

# GLOSSARY BOIRON



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**Additional paid-in capital**

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When a capital increase takes place, the additional paid-in capital is the difference between the issue price of the new shares and their par value. The additional paid-in capital is part of a company's equity.

**Agreement on preparation for retirement**

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This term refers to a reduction in working hours for Boiron SA (France) employees in the years leading up to their retirement. The APR is a result of a company-wide agreement.

**Annual information**

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Listed companies are required to publish and file with the Financial Markets Authority an Annual Financial Report. The publication of the annual results includes several types of mandatory and optional documents, the nature, method and timetable for disclosure of which are regulated by the Financial Markets Authority. Boiron publishes its annual information in its reference document, which is available on our website under the heading Regulatory Information/ Annual Reports.

**Assets**

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Total property and rights available to a company to carry out its business. The assets may be in the form of financial, monetary or physical property or intangible rights.

**Audit committee**

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The Audit Committee is responsible notably for reviewing the financial statements and disclosures provided to shareholders and to the market. To this end it interviews the employees responsible for preparing the accounts of Boiron France and of the group, as well as the statutory auditors. Boiron's Audit Committee was set up at the 18 May 2000 meeting of the Board of Directors. The Committee's various operating procedures and powers are summarised in the Chairman's report on internal control included in the reference document.

**Balance sheet**

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Accounting document summarising the assets of a company and the resources (liabilities) available to it at a given point in time. Boiron publishes its annual balance sheet (included in the reference document) and its interim balance sheet (included in the half-yearly report).

**Board of Directors**

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French public limited companies may be administered by a Board of Directors composed of at least three and no more than eighteen members, all of whom are appointed by the General Meeting. Boiron's Board of Directors has eleven members. The Chairman of the Board of Directors is Christian Boiron.

**Board of Directors' Report**

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In this document the managers present their activity over the past financial year to the Board of Directors, and report any significant information on the company and its outlook. This is a mandatory document, the contents of which are laid down by the French Commercial Code. The Boiron group's Board of Directors' Report is included in the reference document.

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<b>Capital gains/ Capital losses</b>	A capital gain arises when the sale price of a share is higher than its purchase price. A capital loss arises in the opposite case.
<b>Cash flow</b>	This is the difference between cash receipts and cash paid out for operating expenses recorded during the financial year.
<b>Chairman's report</b>	This document is prepared by the Chairman of the Board of Directors. In it he describes the composition, terms of preparation and organisation of the Board's work, as well as the risk management and internal control procedures put in place by the company. This report also indicates any constraints that the Board of Directors imposes on the powers of the managing director. It is approved by the Board of Directors and disclosed to the public.
<b>Company mutual fund</b>	<p>This is an undertaking for collective investment approved by the Financial Markets Authority. It is reserved for the employees of a company and is designed to receive savings from their salary and wages.</p> <p>As at 31 December 2010, 4.45% of Boiron's capital was held by its staff through a company savings plan.</p>
<b>Consolidation</b>	This is an accounting procedure that is mandatory for all enterprises with control of other enterprises. It presents the financial position of a group of companies as if they were one single company.
<b>Corporate governance</b>	All recommendations, regulations, and processes intended to improve the efficiency and manner in which the company is managed, administered and supervised.
<b>Corporate income tax</b>	This is the tax paid on earnings arising in the past financial year.

## D

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**Deferred taxes**

Deferred taxes arise from timing differences in the recognition of income and expenses for financial reporting and for tax purposes.

**Depreciation and amortisation**

Accounting recognition of a decline in value. This decline in value must be considered irreversible and must be spread over a given period, for example the depreciation of a non-current asset due to wear and tear, obsolescence or potential legal constraints.

**Directors' fees**

Remuneration given to members of the Board of Directors. The amount is decided by the Ordinary General Meeting and is paid accordance with regular attendance of the directors at the Board meetings.

**Dividend**

Portion of a company's net earnings paid out to shareholders. The dividend for 2010 was EUR 0.70. This amount was approved by the General Meeting of 19 May 2011 and paid on 3 June 2011.

**Employee benefits**

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All payments and benefits granted to employees in the medium to long term. These liabilities are treated as an expense in the accounts and are often deferred to the future and consequently need to be valued.

Boiron's staff-related liabilities include the following:

- Retirement Indemnity
- Agreement on Preparation for Retirement
- Long-services bonuses (in France and Spain);
- TFR in Italy
- Pre-pension in Belgium

**Equity**

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This represents the capital provided by shareholders at the time the company was set up or subsequently, or retained by the company in the form of earnings not distributed as dividends.

**Euronext Paris**

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Euronext Paris is the service provider that manages all the regulated markets for the Paris stock exchange. It operates and develops these markets, establishes the market rules and submits them to the Financial Markets Authority for approval.

## F

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### **Financial announcement**

Disclosure published in the media (press, Internet, etc.) by Boiron to inform the public about its operations, results, or any other events. It is released after a meeting of the Board of Directors and is published effectively and fully in accordance with regulatory reporting requirements.

### **Financial expenses**

Financial expenses relate to the remuneration of borrowings. They therefore depend on the level of indebtedness and interest rates.

### **Financial Markets Authority**

The Financial Markets Authority is an independent and financially autonomous public corporation. Its remit is to:

- safeguard investments in financial instruments and all other publicly offered investment vehicles;
- ensure that investors receive material information;
- maintain orderly financial markets.

The Financial Markets Authority is endowed with regulatory, supervisory and enforcement powers.

### **Financial revenue**

Financial revenue is the proceeds from investing the company's cash resources (in particular investment of liquid resources and transferable investment securities, etc.).

### **Full service subsidiary**

This is a company in which Boiron SA owns the majority of the capital and which operates independently and autonomously on a specific market. Its remit is to promote and distribute Boiron brand products in the country in which it is located. Currently, Boiron has eleven full service subsidiaries worldwide, in Belgium, Switzerland, Poland, Russia, Réunion, Italy, Spain, the USA, Brazil, Canada and the Caribbean.

### **Function Support costs**

Costs of the management and staff working to support production, distribution and promotion of the products sold.

**General Meeting**

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Meeting of all the company's shareholders held at least once a year. The shareholders are invited to attend by the Board of Directors. The various types of Meeting are:

- Annual General Meeting (AGM): Organised each year for the company's shareholders.
- Extraordinary General Meeting (EGM): Meeting of shareholders convened to take strategic decisions such as changes to the the company's capital or amendments to its by-laws.
- Combined General Meeting combines the AGM and the EGM on the same date.

**Goodwill**

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This item is shown among the assets on a company's balance sheet. It is the difference between the acquisition price of the shares of a subsidiary and the carrying amount of these shares in the accounts of the company that has been acquired.

**Half-yearly information**

Listed companies are required to publish and file with the Financial Markets Authority an Interim Financial Report, which must be published within two months of the end of the half-year and provide all disclosures defined by the Financial Markets Authority. This document includes the following:

- The condensed consolidated financial statements for the past six months;
- A half-yearly business review;
- A statement by the individuals responsible for the report;
- The statutory auditors' report on the limited review of the aforementioned accounts.

The Boiron group's half-yearly report is available on our web site (Regulatory information/ Half-year reports).

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**Income before tax**

The company's income before taking corporate income tax into account. It corresponds to the sum of the operating profit (or loss), the financial profit (or loss) and any extraordinary or non-recurring items not included in the operating profit (or loss) or in the financial profit (or loss).

**Income statement**

Accounting document summarising all revenues and expenses incurred by the company during a financial year. It is a way of assessing changes in a company's wealth.

**Industrial production costs**

All costs relating to the production of any stocked product not made to order.

**Intangible assets**

Shown among the assets on the balance sheet, these include essentially brands, patents and computer software.

**Internal audit**

The Internal Audit department reports to Senior Management. It carries out inspections to assess the effectiveness of the organisation's internal control system. As part of this exercise it makes recommendations and monitors their implementation. It is active both in purely financial areas and in more operational matters (analysis of purchasing and selling processes, etc.), both in France and abroad.

**International Financial Reporting Standards (IFRS)**

These are the international accounting standards set up by the International Accounting Standards Board (IASB). European regulations require listed European companies to publish their consolidated accounts in accordance with IFRS. Boiron has been presenting its accounts in accordance with IFRS since 1 January 2005.

**Investments**

Shown among the assets on the balance sheet, these mainly include long-term equity investments in the capital of other companies, as well as deposits and guarantees.

**ISIN Code**

The ISIN (International Securities Identification Number) code is the international identification number for securities listed on the stock market. Boiron's ISIN code is FR0000061129 (BOI).

## L

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### **Liabilities**

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All of the financial obligations and debt of a company acquired as part of the financing of its business.

### **Long-service bonus**

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A service award is a way to reward employees for the entirety of their career and the quality of their work, whatever the number of employers. Under a company-wide agreement, Boiron provides a bonus when a long-service bonus is granted.

## M

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**Market capitalisation**

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Value attributed to a company at a given date, equal to the number of shares forming the capital multiplied by the share price on that date. As at 31 December 2010, Boiron's market capitalisation was EUR 612 million.

**Marketing costs**

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All costs relating to product promotion.

**Minority shares**

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Minority shares represent the portion of capital and reserves or the net profit (loss) of fully consolidated subsidiaries that is attributable to the minority shareholders of these subsidiaries and not to the parent company.

**Net earnings per share (Net EPS)**

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This is a financial indicator of consolidated net earnings divided by the number of shares outstanding.

**Net Income**

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This is an indicator of the increase or decrease of the company's wealth during the financial year. It is the residual portion of the results of operating activities attributable to shareholders after creditors and the government have collected their shares. It may be distributed in the form of dividends, or allocated to reserves (thereby increasing the amount of the company's equity).

**Net Income, group share**

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This represents the consolidated results attributable to the parent company, after deducting the portion due to minority interests.

**Non-proprietary Homeopathic Medicines**

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Non-proprietary Homeopathic Medicines are produced by all homeopathic laboratories. They include one or more components obtained from substances derived from the three areas of animal, vegetable or mineral. Tubes of granules and globule dosage dispensers are the two forms that are most specific to homeopathy, in accordance with the Hahnemann tradition.

**Official gazette**

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The official gazette is a daily or weekly paper authorised to publish announcements relating to the setting up and closure of companies, amendments to their by-laws and information on financial operations.

**Operating income**

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This is an indicator of profitability arising from the profit or loss on the company's usual business activities. It does not take into account financial revenue or expenses or corporate income tax.

**OTC Specialties**

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Unlike non-proprietary homeopathic medicines, the term speciality refers to branded products developed specifically by Boiron. They have therapeutic indications.

Speciality products are of particular interest to health professionals. They also have a place among self-medication remedies. Specialities may be prescribed by a doctor, but also recommended by a pharmacist.

For animals, Boiron also offers homeopathic specialities for veterinary use.

## P

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### **PER - Price Earnings Ratio**

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This is the ratio of a company's share price to its net earnings, on a per share basis.

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### **Preparation and distribution costs**

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All costs relating to product preparation and distribution.

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### **Promotion subsidiary**

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This is a company in which Boiron SA owns the majority of the capital. Located outside France, it contributes to the international growth of the Boiron brand and products by the promotion activities that it carries out locally.

At present Boiron has seven promotion subsidiaries worldwide in Tunisia, Romania, Bulgaria, Hungary, the Czech Republic and Slovakia and in Portugal.

**Quarterly financial information**

This information is required for regulatory purposes. Listed companies are required to publish and file with the Financial Markets Authority a quarterly financial report within 45 days of the end of the first and third quarters of the financial year. This report covers the following:

- Net revenue (current quarter and year-to-date)
- An analysis of the change in consolidated revenue.

Boiron releases its quarterly information by publishing a financial announcement in the press and on its website.

**Quotation**

Quotation is the term used when the price of a security listed on the market is set by the market in response to demand. Boiron's shares are quoted in compartment B of NYSE Euronext.

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<b>Reference document</b>	Document for a given financial year containing legal, economic, institutional and financial information on the company. It is filed with the Financial Markets Authority and remains valid for one year. Boiron filed its 2010 Reference Document on 12 April 2011. It may also be viewed on our website <a href="http://www.boiron.com">www.boiron.com</a>
<b>Regulatory affairs costs</b>	All costs relating to the operation of the regulatory affairs department, in particular: fees, taxes and registration charges.
<b>Research costs</b>	All costs related to the operation of the research department, in particular: fees to research facilities, cost of studies, etc.
<b>Resolutions</b>	Proposal submitted to the vote of the shareholders' General Meeting. Each shareholder is entitled to one voting right per share. A vote is held for each resolution. The shareholder therefore has the choice of voting for or against, abstaining or not participating in the vote.
<b>Retirement indemnity</b>	Remuneration provided by the company and paid out at the employee's retirement date, in accordance with the collective bargaining agreement for the pharmaceutical industry in France.

**SFAF - The French society of financial analysts**

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An association that seeks to improve the techniques of financial analysis and the quality of financial information, and that represents the profession at the national, European and international institutional levels. It currently has over 1,600 members. Boiron presents its results and targets at the SFAF meetings held twice a year.

**Share buyback**

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Operation in which the company buys back its own shares and holds them as part of its assets. Share buybacks are one-off events. A description of the buyback programme is included in the reference document. Information concerning all transactions in the company's own shares may be found on our website.

**Share capital**

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Total resources contributed available to a company to carry out its business activities. It can be increased or decreased over the life of the company. As at 1 January 2010 Boiron's share capital was composed of 21,482,556 shares, divided into 21,482,556 fully paid ordinary shares, each with a par value of EUR 1.

**Statutory auditors**

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The statutory auditors serve a legal role in verifying the fairness and accuracy of the accounts drawn up by the company and for this purpose to carry out a financial and accounting audit. The auditors are appointed for six years at the Annual General Meeting (AGM). As at 31 December 2009 the Boiron Group auditors were:

- Ernst & Young et Autres;
- Deloitte et Associés.

**Stock market index**

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Indicator that can be used to measure the performance of a market or sector. Each index is composed of a sample of securities (shares or bonds) and represents the average of their prices. Boiron is included in the following stock market indices:

- CAC Mid 60;
- CAC Mid & Small;
- CAC all-Tradable
- I.A.S. - Indice Actionnariat Salarié (Employee shareholders' index).

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### **Tangible fixed assets**

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Shown among the assets on the balance sheet, property, plant and equipment encompasses all land, buildings, technical facilities, machinery and equipment belonging to the company.

### **Treasury stock**

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Proportion of the shares composing the capital of a company held directly or indirectly by the company that issued them. As at 31 December 2010, 0.04% of Boiron's capital was held as treasury stock.

**Voting right**

The right of the shareholder to take an active part in both the General Meeting and in collective decisions involving the company.

## W

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### **Working capital**

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Working capital measures the surplus of long-term resources over gross non-current assets. It reflects the company's level of liquidity.

### **Working capital requirement**

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This is the mismatch of cash in hand resulting from the difference between cash outflows and inflows relating to the company's operating activities.