Assurance Architecture: the Quality Assurance Department has established a computerized document management system so as to be able to provide the production departments with operating modes for

each product. These documents are validated both by heads of the production department and Quality Assurance managers.

- Audit Committee Operating Charter: this defines the attributions, composition and modes of operation of the Audit Committee created within the Board of Directors to assist in responding to requirements of transparency, security and reliability of accounting and financial information.
- Compensation Committee Operating Charter: this defines the attributions,

composition and modes of operation of the Compensation Committee created within the Board of Directors.

- Internal Audit department Charter: approved by General Management, this establishes certain fundamental principles that are inherent to the mission, internal audit practice, and its conduct applied by the department concerned. It also determines the responsibilities of the internal Statutory Auditors.

SYNTHESIS INFORMATION ON INTERNAL CONTROL PROCEDURES ESTABLISHED BY THE COMPANY

Procedures for the conduct and monitoring of major strategic projects

- The Management Committee made up of the Managing Director and Deputy General Managers meets on average once a week to exchange views in

particular on business activity risks, the implications arising from the pursuit of the business project, progress with research work and current

pharmaceutical-economic research, the application of major strategic orientations, and changes in legislation.

Procedure relating to the identification and evaluation of risks

- A map of first level risks (i.e. not detailed by accounting process) carried out jointly by General Management, the Internal Audit manager and the Statutory Auditors, since the financial

year 2000, is reviewed once a year. This is used in part to construct the internal and external audit plan.

- These risks are associated with activity, with accounting principles, with esti-

mations and evaluations, with critical processes, with the closing of accounts and financial reports.

- Risks are high or low depending on their probability of occurrence and

their potential impact on control objectives.

- The implementation of another risk map (referred to as second level), which will ultimately replace the

previous map, is currently under construction (cf. § Axes of progress 2005-2006 end of report). This initiative which is more relevant for operational staff is based both on a bottom-up

approach (i.e. "moving from operational risks to major risks") for the BOIRON France entity and on a self-evaluation initiative using questionnaires for subsidiaries.

Procedures intended to ensure compliance to pharmaceutical regulations

- These control procedures are the responsibility of the Head Pharmacist (as appropriate, acting interim Head Pharmacists and Deputy Head Pharmacists in the regional laboratories). In order to carry out their role, this person will call, amongst others,

on a Regulatory affairs department, made up of 16 people at the BOIRON head office in Sainte-Foy-lès-Lyon. Correspondent individuals are also present in the main areas of implantation.

- These individuals act together on the one hand, to mitigate the risks of non-

adherence to or mis-interpretation of pharmaceutical regulations currently in force in each country, and on the other hand, to anticipate changes in the regulatory monitoring context.

GMP and GDP [Good Manufacturing and Distribution Practices] procedures

- Based on an annual program, the Quality Assurance department, attached to the Head Pharmacist and made up of 8 people at the head office and 6 regional quality co-ordinators attached to Regional Directors, implements the resources required to ensure that manufacturing, storage and distribution of Boiron products meets the Good Manufacturing Practices (GMP), Good Distribution Practices (GDP), and public health law standards. An audit schedule is drawn up. This provides for 6 interventions during the year at the Sainte-Foy-lès-Lyon and Messimy sites and one a year for the regional establishments.

- In parallel with this, selective visits are carried out in order to follow up any audit issues raised. The aim of these interventions is to carry out a process conformity audit. Supplier audits are also carried out with the Purchasing Department (10 in 2004).

- The Quality Control department, made up of 46 people, of whom 3 are pharmacists and one is an engineer, has the task of sampling, control and releasing raw materials, packaging items and finished products. It has the task of establishing specifications, validations and analytical techniques, and stability studies and also takes part in enquiries, in the validation of manufacturing and cleaning procedures. It also co-ordinates analytical and galenic development.

- The Organization and Methodologies Department of the Group also takes part in GMP and GDP work, in project management for the construction of distribution establishments (France and subsidiaries) and French production sites.

- The Company also draws on the conclusions of controls carried out regularly by the Agence du Médicament (centrally and in the 29 French establishments).

- A centralized procedure for the processing of claims and withdrawal of products (associated with a crisis management procedure) also exists.

Procedure for contracts and insurance management

- The management of contracts is the responsibility of the Legal Department attached to General Management. This department is responsible for limiting and managing any contractual risks and validating major contracts.
- In terms of insurance, the Legal Department has an advisory role vis-à-vis General Management and manages external relations with insurance

companies. For any significant risks identified and deemed acceptable by General Management it examines the possibility of effective transfer to an insurance Company and ensures that an initially adopted option remains optimal over time for the Company. The main insurance taken out stem from this procedure, cover property and business activities and are as follows:

fire/operating loss; accidental and criminal contamination; civil liability; and management agent liability.

- It should be noted that the transfer of credit risk relating to BOIRON France's export sales is managed by the International Development Department with COFACE.

Corporate Governance

Internal IT control

- The IT department carries out control functions:
 - in terms of General IT Controls (for example: the planning and general organization of IT activity; securing access to hardware and software resources; specification and implementation of technical emergency recovery plans)
 - in terms of applications controls (for example: the establishment of control procedures relating to the correct implementation of processing functions, especially those relating to BOIRON France invoicing).
- The map of second level risks referred to in paragraph "Axes of progress 2005-2006" at the end of the report will encompass the IT function.

Examination and evaluation of the internal control system

- The Internal Audit through its brief, examines the adequacy and efficiency of the organization's internal control system.
- It provides its contribution to all activities of the Group, in France and abroad. It also operates in the financial domains (accounting, management information, etc.) as well as in operational and commercial fields, etc.
- The department's initiatives are planned for the year ahead and in collaboration with the Statutory Auditors and Audit Committee. They are formalized in a document referred to as the "audit plan" which for the record, largely arises from the map of first level risks referred to under the paragraph above. However, specific actions arising from requests of General Management, operational units, or the Audit Committee, can lead to revision during the course of the year of initial priorities on the basis of their level of importance.
- It should be noted that missions finally carried out in 2004 or underway at the time of the year end, were mainly derived from the annual audit plan.
- Each task is the subject of a written report submitted to General Management and the Audit Committee. The Internal Audit is responsible for monitoring the recommendations made.

Environmental responsibility

- In terms of the environment, in addition to preventive measures the crisis management procedure in place includes the risk of environmental pollution with reference to a system of penalties and alerts. The risk is also covered by the Operations Civil Liability Policy.

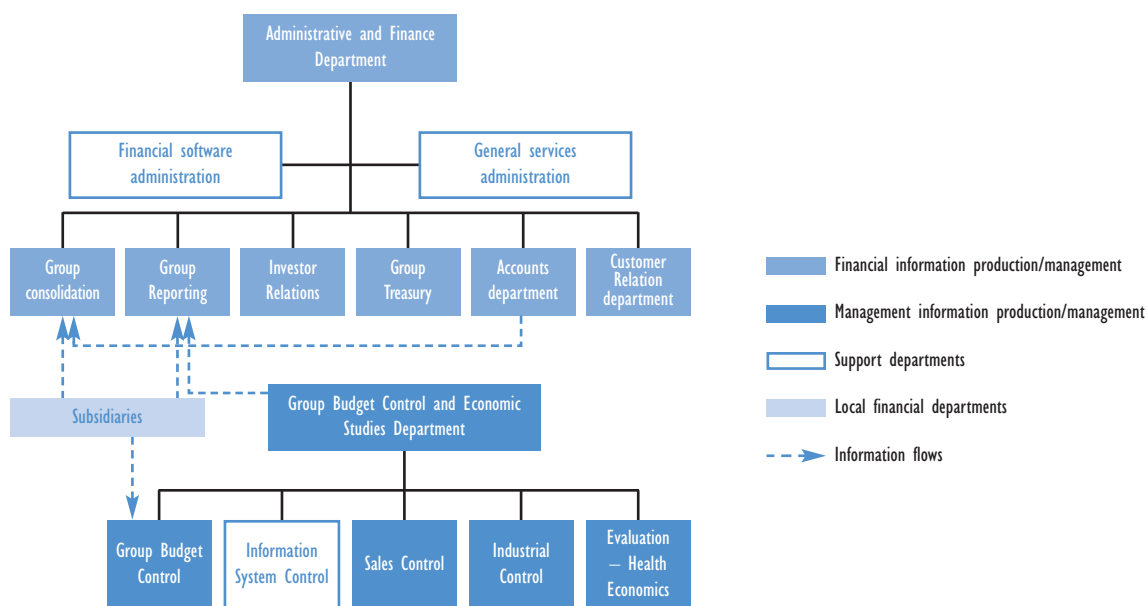
Internal control procedures relating to accounting and financial information

GENERAL ORGANISATION OF INTERNAL CONTROL PROCEDURES RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

Objectives assigned to internal control in terms of accounting and financial information

- Internal control procedures relating to the compilation and processing of accounting and financial information in place at BOIRON are intended to ensure:
 - the reliability of the consolidated accounts (statutory consolidation) for the Group, drawn up according to the accounting reference 99-02, sent to the General Management, the Board of Directors and Audit Committee
 - control of subsidiaries (Group reporting and budgetary monitoring)
 - control of the risk of errors, inaccuracies or omissions of significant data in the financial reports relating to the financial situation and the Company's property.

The main operational protagonists carrying out control activities



The Specialized committees within the Administrative and Financial Department

- The Receivables Recovery Committee comprises the treasury manager, customer relations management manager, and a member of the International Development Department. It examines payment delays on a monthly basis.
- The Treasury Committee is made up of the Administrative and Finance Director, the Deputy Managing Director Delegate, and Treasury Manager. It examines monthly reporting and analysis of performance of centralized cash asset management for the Group, with reference to the policy defined by General Management.
- The Synthesis Documents Review Committee reviews documents issued for the attention of General Management and the Audit Committee.

General and specific references

- Documentary architecture specific to the Administrative and Financial Department and the Management Control department of BOIRON.
- Reference Manual for consolidation reports.
- Detailed analyses of the compilation of results from subsidiaries: as a minimum twice a year (June 30, and December 31), for each subsidiary, the Group Statutory Consolidation Department and Group Reporting Department meet to analyze activity, levels of profits and development perspectives. Exchanges then take place with General Management and members of the Audit Committee.
- "Performances Reviews": these quarterly meetings relate to France and all subsidiaries, combining General Management, the Administrative and Finance Director and members of the Management Control Department. They deal with budgetary monitoring (comparison of Actual N/Actual N-1/budget N) throughout the year for the following aggregates: t/o, Contribution, Operating Income and Net Income.

Corporate Governance

Relations with Statutory Auditors

- In the context of devising the audit and planning strategy, the Statutory Auditors carry out reviews within the overall accounting procedures (Pay, Stock, Purchases, Sales, Investments), according to a rotation schedule and risks highlighted in the audit committee.
- Recommendations which can be made arising from this work are examined by management and, as appropriate, are subject to action decisions. Monitoring progress on work arising is provided by the Company's Internal Audit department.

SYNTHESIS INFORMATION ON PROCEDURES RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

Procedures for compiling consolidation of Group accounts and Group reporting

- Group statutory consolidation and reporting processes are made up of three parts:
 - Initialization and updating of parameters for Group statutory consolidation and reporting by head office
 - Preparation Group statutory consolidation and reporting financial bundles including budgetary synthesis of actual figures for each subsidiary
 - Consolidation of financial bundles for subsidiaries by head office, validation and creation of statutory reports and Group reporting
- Software used: MAGNITUDE configured to the standard 99-02 for year end 12/31/2004 and then according to the IFRS standards from 01/01/2005.
- Budgetary monitoring is carried out monthly in each subsidiary, upstream of statutory consolidation and Group reporting. It is fed with data from analytical accounts and supplemented by data capture. At the end of the year, the budget for the following year is drafted according to two schemes:
 - a budget breakdown by activity and by month for Group reporting
 - a budget breakdown by account and by quarter for Group statutory consolidation
- The total income for Group reporting and income flowed back in the context of the quarterly statutory consolidation are reconciled and significant variances are explained. Group reporting will be modified as a result.
- The main returns for Group reporting (frequency: monthly) are turnover (analyzed by geographical zone and by family of products) and income, with an analysis of charges by geographical zone and by activity.
- The three main controls applied by the Group Statutory Consolidation department are:
 - control of financial bundles received from subsidiaries
 - review of published control reports, after consolidation processing for validated financial bundles
 - verification of consolidation analysis reports.

Procedure for monitoring off-balance sheet undertakings

- Monitoring off balance sheet undertakings mainly includes the monitoring of deposits, endorsements, guarantees, letters of intent, warranties and financial instruments.
- A procedure for the attention of managers of subsidiaries and local finance managers, after raising awareness of this particular type of risk, provides means for assessing these elements for each entity and for feeding back data to the Consolidation department.

Procedure for evaluation of Company liabilities

- The assessment of this type of liability for each subsidiary based on current legislation in the countries of implantation and validation of accounts processing is carried out by the Group Consolidation department each year via a request for specific information which is completed by subsidiaries.
- Most of these liabilities relate to BOIRON in France. In order to estimate as reliably as possible to the total provision for retirement payments and given the complexity due to the need to evaluate these liabilities according to actuarial hypotheses (influence of estimations carried out on demographic and financial variables), the Company uses the services of an actuary (external supplier).

Procedure for evaluation of provisions for returned goods

- The reference manual for consolidation reporting specifies the rules applicable within the Group for the determination of these provisions. They are calculated, on the one hand on the basis of statistics derived from the history of returns for previous years and, on the other hand, on the basis of a knowledge of events

leading to the view that are grounds for making exceptional returns.

Procedure for evaluation of risks and other provisions for risks and charges

- The Financial Risks Committee meets twice a year (on June 30, and December 31) to exchange information on the evaluation and analysis of risks for each subsidiary.
- There is a specific appendix to be completed by subsidiaries, at each year end, indicating the exhaustive list of all provisions for risks and charges classified according to type (operating,

financial, exceptional). This is supplemented by another appendix presenting the exhaustive inventory of known risks for each entity.

Procedure to assess assets and goodwill

- This relates above all to the parent Company.
- With regard to assets, the consolidation department has hitherto used the following indicators: change in market share; change in BOIRON operating income; forecast sales trends.
- With regard to goodwill, at each year end, the consolidation department checks that, based on the current

indicator (forecast net results), there are no grounds for any provision for asset depreciation.

Transition to IFRS standards

- A project team was created to manage this work which was begun in 2002. Internal and external experts took part and communications on points of progress were made to the members of the Audit Committee and the Group Statutory Auditors. In 2005, BOIRON will be in a position to publish its financial reports according to the new benchmark standard in force.
- The various positions of reconciliation between the French accounting standard [CRC 99-02] and the IFRS

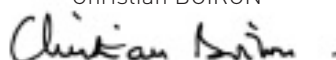
standard, on January 1, and December 31, 2004, will be available at the latest on the occasion of publication of the half-yearly accounts in 2005, as certain complex evaluations have not been completely finalized.

AXES OF PROGRESS 2005-2006

- With a view to moving progressively towards a more accurate overall evaluation of internal controls at Group level, General Management intends to make use of a map of second level risks constructed along two axes:
 - For BOIRON France (current implementation phase initiated in the second half of 2004, in collaboration with the Internal Audit team who have put forward a method validated by General Management and who are its guarantors):
 - Identification of risks inherent in operational processes and supports
 - Self-evaluation by designated operational staff of residual risks
 - Identification of major risks
 - For subsidiaries: the creation and distribution to the main entities of the Group of self-evaluation questionnaires organized by key processes enabling each to evaluate the level of internal control established in relation to an internal benchmark which will be specified.
 - Homogenization of the options selected by DOLISOS with those of BOIRON in the context of the transition to IFRS standards.
 - Specific identification of risks linked to the integration of DOLISOS and homogenization of internal control procedures.
 - Identification, especially within the accounts and finance departments, of new internal points of control arising from the transition to IFRS standards.

Sainte-Foy-lès Lyon, March 4, 2005

Chairman of the Board of Directors
Christian BOIRON



Corporate Governance

REPORT OF THE STATUTORY AUDITORS

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMPANY LAW (CODE DE COMMERCE), ON THE REPORT PREPARED BY THE PRESIDENT OF THE BOARD OF BOIRON COMPANY, ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

This is a free translation into English of a report 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. This is a free translation into English of a report 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.

To the Shareholders,

In our capacity as statutory auditors of Boiron Company, and in accordance with article L.225-235 of the French Company Law (Code de Commerce), we report to you on the report prepared by the President of your company in accordance with article L.225-37 of the French Company Law (Code de Commerce) for the year ended December 31, 2004.

It is for the President to give an account, in his report, notably of the conditions in which the duties of the board of directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the President's report;
- obtaining an understanding of the work performed to support the information given in the 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 financial and accounting information, contained in the President of the board's report, prepared in accordance with article L.225-37 of the French Company Law (Code de Commerce).

Villeurbanne and Lyon, March 14, 2005

The Statutory Auditors
French original signed by

Jacques CONVERT



BARBIER FRINAULT & AUTRES
ERNST & YOUNG
Nicolas SABRAN



Statutory Auditors

	APPOINTMENT DECISION	APPOINTMENT ENDS
TITULAR STATUTORY AUDITORS:		
BARBIER FRINAULT ET AUTRES 41, rue Ybry – 92576 NEUILLY SUR SEINE Cedex - France	1999 AGM	2004 FY
Monsieur Jacques CONVERT 81, boulevard Stalingrad – 69608 VILLEURBANNE - France	1999 AGM	2004 FY
SUBSTITUTE STATUTORY AUDITORS:		
Monsieur Aldo CARDOSO 41, rue Ybry – 92576 NEUILLY SUR SEINE Cedex - France	1999 AGM	2004 FY
Monsieur Olivier ROSIER 81, boulevard Stalingrad – 69608 VILLEURBANNE - France	1999 AGM	2004 FY

Fees paid to Statutory Auditors and members of their networks

	Barbier Frinault et Autres (member of the Ernst & Young network)			Jacques CONVERT (Deloitte Touche Tohmatsu - Audit)		
	(in thousands of euros)		%	(in thousands of euros)		%
	2003	2004		2003	2004	
Auditing and certification of the consolidated accounts	106	121		108	104	
Additional tasks ^(*)	20	211		0	0	
Sub-total	126	332	78.49%	108	104	61.90%
Legal, fiscal, HR	90	19		0	64	
Information technology	0	0		0	0	
Other assignments	84	72		0	0	
Sub-total	174	91	21.51%	0	64	38.10%
TOTAL	300	423	100.00%	108	168	100.00%

(*) The fees paid for fiscal year 2004 include legal, financial and fiscal fees engaged for the BOIRON - DOLISOS merger process.

Legal Identity of the BOIRON Company, Profit Distribution, General Meetings

Company name:

BOIRON

Head office:

20, rue de la Libération
69110 Sainte-Foy-lès-Lyon - France

Legal form of the Company:

Public Limited Company governed under the provisions of French Business Law and Public Health Code.

Date of creation and term:

The term of the Company's existence has been set at 99 years from June 7, 1932, the date of its registration on the Business and Companies Register, in other words until June 6, 2031, unless dissolved or extended.

Company business:

[article 3 of the by-laws]

The Company's trading objective both in France and abroad is:

- the exploitation of any product or service aimed at the promotion of health, such as:
 - the manufacture, distribution and sale of drugs especially homeopathic drugs, dietetic products, and health and hygiene products,
 - stocking and distribution of pharmaceutical products on behalf of one or many manufacturers,
 - fundamental and applied research,
 - teaching, training and informing health professionals and the general public,
 - publication, documentation and communication,
 - either directly through creation, investment, merger, demerger,

acquisition, management or any other means,

- or indirectly via specialist branches, through investment, management, merger, demerger or any other means,
- and more generally all commercial, financial, industrial, asset or property operations associated either directly or indirectly with the Company business objectives and similar or related objectives.

Business and Companies Register:

967 504 697 RCS LYON (code NAF 244 C)

Management Number with the Clerk's Office of the Commercial Court of Lyon:

1967 B 00469

Location where legal documents relating to the Company can be consulted:

20, rue de la Libération
69110 Sainte-Foy-lès-Lyon - France

Financial year:

The financial year begins on 1 January and ends 31 December.

Distribution of profits:

The difference between profits and charges for the financial year, after deduction of amortization and provisions, constitutes the profit or loss of the financial year.

For earnings, reduced, as appropriate, by any previous losses, five percent is deducted to constitute a legal reserve fund. This deduction ceases to be mandatory where the reserve fund reaches an

amount equal to one tenth of the Company's share capital. It resumes where, for any reason, the reserve falls below this tenth.

The distributable earnings are made up of the earnings for the financial year, reduced by any previous losses and the above-mentioned deduction and increased by unappropriated earned surpluses. These earnings are made available to the General Meeting, which, at the suggestion of the Board of Directors may, in total or in part, carry this forward, or allocate it to general or special reserve funds.

In addition, the General Meeting may decide upon the distribution of sums taken from the reserves to which it has access; in this case, the decision shall expressly indicate the entries for reserves for which the withdrawals were carried out. However, the dividend is deducted first from the distributable earnings for the financial year.

As the General Meeting rules on the accounts for the financial year, it has the ability to allocate to each shareholder, for all or part of the dividend distributed, other than dividend advances, the option of payment of cash or in shares.

General Meetings:

ARTICLE 29 – INSTRUMENT OF CONVOCA- TION – LOCATION OF GENERAL MEETINGS

Shareholders' meetings are called by the Board of Directors. In default of this, they may be convened by persons designated by French Business Law, notably by the Statutory Auditors(s), an agent designated by the Chairman of the Commercial Court ruling in emergency proceedings at

the request of shareholders representing at least 5% of share capital or, relating to a Special General Meeting, one tenth of the shares of the interested category of individuals.

Shareholders' Meetings take place either at the head office or at any other location within the same department of the said head office, or in Paris.

ARTICLE 30 - FORMS AND NOTICE PERIODS FOR CONVOCAATION

At least thirty days before the date of the General Meeting, the Company shall issue a meeting notice in the "Bulletin des Annonces Légales Obligatoires" [Compulsory Legal Notices Bulletin], which shall specify the agenda for the General Meeting and contain the text of any draft resolutions presented to the General Meeting by the Board of Directors as well as evidence of account registration of bearer shares with the Company and their non-availability until the date of the General Meeting. It shall also state the time-scale within which applications for registration of draft resolutions can be sent originating from shareholders.

Convocations shall be conducted by means of notices inserted in a journal authorized to receive legal announcements in the department of the head office and, furthermore, in the Bulletin des Annonces Légales Obligatoires, in accordance with the law.

Holders of named shares for over a month from the date of the insertion of the convocation notice are convoked under the conditions laid down in law and by current legislation.

The same rights apply to all joint holders of joint shares held in this respect within the time-scale specified in the previous paragraph. In the event of the division of the ownership of the share, they shall belong to the holder of the voting right.

When a Meeting is unable to give normal rulings due to a lack of the required quorum, the second Meeting will be convoked under the same form as the first and

the convocation notice will repeat the date of the former Meeting. The same applies for a convocation of a deferred meeting in accordance with Business law.

The time between the date of the insertion of the convocation notice and the sending out of letters and the date of the Meeting should be at least fifteen days of the first convocation and six days for the following convocation.

ARTICLE 31 – GENERAL MEETING AGENDAS

The agenda for the General Meeting is finalized by the author of the convocation or by legal order designating the representative responsible for the convocation. One or several shareholders representing the quota of capital laid down by the legal and legislative provisions, shall have the capacity to require the recording of draft resolutions in the General Meeting's agenda. The works committee has the same rights. The General Meeting may not deliberate on an issue which is not recorded in the agenda, which cannot be modified at second convocation. It may however, under any circumstances dismiss and/or replace any Director(s).

ARTICLE 32 - ADMISSION TO THE GENERAL MEETINGS

Any shareholder has the right to take part in the General Meetings or to be represented at these, regardless of the number of their shares, so long as their shares are free of due payments.

Owners of shares whose place of residence is not in the French territories can be represented by an intermediary who meets the conditions laid down by current regulations and legislation.

In the case of the division of ownership of a share, the owner of the voting right may attend or be represented at the General Meeting without prejudice to the rights of owners without usufruct to take part in all General Meetings. Holders of undivided shares are represented as described under article 12 [by an agent].

However, the right to take part in General

Meetings is subject either to the registered shareholder or the registered intermediary referred to above, appearing in the accounts of named shares held by the Company, or their agent, or sending to the location indicated on the convocation notice, of a certificate stipulating the non-availability of the bearer shares recorded on the account, until the date of the General Meeting. These formalities need to be completed under the conditions set by current legislation at the latest by 3 p.m., Paris time, the day before General Meeting.

All shareholders holding shares of a given category may take part in the Special Meeting of shareholders for this category, under the conditions referred to above.

Shareholders taking part in the General Meeting by videoconference deemed to be present for the purpose of calculating a quorum and a majority, shall be those permitting their identification and in accordance with current legislation, when the Board of Directors decides upon the use of such means of participation, in advance of the convocation for the General Meeting.

ARTICLE 33 - REPRESENTATION OF SHAREHOLDERS – POSTAL VOTE

Any shareholder can be represented by another shareholder or by their spouse. Any such mandate is given for a single General Meeting only; it may be given for two Meetings, one an Ordinary and the other an Extraordinary Meeting, if these are held on the same day or within fifteen days of each other. This is valid for successive Meetings convoked with the same agenda.

Any shareholder may vote by post under the conditions laid down by current legislation and regulations.

The Company is required to enclose with any proxy and postal vote forms it sends to shareholders the relevant information laid down by current legislation.

Legal information

Share Capital, Voting Rights, Shareholders' Agreement, Thresholds, Financial Authorizations

Share capital:

Share capital has been set at EIGHTEEN MILLION SIX HUNDRED AND SEVENTY-TWO EUROS (€18,672,000) and divided into EIGHTEEN MILLION SIX HUNDRED AND SEVENTY-TWO (18,672,000) shares of one single category, of ONE EURO (€1) each, fully paid up.

Change in capital during the past five years:

DATE	NATURE OF OPERATIONS	INCREASE (OR REDUCTION) IN CAPITAL (in FRF)	NUMBER OF SHARES	CAPITAL AFTER OPERATIONS (in FRF unless stated)
CAPITAL AT 12/31/1999: FRF124,490,025 divided into 4,979,601 shares of a nominal FRF25 value				
Board 12/13/2000 Meeting	Cancellation of 311,601 shares repurchased by the Company, and reduction of share capital by an amount corresponding to the nominal value of the shares repurchased, i.e. FRF25 x 311,601 shares.	(7,790,025)	4,668,000	116,700 000
Board 12/19/2001 Meeting	Conversion of capital to euros from January 1, 2002: <ul style="list-style-type: none">• conversion of the nominal value of existing shares and valuation to the next highest euro after conversion, i.e. FRF25/6.55957 = €3.81, rounded up to €4,• setting the nominal value at €4.	5,780,291	4,668,000	18,672,000 EUR
Board 05/22/2003 Meeting	With effect from July 1, 2003: <ul style="list-style-type: none">• Face value set at €1• Division of each €4 share by face value with share swap of four €1 shares against one €4 share		18,672,000	18,672,000 EUR

Securities non-representative of capital: none

Financial instruments potentially giving access to share capital: none

Changes in distribution of Share Capital (2002-2004)

	December 31, 2002				December 31, 2003 ^(*)				December 31, 2004				% change
	Number of shares	Shares as% of capital	Number of voting rights	Voting rights	Number of shares	Shares as% of capital	Number of voting rights	Voting rights	Number of shares	Shares as% of capital	Number of voting rights	Voting rights	
Boiron family group	2,337,001	50.06%	4,634,129	64.18%	9,403,087	50.36%	18,465,199	64.06%	9,401,767	50.35%	18,459,779	63.96%	- 0.01%
of which Sodeva	1,371,740	29.39%	2,734,724	37.87%	5,500,960	29.46%	10,952,896	38.00%	5,500,960	29.46%	10,952,896	37.95%	-
of which SHB	488,900	10.47%	974,950	15.50%	1,974,460	10.57%	3,918,660	13.59%	1,979,460	10.60%	3,923,660	13.59%	+ 0.25%
Employees + ESOP	201,176	4.31%	324,699	4.50%	814,126	4.36%	1,423,732	4.94%	776,884	4.16%	1,393,456	4.83%	- 4.57%
Public	2,123,700	45.50%	2,261,641	31.32%	8,383,595	44.90%	8,936,663	31.00%	8,428,827	45.14%	9,009,324	31.21%	+ 0.54%
Treasury shares	6,123	0.13%	0	0	71,192	0.38%	0	0	64,522	0.35%	0	0	- 9.37%
Total	4,668,000	100%	7,220,469	100%	18,672,000	100%	28,825,594	100%	18,672,000	100.00%	28,862,559	100%	

(*) data adjusted following division by 4 of the nominal share value as at July 1, 2003.

Christian BOIRON is Chairman of the Board of Directors of the Company BOIRON and Managing Director of SODEVA.

The Boiron family group is made up of two companies (SODEVA and SHB) and 18 individuals.

The Company BOIRON was created by Messrs. Jean and Henri BOIRON.

The Company SODEVA encompasses and manages some of the shares of BOIRON held by the eligible parties of Mr. Jean BOIRON. SHB encompasses and manages some of the shares of BOIRON held by the eligible parties of Mr. Henri BOIRON.

Threshold exceeding:

By application of article L.233-13 of French Business Law, the persons holding percentages of shares or voting rights referred to in article L.233-7 are to the best of the Company's knowledge as follows:

- over 20% of shares and over 33 1/3% of voting rights: SODEVA,
- over 10% of shares and voting rights: SHB.

During 2004, the following companies declared that they held over 2% of capital or voting rights: Groupama (4.98% of capital or 929,620 shares, declaration dated 02/10/2004), Caisse des Dépôts et Consignations (4.51% of capital or 842,640 shares, declaration dated 06/29/2004), SMA Gestion (2.05% of capital, declaration dated 06/29/2004).

The Company is not aware of any security, warranty or guarantee held on these securities.

Legal information

Double voting rights (decision of EGM of June 8, 1988):

A right to double the voting rights conferred upon other shares, in respect of the quota of capital they represent, has been allocated to all fully paid up shares where there is a nominative registration that has been in existence for at least three years in the name of the same shareholder.

This right is also conferred from the time of their issue in the case of an increase in capital by incorporation of reserves, profits or premiums, with named shares allocated free of charge to a shareholder by virtue of former shares for which the shareholder benefited from this right.

Named shares benefiting from a double voting right converted to bearer shares for any reason thereby lose the double voting right.

Shareholders' agreement (signed October 13, 1987 and published by SBF in Notice No. 92-1278 dated May 20, 1992)

Some shareholders have agreed to a pre-emptive right to the benefit of SODEVA (holding Company whose majority owner is Christian BOIRON) for a part of the shares they hold.

On December 31, 2004, all formal protocol shares represented 42.1% of capital and 54.4% of voting rights.

Percentage of capital and voting rights held by members of the Board and mandatory corporate managers (at December 31, 2004)

	% Shares	% Voting rights
Board of Directors	38.53	47.13
of which, mandatory corporate managers	27.39	35.17

Statutory thresholds (decision of the EGM of December 20, 1990):

Any legal entity or individual who comes into possession of a shareholding greater than 2% of the share capital, is required to inform the Company of the total number of shares they own, within fifteen days of the date when this threshold was exceeded. The information referred to in the previous paragraph must also be supplied in the same time-scales where the shareholding in capital falls below the threshold given above.

In order to determine the threshold of shareholding given above, the following are also included with the shares held

by the individual required to supply the information referred to in the previous paragraph:

1. Shares owned by others on behalf of this individual,
2. Shares held by the companies the individual controls,
3. Shares held by a third party with whom they are jointly acting,
4. Shares which one of the people referred to in paragraphs 1, 2, and 3 above is entitled to acquire solely on their initiative by virtue of an agreement.

Authorizations for an increase in current capital

The Extraordinary General Meeting of May 17, 2001 in particular adopted the following resolution:

- **Fourth resolution – increase in capital by issue of shares reserved for members of a Company savings plan and/or partner voluntary salary contributions plan.**

This delegation was approved for the Board of Directors for a period of 5 years, up to a limit of two hundred and fifty thousand euros nominal maximum value for shares to be issued. As at March 4, 2005, this authorization had not been used.

The General Meeting of May 22, 2003 adopted the following resolutions:

- **First resolution - Increase in capital by issue of shares and/or securities giving**

access to capital to capital with preservation of the right to preferential allocation, either by incorporation of reserves, premiums and profits.

This delegation was granted to the Board of Directors for a period of 26 months, up to a limit of one hundred million euros. As at March 4, 2005, this authorization had not been used.

- **Second resolution - Increase in capital by issue of shares and/or securities giving access to capital to capital with suppression of the right to preferential allocation.**

This delegation was granted to the Board of Directors for a period of 26 months, up to a limit of one hundred million euros. As at March 4, 2005, this authorization had not been used.

The Extraordinary General Meeting of May 27, 2004 adopted the following resolution:

- **First resolution - use of delegations of powers having the effect of increasing share capital within the period of a Public Offer of Purchase or Exchange for Company securities**

This present authorization is valid until the date of the Annual Ordinary General Meeting which shall rule on the accounts for the financial year ending December 31, 2004. As at March 4, 2005, this authorization had not been used.

Financial instruments potentially giving access to share capital

There are no financial instruments whose use or implementation would lead to the creation of new shares.

Subscription or purchase options granted to each Company representative and options taken up by the latter

There are no subscription or purchase options granted by the Company.

Indication of loans and guarantees guaranteed or established in favor of members of administration, management or supervisory bodies

There are no loans or guaranties granted or established in favor of members of administration, management of supervisory bodies.

Draft resolutions presented to the Joint General Meeting of June 30, 2005

Of an ordinary nature:

First resolution – Approval of the Company accounts

The General Meeting, having noted the reports of the Board, Chairman of the Board and the Statutory Auditors on the financial year ending December 31, 2004, approves the annual accounts as submitted at this date, unchanged, showing a total positive result of €17,654,952.90.

Second resolution – Approval of the consolidated accounts

The General Meeting, having noted the reports of the Board, Chairman of the Board and the Statutory Auditors on the consolidated accounts as at December 31, 2004, approves these accounts unchanged as submitted, showing a total positive result (group share) of €22,105,211.72.

Third resolution – Allocation of profits

The Shareholders' Ordinary General Meeting has decided to allocate the profits for the financial year 2004 as follows:

Profits for the financial year 2004	€	17,654,952.90
Allocation to the Legal Reserve within the limit of 10% of share capital	€	-
to be added, unappropriated earned surplus	€	9,944,601.42
or distributable profit	€	27,599,554.32
Dividend of €0.52 per share based on 18,672,000 shares	€	- 9,709,440.00
Balance	€	17,890,114.32
Other reserves	€	-
Retained earnings	€	17,890,114.32

The Shareholders' Ordinary General Meeting has decided to implement payment – as from July 4, 2005 – the dividend of the financial year 2004, representing a total per share of €0.52, for each of the 18,672,000 shares making up the total capital. The totality of the dividend distributed is eligible for the 50% rebate (Article 158-III-2 of the CGI).

The dividends that the Company cannot receive for shares it has acquired under the aegis of article L 225-209 of French Business Law and which will be in its

possession on the date of payment of the dividend, shall be applied to the credit of the Retained earnings account.

The General Meeting has decided to:

- pay the sum of €1,032,010.66 appearing in the special reserve account for long-term surpluses into the ordinary reserve account,
- deduct as a priority from this reserve the exceptional tax payable, as established by the French law governing corrective finances for 2004.

The General Meeting of Shareholders, in accordance with current legal provisions, notes the distributions relating to the

there preceding financial years as summarized below:

Financial year	Number of shares	Overall revenue	Total amount	Tax already paid to the treasury (tax credit)
2001	4,668,000	€2.40	€1.60	€0.80
2002	4,668,000	€2.79	€1.86	€0.93
2003	18,672,000	€0.78 (*)	€0.52 (*)	€0.26(*)

(*) Data adjusted after division by 4 of the nominal value of shares at July 1, 2003.

Fourth resolution – Approval of agreements referred to in articles L. 225-38 and following of Code de commerce

Ruling on the special report submitted to it on the agreements of articles L.225-38 and following of French Business law, the General Meeting approved the agreements referred to therein.

Fifth resolution – Re-appointment of Director

The general meeting renewed the Director's mandate for a period of three years concluding at the end of the general meeting held in 2008, which will rule on the accounts for the year ending December 31, 2007, for Mr. Thierry Boiron.

Sixth resolution – Re-appointment of Director

The general meeting renewed the Director's mandate for a period of three years concluding at the end of the general meeting held in 2008, which will rule on the accounts for the year ending December 31, 2007, for Mrs. Michèle Boiron.

Seventh resolution – Re-appointment of Director

The general meeting renewed the Director's mandate for a period of three years concluding at the end of the general meeting held in 2008, which will rule on the

accounts for the year ending December 31, 2007, for Mr. Jacky Abécassis.

Eighth resolution – Re-appointment of Director

The general meeting renewed the Director's mandate for a period of three years concluding at the end of the general meeting held in 2008, which will rule on the accounts for the year ending December 31, 2007, for Mr. Bruno Grange.

Ninth resolution – Appointment of a new Director

The general meeting appointed the following as Director for a period of three years concluding from the end of the general meeting held in 2008, which will rule on the accounts for the year ending December 31, 2007:

Mr François MARCHAL residing at 48, chemin de Grange-Falquet – 1224 CHENE-BOUGERIES (SWITZERLAND)

Tenth resolution – Designation of a titular Statutory Auditors

The General Meeting noted the expiry of the roles of titular Statutory Auditors of the Company BARBIER FRINAULT ET ASSOCIES and appointed BARBIER FRINAULT ET AUTRES - 41, rue Ybry - 92576 NEUILLY SUR SEINE CEDEX (France) to the position of titular

Statutory Auditors for a period of six financial years or until the conclusion of the ordinary general meeting to be held in 2011 and required to rule upon the accounts for the financial year ending December 31, 2010.

The Company BARBIER FRINAULT ET AUTRES, which for the past two years has not been involved in the verification of any investment or merger operation in the Company or companies in controls within the meaning of article L. 233-16 of French Business Law, has agreed to accept the appointment.

Eleventh resolution – Designation of a deputy Statutory Auditors

The General Meeting noted the expiry of the role of deputy Statutory Auditors of Mr. Aldo CARDOSO and appointed Mr. Pascal MARIOCE to the position of deputy Statutory Auditors for a period of six financial years or until the conclusion of the ordinary general meeting to be held in 2011 and required to rule upon the accounts for the financial year ending December 31, 2010.

Mr. Pascal MARIOCE, who for the past two years has not been involved in the verification of any investment or merger operation in the Company or companies

Legal information

in controls within the meaning of article L. 233-16 of French Business Law, has agreed to accept the appointment.

Twelfth resolution – Designation of a titular Statutory Auditors

The General Meeting noted the expiry of the role of titular Statutory Auditors of Mr. Jacques CONVERT and appointed the Company DELOITTE ET ASSOCIÉS - Immeuble Park Avenue - 81 Boulevard Stalingrad - BP 1284 - 69608VILLEURBANNE CEDEX (France) to the position of titular Statutory Auditors for a period of six financial years or until the conclusion of the ordinary general meeting to be held in 2011 and required to rule upon the accounts for the financial year ending December 31, 2010.

The Company DELOITTE ET ASSOCIÉS, which for the past two years has not been involved in the verification of any investment or merger operation in the Company or companies it controls within the meaning of article L. 233-16 of French Business Law, has agreed to accept the appointment.

Thirteenth resolution – Designation of a deputy Statutory Auditors

The General Meeting noted the expiry of the role of deputy Statutory Auditors of Mr. Olivier ROSIER and appointed the Company B.E.A.S. - 7/9, villa Houssay - 92200 NEULLY SUR SEINE (France), to the position of deputy Statutory Auditors for a period of six financial years or until the conclusion of the ordinary general meeting to be held in 2011 and required to rule upon the accounts for the financial year ending December 31, 2010.

The Company B.E.A.S, which for the past two years has not been involved in the verification of any investment or merger

operation in the Company or companies in controls within the meaning of article L. 233-16 of French Business Law, has agreed to accept the appointment.

Fourteenth resolution – Directors' fees

The general meeting has decided that the Board of Directors shall receive, on the basis of Director's fees, a sum of €119,490 for the financial year 2005.

Fifteenth resolution - Share repurchase program

The General Meeting, having noted the Board of Directors' report and the information memorandum referred to by AMF, has authorized the Board for a period of eight months, in accordance with articles L. 225-209 and following of French Business Law, to proceed to the repurchase on one or several occasions, at times it shall determine, shares in the Company, up to the limit of 10% of the number of shares making up the total share capital, or, based on the current level of capital, 1,867,200 shares.

This authorization ends the authorization given to the Board of Directors by the Ordinary General Meeting of May 27, 2004.

Acquisitions may be carried out with a view to:

- Instilling life in the market through the intermediary of an investment service provider via a liquidity contract in accordance with an ethical code accepted by the AMF,
- Cancellation of the shares acquired, subject to authorization being granted by the general meeting of shareholders,
- Retaining shares repurchased and ultimately exchanging them or using them in payment for external growth operations.

These share repurchases can be operated

by any means, including the acquisition of blocks of securities and at times when the Board of Directors shall see fit, including in a public offer period up to the limit provided by Bourse regulations. However the Company does not intend to have recourse to derivative products.

The maximum purchase price is set at €42 per share. In the case of operations on capital, and in particular the division or regrouping of shares or free allocation of shares, the amount given below shall be adjusted in the same proportions (using a multiplying coefficient equal to the relation between the number of shares making up the capital before the operation and number of shares after the operation).

The maximum amount for an operation is thus set at €78,422,400.

The General Meeting grants all powers to the Board of Directors having the effect of carrying out these operations, determining the conditions and means, and concluding all agreements and carrying out all formalities.

Of an extraordinary nature:

Sixteenth resolution - Delegation of competence granted to the Board of Directors to increase capital through the issue of ordinary shares or securities giving access to capital, reserved for shareholders and/or through the incorporation of reserves, profits of premiums

The General Meeting, having noted the Board of Director's report and the Statutory Auditors's special report, and in accordance with the provisions of French Business law, in particular article L. 225-129-2:

1) Delegates to the Board of Directors its competence to proceed to an increase in capital, on one or several occasions, in the proportions and periods it shall deem suitable:

a/ through the issue, either in euros, or in foreign currencies or in any other accounting unit established by reference to all currencies, ordinary shares and/or securities giving immediate or delayed access, at any time or on a set date, to ordinary shares of the Company, or, in accordance with article L 228-93 of French Business law, of any Company which directly or indirectly owns more than half its capital or of which it owns more than half of the capital, whether by subscription, conversion, exchange, redemption, presentation of a certificate in any other way;

b/ and/or by incorporation with capital of premiums, reserves, profits or other formats in the form of the free allocation of shares or the increase in the nominal value of existing shares;

2) Sets at twenty-six months the duration of validity of this present delegation, counting from the date of this present General Meeting.

3) Decides to set, as follows, the limits for the amounts of issues authorized in the case of use by the Board of Directors of this present delegation of competence:

The overall total nominal value of shares liable to be issued by virtue of this present delegation may not be greater than one hundred million euros.

The ceiling thus set includes the overall nominal value of additional shares that may be issued in order, in accordance with law, to preserve the rights of holders of securities giving access to capital.

Furthermore, on top of this ceiling shall be charged the nominal overall value of shares issued, directly or indirectly, by virtue of the following resolution.

4) In the case of the Board of Directors using this present delegation of competence in the context of issues referred to in 1/a/ above:

a/ decides that the issue(s) shall be reserved in preference for those shareholders able to subscribe by application as of right for new shares,

b/ decides that if applications are as of right for new shares, and as appropriate liable to writing down, have not absorbed the whole of the issue, the Board of Directors may use the options laid down by law and in particular may offer to the public all or part of the shares not applied for,

c/ in relation to any incorporation with capital of premiums, reserves, profits or other items, decides that, as appropriate, the rights forming fractional shares shall not be negotiable and that the corresponding shares shall be sold, the amounts derived from the sale being allocated to holders of rights within the time limit set by the legal requirements,

5) Decides that the Board of Directors shall, subject to the limits set out above, have the powers necessary, in particular to set the conditions for the issue or issues, to determine the implementation of increases in capital arising from this, to apply corresponding modification to statutes, charging, solely at its own initiative the costs of increases in capital to the total amount of premiums relating to it and deducting from this total the sums necessary to bring legal reserve to the level of one tenth of the new capital after each increase, and more generally, to take necessary actions in such circumstances.

6) Notes that this present delegation supersedes any previous delegation having the same object.

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Seventeenth resolution – Delegation of competence given to the Board of Directors to increase capital through the issue of ordinary shares or securities giving access to capital, with suppression of the right to preferential allocation

The General Meeting, having noted the Board of Director's report and the special report of the Statutory Auditors and in accordance with the provisions of French Business Law and in particular article L 225-129-2:

1. Delegates to the Board of Directors its competence having the effect of proceeding with the increase in capital, in one or several stages, in proportions and at the periods it shall deem appropriate, on the French and/or international market, making a public call for savings, through an issue either in euros, or in foreign currency or any other accounting unit established by reference to a collection of currencies, of ordinary shares and/or securities giving immediate or delayed access, at any time or at a set date, to ordinary shares of the Company, whether by subscription, conversion, exchange, redemption, presentation of a certificate or in any way, it being specified that these securities may be issued with the effect of remunerating securities which would be contributed to the Company in the context of a public offer of exchange on securities meeting the conditions set by article L 225-148 of French Business Law.

In accordance with article L 228-93 of French Business Law, the securities to be issued can give access to ordinary shares in any Company directly or indirectly owning more than half of its capital or of which it directly or indirectly owns more than half of the capital.

2. Sets the duration of validity of this present delegation at twenty-six months from the date of this present General Meeting.

3. Has decided to set, as follows, the limits for the amounts of issues authorized in the case of use by the Board of Directors of this present delegation of competence:

The overall nominal value of ordinary shares liable to be issued under the aegis of this present delegation may not exceed one hundred million euros.

Furthermore, on top of this ceiling shall be charged the overall nominal value of shares issued under the aegis of the previous resolution.

4. Has decided to cancel the shareholder's right to preferential allocation of securities that are the subject of this present resolution, none the less allowing the capability of the Board of Directors to grant a priority right to shareholders in accordance with the law.

5. Has decided that the sum reverting or which is due to revert to the Company for each of the ordinary shares issued in the context of this present delegation of competence, having actions, following consideration in the case of issue of autonomous equity warrants, of the issue price of these certificates, shall be at least equal to the minimum required by the applicable legal and regulatory provisions current at the time of the Board of Directors implementing the delegation.

6. Has decided, in the case of the issue of called-up shares to remunerate securities contributed in the context of a public offer of exchange, that within the limits set above, the Board of Directors shall have the powers necessary for determining the list of securities contributed to the exchange, setting conditions of issue, parity of exchange and, as required, the total adjustment in cash to be paid, and determining the arrangements for issue.

7. Has decided that the Board of Directors shall have, within the limits set above, the powers required, in particular for setting the conditions for issue(s), determining the implementation of increases in capital that arise from this, proceeding to the corresponding modification of statutes, charging, at its own initiative, the costs of increases of capital on the total related premiums and deducting from this amount the sums necessary to bring the legal reserve up to a tenth of the new capital after each increase, and more generally, to take necessary actions in such circumstances.

8. Has noted that this present delegation supersedes any prior delegation having the same object.

Eighteenth resolution – Authorization to increase the amount of issues in the event of surplus demand.

For each of the issues decided upon by application of the sixteenth and seventeenth resolutions, the number of securities to be issued may be increased under the conditions provided for by article L 225-135-1 of Business Law up to the limit of the thresholds set by the General Meeting, where the Board of Directors notes that there is a surplus demand.

Nineteenth resolution – Authorization given to the Board of Directors to increase share capital up to a limit of 10% with a view to remunerating contributions in kind.

The General Meeting, having noted the report of the Board of Directors and in accordance with article L 225-147 of French Business law:

1. Authorizes the Board of Directors to proceed, on the report of the non-cash contributions Statutory Auditors, to an increase in capital with a view to remunerating contributions in kind granted to the Company and made up of capital stocks or securities giving access to capital where the provisions of article L 225-148 of French Business Law do not apply.
2. Sets at twenty-six months the period of validity of this present delegation counting from the date of this present Meeting.
3. Decides that the overall nominal total value of ordinary shares liable to be issued under the aegis of this present delegation may not exceed 10% of share capital.

This ceiling is independent of all the ceilings set for the other resolutions of this present General Meeting.

4. Delegates all competence to the Board of Directors, with a view to proceeding to approval of the valuation of contributions, deciding on the resultant increase in capital, determining its due implementation, charging as appropriate to the share premium all costs and rights caused by the increase in capital, or deduct from the share premium the sums necessary to bring the legal reserve up to one tenth of the new level of capital after each new increase, and proceed to

make related changes to the by-laws and to take the necessary steps in similar cases.

Twentieth resolution – Delegation of competence for an increase in capital reserved for PEE members

The General Meeting, having noted the report of the Board of Directors and the Statutory Auditors' special report, ruling by application of articles L. 225-129-6 and L. 225-138-1 of Business Law and L. 443-5 of Employment law:

- 1/ Authorizes the Board of Directors, if it sees fit, solely on its own decision, to increase share capital in one or more stages by the issue of ordinary cash shares, and if appropriate, through the free allocation of ordinary shares and other securities giving access to capital, reserved for employees (and managers) of the Company (and of companies associated with it within the meaning of article L. 225-180 of Business law) as members of a Company savings plan.
- 2/ To the advantage of these individuals, removes the preferential share right for shares than may be issued under the aegis of this present authorization.
- 3/ Sets at twenty-six months from this present Meeting the validity of this authorization.
- 4/ Limits the nominal maximum value of the increase(s) that may be applied by using this present authorization at 250,000 euros.
- 5/ Decides that the price of shares to be issued, by application of No. 1/ of this present delegation, may not be less by over 20%, or 30% where the period of non-availability laid down by the plan by application of article L. 443-6 is greater than or equal to ten years,

at the average of the first rates quoted for the share in the 20 Stock Market sessions preceding the decision of the Board of Directors in respect of the increase in capital and corresponding issue of shares, and may also not be greater than this average.

- 6/ Confers all powers upon the Board of Directors for the implementation of this present authorization, to take all necessary measures and to complete all necessary formalities.

Twenty-first resolution – Delegation for the reduction of capital in the context of a stock repurchase program

The General Meeting, having noted the report of the Board of Directors and the Statutory Auditors' report:

- 1) Gives the Board of Directors the authorization to cancel shares, based on its decision alone, in one or more stages, up to a limit of 10% of capital, or 1,867,200 shares, that the Company holds or may hold following repurchasing carried out under the aegis of article L. 225-209 of Business Law as well as reducing share capital up to due limits in accordance with current legal and regulatory provisions.
- 2) Sets at 24 months from this present Meeting, i.e. until June 30, 2007, the period of validity of this present authorization.
- 3) Bestows all powers upon the Board of Directors for the implementation of such cancellations and reductions relative to share capital, to modify as a result the by-laws of the Company and accomplish all required formalities.

Legal information

Twenty-second resolution - Modification of the Company core business and articles 3 and 22 of the by-laws

The General Meeting, having noted the Board of Director's report, has decided to change the core business of the Company to specify the activities claimed for veterinary medicine.

As a consequence of the above, the General Meeting has decided to change

- article 3 of the by-laws which will henceforth be worded as follows:

ARTICLE 3 – BUSINESS OBJECT

The Company's business object, both in France and abroad, is:

- the exploitation of any product or service related to Health development, such as:
- the manufacture, distribution and sale of drugs, especially of the homeopathic type, dietetic products, hygiene and health products, **as well as drugs for human or veterinary use,**
- stocking and distribution of medicines on behalf of one or several manufacturers,
- fundamental and applied research,
- teaching, training and information for the healthcare professions and for the general public,
- publication, documentation and communication,
- either directly, through creation, contribution, merger, de-merger, acquisition management or any other means,
- or indirectly, through specialist branches through creation, contribution,

merger, de-merger, acquisition management or any other means,

- and more generally all commercial, financial, industrial, asset or property operations associated either directly or indirectly with the Company business objectives and similar or related objectives.

It may carry out all manner of operations compatible with this object, which relate to it and contribute to its implementation.

- article 22 - General Management, which is henceforth supplemented by the following provisions:

ARTICLE 22 – GENERAL MANAGEMENT

.....

« In view of the application of the regulations published in support of public health, the general management of the Company shall include a pharmacist and a vet, who may be the chairman of the Board of Directors, or Deputy General Manager.

The managing pharmacist or vet shall assume the following missions (in so far as they correspond to the activities of the Company in which they operate):

- 1) The individual shall organize and monitor all pharmaceutical operations for the Company, in particular manufacturing, advertising, information, drug monitoring, the monitoring and withdrawal of drugs for human or veterinary use as well as corresponding stock operations;
- 2) The individual shall ensure that the conditions of transport guarantee the

proper conservation, integrity and security of the drugs for human or veterinary use;

3) The individual shall sign applications for product licenses for drugs for human or veterinary use submitted by the Company and any other applications associated with the activities they organize or supervise;

4) The individual shall take part in drawing up the research and trials program:

5) The individual has authority over associate and assistant pharmacists; the individual shall approve their appointment and will be consulted over their redundancy or dismissal;

6) The individual shall appoint temporary pharmacists or vets;

7) The individual shall notify other managers in the Company of any other obstacle or limitation to the exercise of their roles. »

Twenty-third resolution – Harmonization of the by-laws with the Order of June 24, 2004

The General Meeting, having noted the Board of Directors' report, has decided:

- to bring the by-laws of the Company into conformity with the provisions of the Order of June 24, 2004;
- as a result of this, to change articles 6, 7, 14 and 15 of the by-laws, as follows.

ARTICLE 6 – SHARE CAPITAL

The Article is now worded as follows:

Share capital is set at EIGHTEEN MILLION, SIX HUNDRED AND SEVENTY-TWO THOUSAND EUROS (€18,672,000) and divided into EIGHTEEN MILLION, SIX HUNDRED AND SEVENTY-TWO THOUSAND (18,672,000) ordinary shares, of ONE EURO each (€1), fully paid up.

ARTICLE 7 – INCREASE IN CAPITAL

The second paragraph is now drafted as follows, with the rest of the Article remaining unchanged:

In the representation of increases in capital, preferential allocation shares may be created, which benefit from advantages in relation to all other shares, subject to the provisions of French Business Law governing voting rights.

ARTICLE 14 – PREFERENTIAL ALLOCATION SHARES

The title and article shall henceforth be drafted as follows:

On the decision of the Extraordinary General Meeting, preferential allocation shares may be created, through an increase in capital or by conversion of ordinary shares already issued, which themselves can be converted into ordinary shares, all under the conditions and within the limits laid down and current legislative provisions in force. The Company does however have the option to require, by decision of the

Extraordinary General Meeting, the purchase or conversion of the totality of its own preferential allocation shares, in accordance with the provisions of Business Law. It may also delegate this power to the Board of Directors.

ARTICLE 15 – THE ISSUE OF OTHER SECURITIES

This Article is now drafted as follows:

The Board of Directors has competence for the decision or authorization to issue bonds. The General Assembly may also exercise this power.

The issue of securities giving access to capital, falls within the competence of the Extraordinary General Meeting.

Twenty-fourth resolution – Formalities

The General Meeting gives all powers to the bearer of a copy or extract of this present report with the effect of accomplishing all formalities for the registration and publicity required in law.

REPORT OF THE BOARD OF DIRECTORS TO THE JOINT GENERAL MEETING OF JUNE 30, 2005 EXTRAORDINARY PART

Ladies and Gentlemen,

To support and finance the growth of BOIRON, the Extraordinary General Meeting of May 22, 2003 conferred upon the Board certain authorizations having the effect of issuing securities, and increasing share capital through incorporation of reserves, profits or premiums and the creation of shares to be allocated free of charge to shareholders, or the elevation of the nominal value, for a period of 26 months, expiring on July 22, 2005.

We have called you to a Joint General Meeting in order to request your approval for the renewal of these delegations of competence as well as the granting of new delegations of competence to the Board of Directors in financial respects, in accordance with the Order of June 24, 2004 governing reform of the securities regime.

Authorization to increase share capital social through cash contribution or incorporation of reserves, profits or premium

Your Board therefore seeks delegations of competence to the Board of Directors:

- In resolution sixteen, to increase capital through the issue of securities giving access to capital reserved for shareholders and/or by incorporation of reserves, profits or premiums;
- In resolution seventeen, to increase capital through the issue of ordinary shares or securities giving access to capital, with cancellation of the preferential share allocation right.

These delegations are intended to give the Board of Directors, within the legal period of 26 months, every latitude to proceed, at the times of their choosing, to the issue of ordinary shares, and/or any security giving immediate or delayed access to ordinary shares.

The nominal amount of increases in capital liable to be achieved, may not exceed one hundred million euros. This amount would include the overall nominal value of additional ordinary shares that may be issued in order to support, in accordance with law, the rights of owners of securities giving access to capital.

It is proposed, in the context of these delegations, to confer upon the Board of Directors, the power to increase, under the conditions and within the limits set by legal and regulatory provisions, the number of securities planned in the initial issue. This decision would be subject to a specific resolution.

In accordance with law, the securities to be issued may give access to ordinary shares in any Company which directly or indirectly owns more than half the share capital of our Company or of any Company of which our Company directly or indirectly owns more than half of the share capital.

These issues may be implemented with or without shareholders' preferential allocation rights. We therefore ask you, in resolution seventeen, to cancel the shareholders' preferential allocation right: fluctuations in the financial markets

in effect mean that the speed of investing these issues is one of the essential factors for their success, which is not very compatible with maintaining the preferential allocation right, which significantly prolongs implementation times.

In the case of maintaining preferential share allocation rights, if allocations have not absorbed the entire issue, the Board of Directors may use the facilities laid down by law and in particular offer the general public all or part of the shares not taken up.

In the case of an issue by public offer for savings without preferential share allocation rights, the Board of Directors may confer on shareholders the ability to have priority allocation.

Still with this hypothetical case, the amount reverting or due to revert to the Company for each of the ordinary shares issued, after taking into account, in the case of issue of equity warrants, of the allocation price of these warrants, shall be determined in accordance with legal and regulatory provisions.

In the event of the issue of called up securities to remunerate securities contributed in the context of a public offer of exchange, the Board of Directors shall, within the limits set above, have the necessary powers to issue the list of securities contributed to the exchange, set conditions for issue, the parity of the exchange, and, as appropriate the total adjustment in cash to be paid, and determining the arrangements for issue.

Authorization to increase share capital with a view to remunerating contributions in kind

We request you to authorize the Board of Directors to increase share capital up to the limit of 10% with a view to remunerating any contributions in kind granted to the Company and made up of capital securities or securities giving access to capital.

This authorization would be approved for a period of 26 months.

The nominal overall value of ordinary shares liable to be issued under the aegis of this delegation may not exceed 10% of share capital. This ceiling is independent of that for all the ceilings provided for the other delegations in terms of an increase in capital.

Authorization to proceed to an increase in capital reserved for members of a PEE [Company saving scheme]

We also proposed that you should rule on a proposed delegation to be given to the Board of Directors enabling application of an increase in capital, reserved for members of a PEE and implemented under the conditions of article L 443-5 of Employment law.

The nominal maximum for the increase(s) that can take place through use of this delegation is €250,000.

To this end, we propose that you confer upon the Board of Directors for a period of 26 months all powers with the effect of utilizing this delegation.

Authorization to reduce capital through cancellation of self-owned shares

In resolution twenty-one we propose that you authorize the Board of Directors for a period of twenty-four months in the context of the program of share repurchase, to cancel, in one or several stages, the shares repurchased by the Company, representing a maximum of 10% of shares making up share capital and as a consequence to reduce the share capital and modify the by-laws.

Statutory modifications

We shall also submit for your approval the modification of the by-laws of our Company in pursuance of the AFSSAPS (French Agency for Health Safety in Health Products) requirements:

- to refer to veterinary products under the Company's business object,
- to refer to the obligation:
 - to have a manager who is a formally qualified pharmacist or vet,
 - and to provide the detail of this individual's specific roles.

We also propose to you:

- to extend the business object to cover veterinary products and to modify article 3 of the memorandum and articles,
- and to include under article 22 – General Management, the obligations provided for in articles L 5142-1, R 5142-33 (obligation to have a formally qualified pharmacist or vet as a manager to fulfil the functions of pharmaceutical

management) and R 5142-35 (list of minimum attributions).

Furthermore, we would ask you to proceed with various statutory modifications arising from the Order of June 24, 2004 reforming the securities regime.

In effect, this text, ratified by the law of December 9, 2004, contains rules that have a direct impact on the text of the by-laws, which we propose to you should be modified as a result. The rules are the following:

- cancellation of preference shares, replaced by preferential allocation shares,
- cancellation of preference dividend shares without double voting rights,
- cancellation of the exclusive competence of the OGM to issue bonds.

As a consequence, we propose to you that we modify articles 6, 7, 14 and 15 of the by-laws.

If our proposals meet with your approval, we would ask you to approve the text of the resolutions proposed to you, with your vote.

Done at Sainte-Foy-lès-Lyon,
Dated March 4, 2005

THE BOARD OF DIRECTORS

Report of the Statutory Auditors

REPORT OF THE STATUTORY AUDITORS ON THE REGISTRATION DOCUMENT

This is a free translation into English of the statutory auditors' report on the registration document issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' reports on consolidated financial statements, referred to in this report, includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented after the Opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual and consolidated financial statements. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

In our capacity as statutory auditors of Boiron and in compliance with Article 211-5-2 of AMF General Regulation, we have verified, in accordance with French professional standards, the information in respect of the financial position and historical financial statements included in the accompanying Registration Document (Document de Référence).

This Registration Document is the responsibility of Mr. Thierry Montfort, Deputy Chief Executive (Directeur Général Délégué). Our responsibility is to issue a conclusion on the fairness of the information contained therein with respect to the financial position and financial statements.

We conducted our examination in accordance with French professional standards. This examination consisted in assessing the fairness of the information on the financial position and financial statements and to verify their consistency with the audited accounts. We also read other financial information contained in the Registration Document in order to identify any significant inconsistencies with information in respect of the financial position and financial statements and to bring to your attention any obvious misstatements we noted based on our general understanding of the company gained through our audit. This Registration Document includes no prospective information on a properly prepared individual component or item.

We issued an unqualified opinion on the annual and consolidated accounts for the year ending December 31, 2002, drawn up by the Board of Directors, in accordance with French professional standards. Our reports contained an observation highlighting the effect of the change in accounting method resulting from the first implementation, starting January 1st, 2002, of the CRC regulation n°2000-06 related to liabilities.

We issued an unqualified opinion on the annual and consolidated accounts for the year ending December 31, 2003, drawn up by the Board of Directors, in accordance with French professional standards. Our report on the annual accounts contained observations related to the following changes in accounting methods:

- Application of the recommendation from the CNC (French professional body) n°2003-R.01 dated April 1st, 2003 and related to accounting rules for working medals.
- Change in method of accounting of royalties related to a licensed brand.

We issued an unqualified opinion on the annual and consolidated accounts for the year ending December 31, 2004,

drawn up by the Board of Directors, in accordance with French professional standards. Our report on the consolidated accounts contains an observation highlighting the change in accounting method regarding the first recognition of a provision concerning Boiron SA's agreement on retirement preparation, resulting from the application of the recommendation 2003-R.01 from the CNC (French professional body) dated April 1st, 2003.

On the basis of our examination, we have nothing further to report on the fairness of the information on the financial position and the accounts included in the Registration Document.

Villeurbanne and Lyon, March 14, 2005
The Statutory Auditors
French original signed by

Jacques CONVERT



BARBIER FRINAULT & AUTRES
ERNST & YOUNG
Nicolas SABRAN



The Registration Document also includes the following reports:

- The statutory auditor's report on the consolidated accounts at December 31, 2004 (shown on pages 44 of the Registration Document), which includes the basis of their assessments in accordance with Article L. 225-235 of French company law (Code de Commerce).
- In accordance with Article L. 225-235 of French company law (Code de Commerce), the statutory auditors' report on the report prepared by the President of the Board of Boiron (page 58 of the Registration Document) describing the internal control procedures for the preparation and treatment of accounting and financial information.

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