

**BOIRON®**

# Half-Year Financial Report 2011



**HALF-YEAR FINANCIAL REPORT****Half-year closed June 30, 2011**(L 451-1-2 III of the French Monetary And Financial Code.  
Article 222-4 and seq. Of the French Securities and Exchange Commission [AMF] Regulations)**BOIRON****Limited liability Company with capital of 21,482,556 euros.****Registered office : 20, rue de la Libération - 69110 Sainte-Foy-lès-Lyon.****Lyon Commercial Register no 967 504 697.**

This half-year financial report is for the six months ended June 30, 2011, and was prepared in line with the Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 et seq. of the AMF Regulations.

It was published in line with the Article 221-3 of the AMF Regulations. It is available on the Company's website: [www.boiron.com](http://www.boiron.com) (<http://www.boiron.com/en/Shareholders-and-investors-area/Financial-information/Regulated-information/Financial-reports>)

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This is a free translation into English of the Boiron Half Year Report 2011, issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

# Declaration by the person responsible for this report

## DECLARATION BY THE PERSON RESPONSIBLE FOR THIS REPORT

I declare that to the best of my knowledge, the condensed half-year financial statements, have been prepared according to the applicable accounting standards and provide a fair view of the businesses, financial position and income of all entities in the company's scope of consolidation.

I also declare that to the best of my knowledge, the half-year report provides a true and fair view of the highlights of the first six months, their impact on the financial statements, the main related party transactions as well as a description of the main risks and main uncertainties for the remaining six months of the fiscal year.

Sainte-Foy-lès-Lyon  
September 6, 2011

**Philippe Montant**  
Deputy General Manager



# Half-year activity report

## HIGHLIGHTS OF THE FIRST HALF OF 2011

### In France :

- The industrial investment program at the various sites is on-going: Launch of a production unit for Oscillococcinum® in Messimy, continued work to expand our production facilities at the Montevrain site to increase the production capacity for single-dose (Camilia®, Homéoptic® ...).
- The redesign of our IT system is on-going:
  - The Sage X3 software system related to the financial and purchasing functions has been operational since the beginning of the year.
  - Our new software programme (Arpege) has now been implemented at all of our 31 regional preparation and distribution laboratories.
- The construction of a 200 m<sup>2</sup> research laboratory in Messimy was completed in June. The purpose of the laboratory is to perform fundamental and applied industrial research.
- As of May 2, the public health care insurance coverage for medicines reimbursed at 35% was reduced by 5 percentage points by government decision. The coverage rate for reimbursed homeopathic medicines was thus decreased from 35% to 30%.
- Within the framework of our relations with the Faculty of Medicine and Maieutic at the University of Lyon Sud - Charles Mérieux, we contributed to the funding for the renovation of amphitheatres. The Boiron amphitheatre was inaugurated on June 21.

- The Board of Directors, at its meeting on May 19, 2011, decided upon the following changes which take effect on July 1:
  - Thierry Boiron, General Manager, has been appointed to be the Chairman of the Board of Directors thereby replacing Christian Boiron who has been appointed to be the General Manager.
  - Philippe Gouret's mandate as Deputy General Manager has been renewed, as well as his function as Chief Pharmacist.
  - Valerie Poinot has been appointed Deputy General Manager.
  - Philippe Montant has been appointed as Deputy General Manager.
- Since March, Camilia®, which is indicated for teething pain, is also available in a 30 dose format.
- In May, Arnigel® was advertised on television for the first time.

### In Belgium :

Our subsidiary, Unda, performed work to modernize its production site in Harzé, which should be completed by the end of 2011.

### In Italy :

The subsidiary is pursuing the reorganization of its customer service function by combining all the teams on one site in Milan.

**In Switzerland**, Camilia® was launched in January

**In Russia**, Arnigel® has been marketed since the month of June.

**In Brazil**, Stodal® has been available for sale since the month of March.

**In United-States**, In order to adapt to changes in the local conditions, the subsidiary has reorganized itself and reduced its workforce by 15 persons.



## 2011 HALF-YEAR RESULTS

### 1. ACTIVITY

**Group sales** amounted to €225,816 thousand at the end of June 2011, an increase of 1.9% or €4,284 thousand compared to 2010. Following the first quarter's growth of 6.3%, sales decreased by 3.3% during the second quarter.

- **Sales in France** increased by 3.2%. The non-proprietary medicines increased by 0.8%. The OTC specialties increased by 10.3%, mainly due to Camilia<sup>®</sup>, and, to a lesser extent, Arnigel<sup>®</sup>.
- **In the region Europe (excluding France)**, the stability of sales (- 0.2%) resulted from contrasting developments:
  - **Italy:** Sales increased 10.5%, of which + 3.7% related to non-proprietary medicines and + 16.9% related to OTC specialties, Stodal<sup>®</sup> having made the strongest increase.
  - **In Russia:** Sales decreased by 17.9%, within the context of a low incidence of winter illnesses following strong sales in 2010.
  - **In Hungary,** the decrease in sales by 49% followed significant deliveries realized in late 2010.
  - **In Poland,** sales decreased by 11.1%: Following an increase in sales of non-winter OTC specialties during the first quarter, activity declined in the second quarter.
  - **In Spain,** sales were stable during the half-year period: It should be noted that business decreased as of the second quarter.
- **In the North America region,** sales decreased by 0.2%, having been impacted by unfavourable exchange rates on the US dollar. At constant exchange rates, sales in that region increased by 3.5%. In the U.S., sales at Boiron USA increased by 8.2% as reported in dollars and 2.5% in euros.
- **In the "Other countries",** growth was 18.6%. We noted improvements on sales in Brazil and South Africa, where volumes remain limited.

Given the events mentioned above, sales achieved internationally changed by only 0.5% during the first half of 2011.

### 2. RESULTS

**Operating income** amounted to €686 thousand versus €9,186 thousand in 2010. The decrease in business activity in the second quarter and the increase in overhead expenses were the primary reasons for the decrease in profitability.

**Gross margin** decreased by 0.6%: It amounted to 77.5% of sales in 2011 versus 79.5% in 2010. It was mainly impacted by an increase in production costs: personnel expenses, depreciation and consulting fees related to the continued development of production facilities.

**Preparation and distribution costs** increased by 4.4% or €3,014 thousand mainly as a result of the increase in personnel expenses in France and the costs related to the implementation of our new IT programme (Arpège).

In addition, these costs include a provision of €647 thousand for the reorganization of customer services at Boiron Italy.

**Marketing costs** increased by 6.8% or €4,010 thousand. An increase in advertising expenditures also occurred:

- In Russia, where television commercials for Oscilloccinum<sup>®</sup> were broadcast on nationwide stations rather than regional stations and the television commercials for Stodal<sup>®</sup> were launched;
- In France, mainly related to Oscilloccinum<sup>®</sup> and Arnigel<sup>®</sup>;
- In Italy, for the promotion of Stodal<sup>®</sup>;
- In the United States, within the framework of the Oscilloccinum<sup>®</sup> campaign in the first quarter (press and television).

In addition, personnel costs are increasing, particularly in France (due to increases in compensation) and in Russia and Brazil (for the strengthening of sales teams).

**Research costs** decreased by 47.9% due to the fact that certain programmes have been delayed.

**Function support costs** increased by 9.9% or €3,247 thousand as a result of the increase in personnel expenses (especially in France and Russia) and the continuation of IT initiatives (sub-contracting and amortization).



**Other operating revenue and expenses** amounted to income of €2,014 thousand versus €1,094 thousand in 2010:

- Operating income/expense on foreign currency exchange amounted to an expense of €98 thousand versus an expense of €1,032 thousand in 2010: It should be noted that the first half of 2010 was highlighted by a negative impact related to currency hedges made at the end of 2009.
- In 2011, provisions of €1,220 thousand were reversed due to the favourable outcomes of litigation in France, Belgium and Spain.
- Any preparation and distribution laboratories were divested during the first half of 2011. However, the divestiture of the Rouen and Nantes regional laboratories facilities resulted in a capital gain of €912 thousand in 2010.

**Financing expenses and revenue cash** amounted to €515 thousand versus €260 thousand in 2010. The increase was the result of increases in interest rates earned on the group's cash.

**Other financial revenue and expenses** amounted to income of €66 thousand versus a net expense of €481 thousand in 2010 (change in the fair value of current accounts and cash balances in foreign currencies).

**Tax expense** amounted to 116.5% of the income before taxes taking into account the fact that losses do not generate tax savings in Switzerland and Brazil. In fact, the decision was made to not to recognize deferred tax assets in these subsidiaries, due to the absence of historical profits.

The **net income** amounted to a loss of €215 thousand versus income of €5,129 thousand in 2010

### 3. NET CASH POSITION

At June 30, 2011, **net cash** was €63,536 thousand versus €97,897 thousand at December 31, 2010.

Cash flows from **operating activities** amounted to €7,526 thousand versus - €5,278 thousand at June 30, 2010.

Cash flow was €13,149 thousand versus €18 957 thousand in 2010. It amounted to 5.8% of sales (8.6% in 2010) and follows the trend in operating income.

Payments of €9,703 thousand related to taxes were made in the first half of 2011 versus €26,128 thousand in the first half of 2010 (advance payments made were determined on the basis of high income levels achieved in 2009).

The change in working capital requirements amounted to + €4,080 thousand versus + €1,893 thousand in 2010. The increase in inventories during the first half-year was smaller as compared to the first half of 2010.

Cash flow from **investment activities** reached €28,092 thousand as compared to €29,928 thousand as of June 30, 2010.

Capital expenditures related to production and IT amounted to €28,190 thousand versus €19,277 thousand in 2010 and primarily took place in France.

It should be noted that, in 2010, the cash flow from investing activities included a reclassification of €13,033 thousand related to cash equivalents of investments with terms of greater than three months.

**Cash flows from financing activities** amounted to - €13,912 thousand versus - €14,322 thousand in the first half of 2010. Those amounts were mainly related to the payment of dividends (€15,035 thousand in 2011 and €15,038 thousand in 2010).

### 4. OUTLOOK

Uncertainties related to the economic environment lead us to remain cautious regarding the full year outlook.



## DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

### Industrial and environmental risks

There were no notable changes from the industrial and environmental risks described in the 2010 Reference Document.

### Operational risks

There were no notable changes from the industrial and environmental risks described in the 2010 Reference Document.

### Market and liquidity risks

The management of market risks and liquidity is described in the 2010 reference document (page 106 of the notes to the consolidated financial statements for 2010).

The notes to the half-year consolidated financial statements at June 30, 2011 describe the development in the management of risks and financial instruments (note 18).

### Customer risk

The Boiron Group pays close attention to the debt collection and has adopted a prudent policy in the current economic climate. Thus, when the hedging mechanisms typically used (credit insurance on export sales in particular) are reduced, the Boiron Group has recourse to other hedging mechanisms (obtaining bank guarantees).

Where necessary, the Boiron Group writes down receivables where impairment losses are identified, in line with the measurement methods and consolidation principles described in the 2010 Reference Document.

Impairment amounted to €1,380 thousand as of June 30, 2011 and accounted for 2.2% of trade receivables. The Boiron Group did not have occasion to recognise any major defaults in the first half of 2011.

### Ongoing lawsuits

#### France : Previous year lawsuits and risks

- [Direct sales tax](#)

On November 2, 2010, the Lyon URSSAF filed a further appeal against the decision of the Versailles Court of Appeals, dated September 2, 2010 which ordered a full refund of money paid by our laboratory between 1998 and 2002 related to the additional tax on direct sales (TVD).

The amounts collected in 2010 reached €9,960 thousand which corresponds to the amount actually paid by Boiron and €2,996 thousand of accrued interest on amounts due.

The proceedings before the French Supreme Court are currently in process, the parties having each submitted a legal brief, and a trial hearing has been set for November 2, 2011.

In the framework of the litigation initiated by the company DOLISOS, the Toulouse Court of Appeals decided, in their decision dated April 8, 2011, to stay the proceedings until the decision of the French Supreme Court (Cour de Cassation).

#### France and Belgium :

- [Ce.M.O.N lawsuit \(a trading partner\)](#)

There were no developments in the first half of 2011 regarding that litigation which is described in the 2010 reference document.

#### United-States :

Boiron USA was the target of a lawsuit filed in a California State court related to the drug Coldcalm<sup>®</sup> for children (indicated for the relief of cold symptoms). The claim was made for false advertising based on the grounds that the drug was not effective.

Within the framework of the trial, our subsidiary preferred that the litigation be brought to the federal level and filed an appeal in order to obtain the dismissal of the complaint before any substantive consideration. The appeal was dismissed by a federal judge on July 25, 2011. Furthermore, the nature of the lawsuit was recognised as a being a "class action" suit.

Our subsidiary retains the right to request an appeal of these two decisions.

The same legal firm filed an identical complaint on August 8, 2011 before the San Diego court (in California) against the drug Oscilloccinum<sup>®</sup>. We are currently working with our American legal counsel to prepare the most appropriate strategy.

No other material litigation occurred in 2011

### MAIN RELATED-PARTY TRANSACTIONS

The main related-party transactions are set out in Note 26 to the half-year condensed consolidated financial statements.



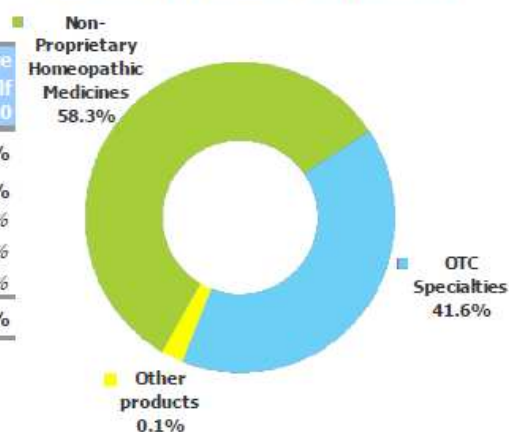
# Half-Year results

Data in millions of euros

## BREAKDOWN OF GROUP SALES

Consolidated data	Q1 2011	Q2 2011	1 <sup>st</sup> half 2011	Q1 2010	Q2 2010	1 <sup>st</sup> half 2010	Change 1 <sup>st</sup> half 2011/2010
<b>France</b>	70.46	59.75	130.21	66.31	60.04	126.35	+3.1%
<b>International</b>	58.48	37.13	95.61	55.05	40.13	95.18	+0.5%
<i>Incl. Europe excluding France</i>	47.02	28.89	75.91	44.85	31.23	76.08	-0.2%
<i>Incl. North America</i>	9.57	6.11	15.68	7.98	7.73	15.71	-0.2%
<i>Incl. Other countries</i>	1.89	2.13	4.02	2.22	1.17	3.39	+18.6%
<b>GROUP TOTAL</b>	128.94	96.88	225.82	121.36	100.17	221.53	+1.9%

## SALES BY PRODUCT CATEGORY



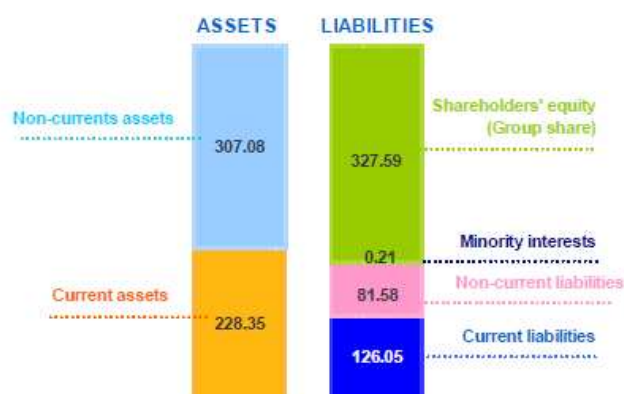
## INVESTMENTS AND CASH FLOW



## SIMPLIFIED INCOME STATEMENT

	2011	2010	var.
<b>Sales</b>	225.82	221.53	+1.9%
<b>Operating income</b>	0.69	9.19	
<b>Net Income - Group share</b>	-0.22	5.13	
<b>Cash Flow</b>	13.15	18.96	-30.6%

## SIMPLIFIED BALANCE SHEET



## SHARE PRICE PERFORMANCE



Source : Euronext



**HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AT JUNE 30<sup>TH</sup>, 2011**

***Approved by the Board of Directors on September 6<sup>th</sup>, 2011***

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## CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	06/30/2011 (6 months)	06/30/2010 (6 months)
<b>Sales</b>	19	<b>225 816</b>	<b>221 532</b>
Other sales revenue	19	119	105
Industrial production costs		(50 984)	(45 600)
Preparation and distribution costs		(72 186)	(69 172)
Marketing costs		(62 840)	(58 830)
Research costs	20	(1 977)	(3 796)
Regulatory affairs costs		(3 085)	(3 203)
Function Support costs		(36 191)	(32 944)
Other operating revenue	21	2 318	3 663
Other operating expenses	21	(304)	(2 569)
<b>Operating income</b>		<b>686</b>	<b>9 186</b>
Cash revenue and financing expenses		515	260
Cash revenue		606	363
Financing expenses		(91)	(103)
Other financial revenue and expenses		66	(481)
Other financial revenue		87	25
Other financial expenses		(21)	(506)
Share in net earnings (losses) of companies at equity		0	0
<b>Income before tax</b>		<b>1 267</b>	<b>8 965</b>
Income tax	22	(1 476)	(3 838)
<b>Consolidated net income</b>		<b>(209)</b>	<b>5 127</b>
Net income (minority share)		6	(2)
<b>Net income (group share)</b>		<b>(215)</b>	<b>5 129</b>
<b>Earnings per share (1)</b>	<b>23</b>	<b>(0,01) EUR</b>	<b>0,24 EUR</b>

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

## STATEMENT OF COMPREHENSIVE INCOME

<b>(in thousands of euros)</b>	<b>06/30/2011</b> (6 months)	<b>06/30/2010</b> (6 months)
<b>Consolidated net income</b>	<b>(209)</b>	<b>5 127</b>
Net income (Minority share)	6	(2)
<b>Net income (Group share)</b>	<b>(215)</b>	<b>5 129</b>
Currency translation adjustment	(789)	4 021
Changes in scope of consolidation and other movements	55	(1)
Changes in the fair value of financial instruments	0	0
<b>Other items of comprehensive income (1)</b>	<b>(734)</b>	<b>4 020</b>
<b>Comprehensive income</b>	<b>(949)</b>	<b>9 149</b>

(1) There is no tax effect on other items of comprehensive income.

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (in thousands of euros)	Notes	06/30/2011	12/31/2010
<b>Non-current assets</b>		<b>307 083</b>	<b>287 135</b>
Goodwill	7	89 796	89 863
Intangible fixed assets		37 423	31 978
Tangible fixed assets		155 155	140 519
Investments		2 505	2 570
Other non-current assets	11	1 880	1 945
Deferred tax assets		20 324	20 260
<b>Current assets</b>		<b>228 348</b>	<b>271 204</b>
Tangible fixed assets held for sale		0	0
Inventories and work in progress	9	61 589	53 266
Accounts receivable	10	61 614	88 667
State - income tax receivable	11	15 587	8 234
Other current assets	11	21 232	18 937
Cash and cash equivalents	12	68 326	102 100
<b>TOTAL ASSETS</b>		<b>535 431</b>	<b>558 339</b>
<b>LIABILITIES</b> (in thousands of euros)			
		<b>06/30/2011</b>	<b>12/31/2010</b>
<b>Shareholders' equity (Group share)</b>	13	<b>327 587</b>	<b>343 624</b>
Share Capital		21 483	21 483
Additional paid-in-capital		79 876	79 876
Retained earnings		226 228	242 265
<b>Minority interests</b>		<b>210</b>	<b>219</b>
<b>Total Shareholders' equity</b>		<b>327 797</b>	<b>343 843</b>
<b>Non-current liabilities</b>		<b>81 579</b>	<b>79 838</b>
Borrowings and financial debts	14	3 173	2 645
Social benefits	15	58 663	57 163
Provisions	16	14 968	15 127
Other non-current liabilities	17	3 455	3 610
Deffered taxes liabilities		1 320	1 293
<b>Current liabilities</b>		<b>126 055</b>	<b>134 658</b>
Liabilities held for sale		0	0
Borrowings and financial debts	14	5 073	4 390
Provisions	16	10 719	10 903
Accounts payable		35 592	46 410
State - income tax	17	2 615	3 173
Other current liabilities	17	72 056	69 782
<b>TOTAL LIABILITIES</b>		<b>535 431</b>	<b>558 339</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Notes	06/30/2011	06/30/2010
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>		<b>7 526</b>	<b>(5 278)</b>
Net income - Group share		(215)	5 129
Amortization and provisions (excluding current assets)		12 353	11 197
Other items (including income on asset disposals)		50	(947)
Cash-flows from consolidated companies after cash revenue and financing expenses and tax		12 188	15 379
Cash revenue and financing expenses		(515)	(260)
Tax charge (including deferred taxes)		1 476	3 838
Dividends received from companies at equity		0	0
<b>Consolidated cash-flow before cash revenue and financing expenses and tax</b>		<b>13 149</b>	<b>18 957</b>
<b>Tax paid / tax repayment</b>		<b>(9 703)</b>	<b>(26 128)</b>
<b>Changes in working capital requirements, including :</b>		<b>4 080</b>	<b>1 893</b>
Changes in inventories and work-in-progress		(8 703)	(12 274)
Changes in current operating receivables		25 351	31 342
Changes in current operating debts		(12 568)	(17 175)
<b>NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES</b>		<b>(28 092)</b>	<b>(29 928)</b>
Acquisitions of tangible fixed assets	8	(20 237)	(11 798)
Acquisitions of intangible assets	8	(7 953)	(7 479)
Disposals of tangible fixed assets		85	2 366
Disposals of intangible assets		0	0
Investments subsidies received		0	0
Acquisitions of investments		(2)	(4)
Disposals of investments		15	20
Acquisitions of current financial assets		0	(13 033)
Disposals of current financial assets		0	0
Impact of changes in scope of consolidation - acquisitions		0	0
Impact of changes in scope of consolidation - disposals		0	0
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		<b>(13 912)</b>	<b>(14 322)</b>
Dividends paid to parent company shareholders		(15 035)	(15 038)
Reduction in capital, additional paid-in capital and reserves		(15)	(10)
Buyback of treasury shares		0	0
Disposal of treasury shares		0	0
Loans issues		916	1 077
Repayment of loans		(249)	(571)
Paid interests		(135)	(143)
Cash revenue		606	363
<b>CHANGE IN CASH POSITION</b>		<b>(34 478)</b>	<b>(49 528)</b>
Impact of exchange rate fluctuations		117	1 278
<b>Net opening cash position</b>		<b>97 897</b>	<b>96 609</b>
<b>Net closing cash position</b>		<b>63 536</b>	<b>48 359</b>
<b>Consolidated cash-flow before cash revenue and financing expenses and tax :</b>			
- per share		<b>0,61 EUR</b>	<b>0,88 EUR</b>
- as a % of sales		<b>5,8%</b>	<b>8,6%</b>

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2010

Before allocation of net income (in thousands of euros)	Number of shares (1)	Capital	Share premium	Consolidated reserves (2)	Treasury shares	Currency translation adjustement	Shareholders equity (group share)	Minority interests	Sharehold ers equity (total)
<b>12/31/2009</b>	<b>21 478 444</b>	<b>21 735</b>	<b>79 876</b>	<b>221 194</b>	<b>(4 954)</b>	<b>(4 794)</b>	<b>313 057</b>	<b>220</b>	<b>313 277</b>
Purchases and sales of treasury shares	(9 590)			24	(268)		(244)		(244)
Treasury shares cancellation		(252)		(4 577)	4 829		0		0
Dividends paid				(15 037)			(15 037)	(10)	(15 047)
<b>Transactions with shareholders</b>	<b>(9 590)</b>	<b>(252)</b>		<b>(19 590)</b>	<b>4 561</b>		<b>(15 281)</b>	<b>(10)</b>	<b>(15 291)</b>
Net income				5 128			5 128	(2)	5 126
Other items of comprehensive income				(1)		4 021	4 020	1	4 021
<b>Comprehensive income</b>				<b>5 127</b>		<b>4 021</b>	<b>9 148</b>	<b>(1)</b>	<b>9 147</b>
<b>06/30/2010</b>	<b>21 468 854</b>	<b>21 483</b>	<b>79 876</b>	<b>206 731</b>	<b>(393)</b>	<b>(773)</b>	<b>306 924</b>	<b>209</b>	<b>307 133</b>

(1) Number of shares after elimination of treasury shares ;

(2) Including € 133,505 thousand of retained earnings and € 2,201 thousand of legal reserve in social accounts of parent company, Boiron France, at June 30, 2010.

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2011

Before allocation of net income (in thousands of euros)	Number of shares (1)	Capital	Share premium	Consolidated reserves (2)	Treasury shares	Currency translation adjustement	Shareholders equity (group share)	Minority interests	Sharehold ers equity (total)
<b>12/31/2010</b>	<b>21 474 529</b>	<b>21 483</b>	<b>79 876</b>	<b>244 944</b>	<b>(243)</b>	<b>(2 436)</b>	<b>343 624</b>	<b>219</b>	<b>343 843</b>
Purchases and sales of treasury shares	(1 732)			5	(60)		(55)		(55)
Treasury shares cancellation		0		0	0		0		0
Dividends paid				(15 035)			(15 035)	(15)	(15 050)
<b>Transactions with shareholders</b>	<b>(1 732)</b>	<b>0</b>	<b>0</b>	<b>(15 030)</b>	<b>(60)</b>	<b>0</b>	<b>(15 090)</b>	<b>(15)</b>	<b>(15 105)</b>
Net income				(215)			(215)	6	(209)
Other items of comprehensive income				57		(789)	(732)	0	(732)
<b>Comprehensive income</b>				<b>(158)</b>	<b>0</b>	<b>(789)</b>	<b>(947)</b>	<b>6</b>	<b>(941)</b>
<b>06/30/2011</b>	<b>21 472 797</b>	<b>21 483</b>	<b>79 876</b>	<b>229 756</b>	<b>(303)</b>	<b>(3 225)</b>	<b>327 587</b>	<b>210</b>	<b>327 797</b>

(1) Number of shares after elimination of treasury shares ;

(2) Including € 158,631 thousand of retained earnings and € 2,201 thousand of legal reserve in social accounts of parent company, Boiron France, at June 30, 2011.

# Notes to the half-year condensed consolidated financial statements at June 30, 2011

Those notes are an integral part of the condensed consolidated financial statements for the half-year ended June 30, 2011. The condensed half-year consolidated financial statements were established by the Board of Directors on September 6, 2011.

## Presentation of the Company

Boiron SA, the group's parent company, is a French Public Limited Company founded in 1932. Its main business activity is the manufacture and marketing of homeopathic medicines.

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

Boiron SA and its subsidiaries have 4,121 employees (actual workforce) on June 30, 2011, in France and abroad, compared to 4,085 on December 31, 2010.

The Boiron stock is listed on the "Eurolist" at Euronext Paris.

## **NOTE 1 : MAIN EVENTS OF THE PERIOD**

Operating income amounts to € 686 thousand against € 9,186 thousand in 2010. The decrease in activity noticed during the second quarter and the progress in structuring costs explain the main part of the profitability decline.

## **NOTE 2 : VALUATION METHODS AND CONSOLIDATION PRINCIPLES**

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

Boiron group's financial statements as of June 30, 2011 were prepared in line with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union.

This framework, available on the European Commission's website ([http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias_fr.htm)), comprises international accounting standards (IAS and IFRS), interpretations from the Standing Interpretations Committee (SIC) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC).

The half-year consolidated financial statements were prepared pursuant to IAS 34 "Interim Financial Reporting", an IFRS standard, as adopted by the European Union in respect of interim financial reporting. Pursuant to this standard, the half-year consolidated financial statements are presented including the condensed notes; notes are only provided for significant transactions. They should be read together with the group's annual financial statements as of December 31, 2010, as presented in the Reference Document filed with the French Securities and Exchange Commission (AMF) on April 12, 2011 under number D.11-0281 and available on the Company's website: <http://www.boiron.com/en/Shareholders-and-investors-area/Financial-information/Regulated-information/Financial-reports>.

## **2.1. NEW IFRS STANDARDS AND INTERPRETATIONS**

### **2.1.1. The new standards and interpretations adopted by the European Union with mandatory application in 2011**

The standards and interpretations with mandatory application from January 1, 2011, have no impact on the accounts of the Boiron group. Most of them are not applicable.

### **2.1.2. Standards and interpretations adopted by the European Union before the balance sheet date and that go into effect subsequent to this date**

The Boiron group opted not to implement early application of the standards and interpretations adopted by the European Union before the closing date and that go into effect subsequent to this date. Taking into account the ongoing analysis, the group does not anticipate any significant impact on its shareholders' equity.

### **2.1.3. Standards and interpretations with mandatory or optional application in 2011 and not yet adopted by the European Union**

The group does not expect that the standards and interpretations, published by the IASB, but not yet approved at the European level, have a significant incidence on its financial statements, except to IAS 19 standard revised, concerning post-employment benefits booked. This standard was approved by IASB in 2011 June, and would be adopted by European Commission at the end of 2011. It goes into effect only for the fiscal year beginning on January 1, 2013, except anticipated adoption but the group does not plan to do it.

## **2.2. INITIAL APPLICATION OF THE ACCOUNTING FOR DÉRIVATIVE INSTRUMENTS RELATED TO THE HEDGING OF CURRENCY EXCHANGE**

The group did not apply the accounting procedures related to hedging until December 31, 2010 due to the fact that documentation demonstrating the effectiveness of these hedges in the spirit of IAS 39 had not been set up (see note 2.10 to the 2010 Reference Document). Amounts recorded as changes in the fair value of derivative instruments were recognised directly as other operating income and expenses (hedges related to trading), or in other financial income and expenses (hedges related to financial transactions).

Following the implementation in 2011 of procedures permitting compliance to the standards provided by IAS 39 (related to the qualification of a hedging transaction), the Group has applied the accounting practices for relevant derivative instruments put in place as of January 1, 2011.

The impact is limited to hedging transactions on future cash flows: It results in the recognition, as "other items of comprehensive income", of the effective portion of changes in the fair value of derivative instruments related to currency exchange, which were previously reported as financial or operating income.

The application of hedge accounting as of June 30, 2010 and December 31, 2010 would not have had a material impact on the consolidated income as most of the currency derivatives were reported at fair value.

The detailed principles related to the accounting for derivative instruments are provided in note 2.4 below.

## **2.3. SPECIFIC ACCOUNTING TO HALF-YEAR CLOSING**

Principle assumptions and judgments applied are described in note 2 of annual financial statements of December 31, 2010. In several cases, these rules were adapted to the specificities of an half-year closing.

### **2.3.1. Income tax expenses**

The income tax expense for the half-year was calculated individually for each company: average effective rate estimated for this year was applied to income before tax of the period.

### **2.3.2. Profit-sharing and employee profit-sharing**

Profit-sharing expenses were calculated prorata temporis on the basis of the estimated annual amount.

### **2.3.3. Post-employment benefits**

The post-employment benefits cost (retirements, indemnities retirements...) is evaluated according to 2011-annual forecast and based on the actuarial projection realized at December 31, 2010.

Taking into account to method corridor application, the impact of changes in actuarial assumptions (and in particular actualization rate) would be not significant on the income statement and shareholders' equity at June 30, 2011.

### **2.3.4. Impairment tests**

The process for carrying out impairment tests as at December 31, 2010 is described in the 2010 Reference Document in note 2.5.

For the purposes of the half-year financial statements, impairment tests were only carried out on assets or groups of assets with respect to which there were indications of impairment during the last six months, or for which there were indications of impairment at the last closing.

## **2.4. ACCOUNTING PRINCIPLE FOR CURRENCY DERIVATIVES**

As mentioned above, the Group applies hedge accounting as defined by IAS 39 for derivatives put in place as of January 1, 2011.

Currency derivatives are essentially futures and options transactions, which are within level 2 of the hierarchy defined by IFRS 7 (fair value calculated using valuation techniques based on observable data such as the prices of assets or liabilities or pricing parameters from an active market).

The currency derivatives are valued at fair value as of each closing date and reported in the balance sheet as other assets and liabilities. The fair value was determined on the basis of information provided by an external service provider as at the closing date. The counterpart entry for the fair value depends on the derivative and the hedging relationship:

- Changes in the fair value of derivatives which do not qualify as currency exchange hedges are reported as income. There were no transactions which did not qualify as of June 30, 2011.
- When the hedging relationship is clearly defined and documented at the time of its inception, and its effectiveness is demonstrated:
  - Changes in the fair values of qualifying derivatives and associated with a fair value hedge (e.g. Hedges on receivables and payables in foreign currencies) are reported in profit or loss, symmetrically with respect to the hedged item.
  - Changes in the fair values of qualifying derivatives and associated with a cash flow hedge (e.g.: Hedging of future trading transactions in foreign currencies) are recorded directly as other comprehensive income for the effective portion, and as a profit or loss, for the ineffective portion, when the impact is material. The amounts recognized as other items in comprehensive income are recorded at the same time that the hedged item is recorded.

### **NOTE 3 : SCOPE OF CONSOLIDATION**

There has been no change on the scope of consolidation since December 31, 2010. It is set out in note 3 to the 2010 Reference Document.

The year end for all companies is December 31.

Non-consolidated companies are measured at historical cost and are recognized as investments.

### **NOTE 4 : CURRENCY TRANSLATION METHOD**

The following table sets out the euro conversion rates vis-à-vis the currencies used for consolidation, for the main entities in foreign currencies:

	Average rate 06/30/2011	Average rate 06/30/2010	Closing rate 06/30/2011	Closing rate 12/31/2010
US dollar	1.403	1.328	1.445	1.336
Canadian dollar	1.370	1.374	1.395	1.332
Polish zloty	3.952	4.003	3.990	3.975
Russian rouble	40.145	39.919	40.400	40.820

### **NOTE 5 : SEASONALITY**

The activity of the group is more and more seasonal due to the development of the wintry specialities, in particular abroad. The annual results depend on the activity realized on the second half-year of the fiscal year. Consequently, results of the first half-year are not representative of results expected for the whole year 2011.

## NOTE 6 : SEGMENT REPORTING

The board below presents the data as of June 30, 2011:

<b>DATA CONCERNING INCOME STATEMENT</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other Countries</b>	<b>Eliminations (1)</b>	<b>TOTAL 06/30/2011</b>
External SALES	145,121	64,869	15,251	575		225,816
Inter-sector SALES	29,282	6,713		418	(36,413)	0
<b>Total SALES</b>	<b>174,403</b>	<b>71,582</b>	<b>15,251</b>	<b>993</b>	<b>(36,413)</b>	<b>225,816</b>
Other operating income	1,825	530	(37)			2,318
Other operating expenses	(218)	(30)	(56)			(304)
<b>OPERATING INCOME</b>	<b>7,711</b>	<b>282</b>	<b>(4,247)</b>	<b>(1,728)</b>	<b>(1,332)</b>	<b>686</b>
<i>included Allowances to amortization and impairments on intangible and tangible assets</i>	<i>(9,563)</i>	<i>(1,183)</i>	<i>(300)</i>	<i>(28)</i>		<i>(11,074)</i>
<i>included Net changes in depreciation and provisions</i>	<i>1,316</i>	<i>5</i>	<i>(250)</i>	<i>(2)</i>		<i>1,069</i>
Cash revenue and financing expenses	410	134	(16)	(13)		515
Other financial revenue and expenses	22	(1)		45		66
<b>INCOME BEFORE TAX</b>	<b>8,143</b>	<b>415</b>	<b>(4,263)</b>	<b>(1,696)</b>	<b>(1,332)</b>	<b>1,267</b>
Income tax	(2,303)	(876)	1,712	(9)		(1,476)
<b>CONSOLIDATED NET INCOME</b>	<b>5,840</b>	<b>(461)</b>	<b>(2,551)</b>	<b>(1,705)</b>	<b>(1,332)</b>	<b>(209)</b>
NET INCOME (MINORITY SHARE)	3	3				6
<b>NET INCOME (GROUP SHARE)</b>	<b>5,837</b>	<b>(464)</b>	<b>(2,551)</b>	<b>(1,705)</b>	<b>(1,332)</b>	<b>(215)</b>

<b>DATA CONCERNING BALANCE SHEET</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other Countries</b>	<b>Eliminations (1)</b>	<b>TOTAL 06/30/2011</b>
<b>Total Assets</b>	<b>488,207</b>	<b>118,048</b>	<b>23,452</b>	<b>2,033</b>	<b>(96,309)</b>	<b>535,431</b>
<i>included Net tangible fixed assets and intangible assets</i>	<i>168,557</i>	<i>22,163</i>	<i>6,363</i>	<i>215</i>	<i>(4,720)</i>	<i>192,578</i>
<i>included Net financial assets</i>	<i>31,254</i>	<i>8,754</i>	<i>1</i>	<i>9</i>	<i>(37,513)</i>	<i>2,505</i>
<i>included Deferred taxes (receivables)</i>	<i>17,543</i>	<i>2,064</i>	<i>717</i>			<i>20,324</i>
<i>included Income tax (receivables)</i>	<i>8,846</i>	<i>3,433</i>	<i>3,283</i>	<i>25</i>		<i>15,587</i>
<i>included Cash and cash equivalents</i>	<i>76,466</i>	<i>21,258</i>	<i>890</i>	<i>543</i>	<i>(30,831)</i>	<i>68,326</i>
<b>Total Liabilities</b>	<b>488,207</b>	<b>118,048</b>	<b>23,452</b>	<b>2,033</b>	<b>(96,309)</b>	<b>535,431</b>
<i>Included Net equity</i>	<i>287,275</i>	<i>76,626</i>	<i>12,692</i>	<i>1,434</i>	<i>(50,230)</i>	<i>327,797</i>
<i>included Treasury liabilities</i>	<i>23,433</i>	<i>7,963</i>	<i>4,246</i>		<i>(30,827)</i>	<i>4,815</i>
<i>included Borrowings and financial debts (except treasury liabilities)</i>	<i>8,342</i>	<i>93</i>			<i>(5,004)</i>	<i>3,431</i>
<i>included Deferred taxes (debts)</i>		<i>1,319</i>		<i>1</i>		<i>1,320</i>
<i>included Income tax (debts)</i>	<i>743</i>	<i>1,856</i>		<i>16</i>		<i>2,615</i>
<b>Total Working Capital Requirements</b>	<b>(21,476)</b>	<b>(28,692)</b>	<b>(6,290)</b>	<b>(657)</b>	<b>12,824</b>	<b>(44,291)</b>
<i>Included Inventories and work-in-progress</i>	<i>45,965</i>	<i>22,628</i>	<i>5,549</i>	<i>396</i>	<i>(12,949)</i>	<i>61,589</i>
<i>Included Current operating receivables</i>	<i>53,361</i>	<i>32,054</i>	<i>4,998</i>	<i>843</i>	<i>(10,211)</i>	<i>81,045</i>
<i>Included Current operating debts</i>	<i>77,850</i>	<i>25,990</i>	<i>4,257</i>	<i>582</i>	<i>(10,336)</i>	<i>98,343</i>

<b>DATA CONCERNING CASH FLOWS</b>	<b>France</b>	<b>Europe (hors France)</b>	<b>Amérique du Nord</b>	<b>Autres pays</b>	<b>Eliminations</b>	<b>TOTAL 06/30/2011</b>
<b>Acquisition of intangible and tangible assets</b>	26,568	1,521	50	51		28,190

The data as of June 30, 2010 are presented below:

<b>DATA CONCERNING INCOME STATEMENT</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other Countries</b>	<b>Eliminations (1)</b>	<b>TOTAL 06/30/2010</b>
External SALES	141,408	64,500	15,325	299		221,532
Inter-sector SALES	34,116	5,616	1	455	(40,188)	0
<b>Total SALES</b>	<b>175,524</b>	<b>70,116</b>	<b>15,326</b>	<b>754</b>	<b>(40,188)</b>	<b>221,532</b>
Other operating income	3,343	328	(30)	22		3,663
Other operating expenses	(2,220)	(359)	12	(2)		(2,569)
<b>OPERATING INCOME</b>	<b>18,228</b>	<b>1,828</b>	<b>(2,841)</b>	<b>(1,229)</b>	<b>(6,800)</b>	<b>9,186</b>
<i>included Allowances to amortization and impairments on intangible and tangible assets</i>	<i>(8,146)</i>	<i>(1,231)</i>	<i>(299)</i>	<i>(29)</i>		<i>(9,705)</i>
<i>included Net changes in depreciation and provisions</i>	<i>997</i>	<i>(129)</i>	<i>(22)</i>			<i>846</i>
Cash revenue and financing expenses	162	104	2	(5)	(3)	260
Other financial revenue and expenses	(505)	7		17		(481)
<b>INCOME BEFORE TAX</b>	<b>17,885</b>	<b>1,939</b>	<b>(2,839)</b>	<b>(1,217)</b>	<b>(6,803)</b>	<b>8,965</b>
Income tax	(3,856)	(1,065)	1,100	(17)		(3,838)
<b>CONSOLIDATED NET INCOME</b>	<b>14,029</b>	<b>874</b>	<b>(1,739)</b>	<b>(1,234)</b>	<b>(6,803)</b>	<b>5,127</b>
NET INCOME (MINORITY SHARE)	2	(4)				(2)
<b>NET INCOME (GROUP SHARE)</b>	<b>14,027</b>	<b>878</b>	<b>(1,739)</b>	<b>(1,234)</b>	<b>(6,803)</b>	<b>5,129</b>

<b>DATA CONCERNING BALANCE SHEET</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other Countries</b>	<b>Eliminations (1)</b>	<b>TOTAL 06/30/2010</b>
<b>Total Assets</b>	<b>441,240</b>	<b>111,915</b>	<b>26,372</b>	<b>2,005</b>	<b>(88,889)</b>	<b>492,643</b>
<i>included Net tangible fixed assets and intangible assets</i>	<i>134,610</i>	<i>22,261</i>	<i>7,511</i>	<i>216</i>	<i>(4,720)</i>	<i>159,878</i>
<i>included Net financial assets</i>	<i>31,654</i>	<i>4,241</i>	<i>1</i>	<i>9</i>	<i>(33,539)</i>	<i>2,366</i>
<i>included Deferred taxes (receivables)</i>	<i>17,569</i>	<i>1,837</i>	<i>1,008</i>			<i>20,414</i>
<i>included Income tax (receivables)</i>	<i>7,977</i>	<i>1,519</i>		<i>43</i>		<i>11,930</i>
<i>included Cash and cash equivalents</i>	<i>60,156</i>	<i>17,759</i>	<i>689</i>	<i>507</i>	<i>(25,561)</i>	<i>53,550</i>
<b>Total Liabilities</b>	<b>441,240</b>	<b>111,915</b>	<b>26,372</b>	<b>2,005</b>	<b>(88,889)</b>	<b>492,643</b>
<i>Included Net equity</i>	<i>268,403</i>	<i>70,916</i>	<i>16,945</i>	<i>1,413</i>	<i>(50,544)</i>	<i>307,133</i>
<i>included Treasury liabilities</i>	<i>22,664</i>	<i>6,570</i>	<i>1,604</i>		<i>(25,627)</i>	<i>5,211</i>
<i>included Borrowings and financial debts (except treasury liabilities)</i>	<i>2,723</i>	<i>171</i>		<i>58</i>		<i>2,952</i>
<i>included Deferred taxes (debts)</i>	<i>15</i>	<i>1,311</i>				<i>1,326</i>
<i>included Income tax (debts)</i>	<i>1,710</i>	<i>1,060</i>	<i>627</i>	<i>39</i>		<i>3,436</i>
<b>Total Working Capital Requirements</b>	<b>(28,004)</b>	<b>(30,613)</b>	<b>(8,324)</b>	<b>(734)</b>	<b>12,176</b>	<b>(55,499)</b>
<i>Included Inventories and work-in-progress</i>	<i>43,823</i>	<i>19,854</i>	<i>8,630</i>	<i>327</i>	<i>(12,216)</i>	<i>60,418</i>
<i>Included Current operating receivables</i>	<i>59,091</i>	<i>38,597</i>	<i>4,343</i>	<i>897</i>	<i>(12,625)</i>	<i>90,303</i>
<i>Included Current operating debts</i>	<i>74,910</i>	<i>27,838</i>	<i>4,649</i>	<i>490</i>	<i>(12,665)</i>	<i>95,222</i>

<b>DATA CONCERNING CASH FLOWS</b>	<b>France</b>	<b>Europe (hors France)</b>	<b>Amérique du Nord</b>	<b>Autres pays</b>	<b>Eliminations</b>	<b>TOTAL 06/30/2010</b>
<b>Acquisition of intangible and tangible assets</b>	<b>17,636</b>	<b>1,223</b>	<b>368</b>	<b>50</b>		<b>19,277</b>

Consolidated sales broken down on the criterion of the destination of sales, as published as part of mandatory quarterly reporting, is as follows for the first half-year of 2011 and 2010:

	<b>06/30/2011</b>	<b>06/30/2010</b>
France	130,210	126,356
Europe (excluding France)	75,904	76,077
North America	15,679	15,708
Other Countries	4,023	3,391
<b>TOTAL GROUP</b>	<b>225,816</b>	<b>221,532</b>

The breakdown of sales by line of products is given in note 19.

The structure of the customers is atomized. No customer represents more than 10 % of the group's sales on the presented financial statements.

## NOTE 7 : GOODWILL

	12/31/2010	Increases / (Decreases)	Currency translation adjustments	06/30/2011
Boiron France (1)	82,826			82,826
Editions Similia	663			663
<b>Total "France"</b>	<b>83,489</b>	<b>0</b>	<b>0</b>	<b>83,489</b>
Belgium (2)	2,231			2,231
Boiron Italie	2,242			2,242
Boiron Espagne	584			584
Boiron Suisse	55			55
<b>Total "Europe excluded France"</b>	<b>5,112</b>	<b>0</b>	<b>0</b>	<b>5,112</b>
Boiron Canada	216		4	220
Boiron USA	1,101		(71)	1,030
<b>Total "North America"</b>	<b>1,317</b>	<b>0</b>	<b>(67)</b>	<b>1,250</b>
<b>Total "Other countries"</b>	<b>0</b>			<b>0</b>
<b>TOTAL GROSS GOODWILL</b>	<b>89,918</b>	<b>0</b>	<b>(67)</b>	<b>89,851</b>
<b>Swiss Impairment</b>	<b>(55)</b>			<b>(55)</b>
<b>TOTAL NET GOODWILL</b>	<b>89,863</b>	<b>0</b>	<b>(67)</b>	<b>89,796</b>

(1) Boiron France goodwill mainly comes from the merger with Dolisos in 2005 (€70,657 thousand) and with LHF in 1988 (€7,735 thousand), and also from various universal transmissions of patrimony from other companies of the group. Goodwill issued from different acquisitions in France having been inseparable, impairment tests are realized in France.

(2) Goodwill in Belgium comes from UNDA (€1,408 thousand) and Omnium Mercur (€823 thousand). Impairment tests are realized in Belgium.

There was no acquisition generating new goodwill during first half-year 2011.

The variation of goodwill on the half-year 2010 amounted to + €139 thousand and concerned the currency translation adjustments on "North America" area.

There is no price revision clause or staggered payment clause in respect of securities acquired.

The incomes on June 30, 2011 of these subsidiaries do not led to carry out impairment tests on assets of group companies.

## NOTE 8 : INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

As of June 30, 2011, acquisitions of intangible assets amounted to €7,953 thousand, included €7,841 thousand on Boiron France. These acquisitions concern main IT plan in progress (ESPACE and ARPEGE).

With respect to tangible fixed assets acquisitions, adjusted of change in payables to fixed assets, in the first half of 2011 amounted to €20,237 thousand. The main acquisitions were by Boiron France, for €18,724 thousand, essentially for the three production sites and the buildings of Nantes and Nancy establishments.

As of June 30, 2011 and 2010, no intangible assets or tangible fixed assets were pledged or offered as collateral for a guarantee or surety.

Research costs are recognized as expenses as showed in note 20.

## **NOTE 9 : INVENTORIES AND WORK IN PROGRESS**

	<b>06/30/2011</b>	<b>12/31/2010</b>
Raw materials and supplies	13,742	13,236
Semi-finished goods and finished goods	47,975	39,385
Goods	1,261	2,040
<b>TOTAL GROSS INVENTORIES</b>	<b>62,978</b>	<b>54,661</b>
<b>TOTAL DEPRECIATIONS ON INVENTORIES</b>	<b>(1,389)</b>	<b>(1,395)</b>
<b>TOTAL NET INVENTORIES</b>	<b>61,589</b>	<b>53,266</b>

As at June 30, 2011 and December 30, 2010 no inventory has been pledged to guarantee liabilities.

There were no major events impacting inventories during the first half-year.

## **NOTE 10 : ACCOUNTS RECEIVABLE**

	<b>06/30/2011</b>			<b>12/31/2010</b>		
	<b>Gross value</b>	<b>Depreciations</b>	<b>Net value</b>	<b>Gross value</b>	<b>Depreciations</b>	<b>Net value</b>
Net accounts receivable denominated in euros	55,628	(1,168)	54,460	70,869	(1,682)	69,187
Net accounts receivable denominated in other currencies	7,366	(212)	7,154	19,625	(145)	19,480
<b>TOTAL</b>	<b>62,994</b>	<b>(1,380)</b>	<b>61,614</b>	<b>90,494</b>	<b>(1,827)</b>	<b>88,667</b>

There is no sale of receivables agreement.

Impairments on accounts receivable are recognized in line with defined principles in 2.7.3.1 note in 2010 Reference Document.

The credit risk is treated in note 18 "Financial Instruments".

## **NOTE 11 : TAX REFUNDS RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS**

	<b>06/30/2011</b>		<b>12/31/2010</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>State - Income tax receivable (non financial assets)</b>	<b>15,587</b>		<b>8,234</b>	
<b>Other assets excluded income tax receivable</b>				
<b>Non financial assets</b>	<b>15,836</b>	<b>611</b>	<b>13,628</b>	<b>573</b>
State and local government, excluding income tax	11,520	9	10,249	9
Staff	636	602	365	564
Accrued expenses	3,680		3,014	
<b>Financial assets valued at cost</b>	<b>5,386</b>	<b>1,269</b>	<b>5,309</b>	<b>1,372</b>
Other debtors	5,386	1,269	5,309	1,372
<b>Derivative instruments</b>	<b>10</b>			
<b>TOTAL</b>	<b>21,232</b>	<b>1,880</b>	<b>18,937</b>	<b>1,945</b>

Non-current financial assets relatives to staff mainly correspond to advances on Italian severance indemnity (Italian TFR) (€497 thousand).

Impairments include in the above table are not significant.

## **NOTE 12 : CASH AND CASH EQUIVALENTS**

	06/30/2011			12/31/2010		
	Euros	Other currencies (euro equivalents)	Total	Euros	Other currencies (euro equivalents)	Total
Cash equivalents	7,849	504	<b>8,353</b>	40,070	152	<b>40,222</b>
Cash	55,618	4,355	<b>59,973</b>	50,691	11,187	<b>61,878</b>
<b>TOTAL</b>	<b>63,467</b>	<b>4,859</b>	<b>68,326</b>	<b>90,761</b>	<b>11,339</b>	<b>102,100</b>

Cash equivalents are primarily comprised of euro money market funds (OPCVM) or similar investments (deposit certificate, time deposit accounts...) satisfying the criteria of IAS 7 (see note 2.7.3 of 2010 Reference Document).

Fair value changes were not material at the closing date.

No investments instruments have been provided as guarantees as of the end of the period, nor subject to restrictions.

## **NOTE 13 : SHAREHOLDERS' EQUITY**

As at June 30, 2011, Boiron France's share capital is comprised of 21,482,556 fully paid-up shares, each with a par value of €1.

There are no preference shares.

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

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

### **13.1. TREASURY SHARES**

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

	06/30/2011	12/31/2010
<b>Total number of shares</b>	<b>21,482,556</b>	<b>21,482,556</b>
Treasury shares	(9,759)	(8,027)
<b>Number of shares excluded treasury shares</b>	<b>21,472,797</b>	<b>21,474,529</b>

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

There are no share warrants in circulation and the Company has not introduced any employee stock option plans or dilutive instruments.

Treasury shares are valued at the historical cost, their value is directly booked in consolidated Shareholders' equity.

At June 30, 2011, the value of treasury shares held amounted to €302 thousand and the latent loss on that portfolio was €1 thousand. 9,759 shares are held through the liquidity contract subscribed with the French bank "Société Générale", there is no share acquired in order to be cancelled.

## 13.2. DIVIDEND PER SHARE

Dividend per share in euro	
Dividend 2009 paid in 2010	0.70
Dividend 2010 paid in 2011	0.70

## NOTE 14 : CURRENT AND NON-CURRENT BORROWINGS AND FINANCIAL LIABILITIES

On June 30, 2011, the net variation of current and non-current financial borrowings, except treasury liabilities, amounts to €667 thousand and concerns mainly the profit-sharing reserve for employees (€697 thousand).

On the half-year 2011, the net variation of treasury liabilities is €544 thousand.

## NOTE 15 : NON-CURRENT EMPLOYEE BENEFITS

### 15.1. GROUP QUANTIFIED DATA

	12/31/2010	Increases	Decreases	Currency translation adjustments and other movements	06/30/2011
Retirement indemnity - Boiron France	5,002	75			5,077
Retirement indemnity - Boiron Caraïbes	35	2			37
Retirement indemnity - Boiron Océan Indien	10				10
Agreement on Preparation for Retirement - Boiron France	45,931	1,298			47,229
Pre-pension UNDA	120		(15)		105
Retirement benefits - Boiron Pologne	2				2
<b>Total post-employment benefits (defined contribution plans)</b>	<b>51,100</b>	<b>1,375</b>	<b>(15)</b>		<b>52,460</b>
Long-services bonuses - Boiron France	5,239	106			5,345
Long-services bonuses - Boiron Caraïbes	60	4			64
Bonuses granted - Boiron Espagne	453	17			470
Seniority bonuses - UNDA	311	13			324
<b>Total other long-term benefits</b>	<b>6,063</b>	<b>140</b>			<b>6,203</b>
<b>TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES</b>	<b>57,163</b>	<b>1,515</b>	<b>(15)</b>	<b>0</b>	<b>58,663</b>

Movements for the first half of 2010:

	12/31/2009	Increases	Decreases	Currency translation adjustments and other movements	06/30/2010
<b>Total post-employment benefits (defined contribution plans)</b>	<b>47,949</b>	<b>1,801</b>	<b>(14)</b>		<b>49,736</b>
<b>Total other long-term benefits</b>	<b>5,459</b>	<b>95</b>			<b>5,554</b>
<b>TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES</b>	<b>53,408</b>	<b>1,896</b>	<b>(14)</b>	<b>0</b>	<b>55,290</b>

A part of employee benefits, the retirement indemnities, is financed by payments made to insurance funds. The investments made by those funds do not represent any significant risks.

## 15.2. INDIVIDUAL TRAINING ENTITLEMENT (D.I.F)

As indicated in note 2.9.1.3 of 2010 Reference Document, the Individual Training Entitlement is considered as a contingent liabilities, the history of the modalities of use of this right not bringing to light significant likely additional costs.

The number of hours vested within the framework of the Individual Training Entitlement by all the French subsidiaries of the group is of 263,494 hours on June 30, 2011 (500 hours were used in 2011), against 253,273 hours on December 31, 2010 (522 hours were used in 2010).

## NOTE 16 : CURRENT AND NON-CURRENT PROVISIONS

	12/31/2010	Increases	Decreases (unused provision)	Decreases (used provision)	Currency translation adjustments and other movements	06/30/2011
<b>Current</b>						
Provisions for returned goods	5,084	1,950	(34)	(1,651)	(121)	5,228
Provisions for contingencies and lawsuits	3,762	81	(737)	(40)		3,066
Provisions for reorganization	2,031	721	(260)	(128)		2,364
Other provisions for other expenses	26	35				61
<b>TOTAL CURRENT PROVISIONS</b>	<b>10,903</b>	<b>2,787</b>	<b>(1,031)</b>	<b>(1,819)</b>	<b>(121)</b>	<b>10,719</b>
<b>Non-current</b>						
Provisions for contingencies and lawsuits	15,127	70	(189)	(40)		14,968
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>15,127</b>	<b>70</b>	<b>(189)</b>	<b>(40)</b>	<b>0</b>	<b>14,968</b>

At June 30, 2011, provision for contingencies is composed of € 1,717 thousand concerning reorganization of distribution laboratories in France and € 647 thousand concerning customer department restructuring in Italy.

The change in current and non-current provisions for the first half of 2010 was as follows:

	12/31/2009	Increases	Decreases (unused provision)	Decreases (used provision)	Currency translation adjustments and other movements	06/30/2010
<b>Current</b>						
Provisions for returned goods	6,094	1,538		(1,745)	323	6,210
Provisions for contingencies and lawsuits	2,814	205	(44)	(78)	(8)	2,889
Provisions for reorganization	3,253	602	(521)	(618)		2,716
Other provisions for other expenses	201	206				407
<b>TOTAL CURRENT PROVISIONS</b>	<b>12,362</b>	<b>2,551</b>	<b>(565)</b>	<b>(2,441)</b>	<b>315</b>	<b>12,222</b>
<b>Non-current</b>						
Provisions for contingencies and lawsuits	2,206	150	(86)			2,270
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>2,206</b>	<b>150</b>	<b>(86)</b>	<b>0</b>	<b>0</b>	<b>2,270</b>

The other possible assets and liabilities are described in note 24.2.

## **NOTE 17 : INCOME TAX DEBT AND OTHER CURRENT AND NON-CURRENT LIABILITIES**

	06/30/2011		12/31/2010	
	Current	Non-current	Current	Non-current
<b>State - income tax (non financial liabilities)</b>	<b>2,615</b>		<b>3,173</b>	
<b>Other liabilities except income tax to be paid</b>				
<b>Non financial liabilities</b>	<b>60,821</b>	<b>3,455</b>	<b>60,482</b>	<b>3,610</b>
State and local government, excluding income tax	6,683	9	6,208	17
Personnel and social security organizations	53,488	3,378	53,869	3,512
Accrued income	650	68	405	81
<b>Financial liabilities valued at cost</b>	<b>11,235</b>		<b>9,130</b>	
Fixed asset suppliers	9,065		5,600	
Other creditors	2,170		3,530	
<b>Derivative instruments</b>			<b>170</b>	
<b>TOTAL</b>	<b>72,056</b>	<b>3,455</b>	<b>69,782</b>	<b>3,610</b>

Other non-current liabilities are primarily comprised of the debt in respect of the Italian severance indemnity provision (Italian TFR) (€3,378 thousand).

## **NOTE 18 : FINANCIAL INSTRUMENTS**

Neither the nature nor maturity of the group's financial assets and liabilities changed materially compared to December 31, 2010.

Just like as of December 31, 2010, the only derivatives were foreign exchange hedges, all maturing within a year. At June 30, 2011, the whole outstanding concern fair-value hedges. So, the offsetting entry for changes in fair value was recognised in operating income: the fair value was positive €10 thousand as of June 30, 2011, up €180 thousand over the first half, primarily on the rouble.

At June 30, 2011 there is no cash flow hedges outstanding, and there is no impact on others comprehensive income.

The group's exposure to market, credit and liquidity risks did not change significantly from December 31, 2010 (see note 22 to the consolidated financial statements in the 2010 Reference Document).

As of June 30, 2011, the amount of accounts receivable due and not provided for amounted to €3,680 thousand, namely 5.9% of accounts receivable (against €5,730 thousand, namely 6.3% of accounts receivable as of December 31, 2010). Accounts receivable due for less than a month accounted for 72.5% of this amount. The remainder has been overdue for less than a year.

Depreciations for doubtful receivables decreased by €447 thousand. They amount to €1,380 thousand as of June 30, 2011 and cover €1,427 thousand of account receivables (that means a depreciation average rate of 96.7%).

The Boiron group did not have to notice of significant failure on the first 2011 half-year.

## NOTE 19 : OPERATING REVENUES

	06/30/2011	%	06/30/2010	%
Non-proprietary homeopathic medicines	131,785	58.4	131,713	59.5
OTC family medication specialties	93,916	41.6	89,427	40.4
Other (1)	537	0.2	725	0.3
Financial rebates	(422)	(0.2)	(333)	(0.2)
<b>TOTAL SALES</b>	<b>225,816</b>	<b>100.0</b>	<b>221,532</b>	<b>100.0</b>
<b>Other operating revenue (fees)</b>	<b>119</b>		<b>105</b>	

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

The product lines presented in this breakdown of sales do not constitute operating segments.

## NOTE 20 : RESEARCH COSTS

Research expenses, corresponding to costs of pharmacological, clinical and fundamental research (see note 2.4.2 in 2010 Reference Document), recognized during the first half-year 2011 amounted to €1,977 thousand against €3,796 thousand at June 30, 2010: these integrated fees for €476 thousand in 2011, against €2,620 thousand during first half-year 2010.

## NOTE 21 : OTHER OPERATING REVENUE AND EXPENSES

Other operating revenues break down as follows:

	06/30/2011	06/30/2010
Foreign exchange gains and losses on operating transactions		1,034
Tax credits Research and Sponsorship	589	689
Net changes in amortization on intangible and tangible assets		176
Net changes in provisions	1,220	
Net changes on depreciation on current assets	218	445
Income on asset disposals		912
Other operating revenue	291	407
<b>TOTAL</b>	<b>2,318</b>	<b>3,663</b>

Other operating expenses break down as follows:

	06/30/2011	06/30/2010
Foreign exchange gains and losses on operating transactions	(8)	
Gains and losses on derivative instruments (related to operating hedges)	(90)	(2,066)
Net changes in amortization on intangible and tangible assets	(16)	
Net changes in provisions		(254)
Income on asset disposals	(13)	
Other operating expenses	(177)	(249)
<b>TOTAL</b>	<b>(304)</b>	<b>(2,569)</b>

## NOTE 22 : INCOME TAX

### 22.1. BREAKDOWN OF THE TAX CHARGE

	06/30/2011	06/30/2010
Current taxes payable	(1,591)	(5,387)
Deferred taxes	115	1,549
<b>TOTAL</b>	<b>(1,476)</b>	<b>(3,838)</b>
<b>Effective rate</b>	<b>116.51%</b>	<b>42.81%</b>

The difference between the recognized tax charge and the tax that would have been recognized at the nominal rate break down as follows for the first half-year 2011 and 2010:

	06/30/2011	%	06/30/2010	%
Theoretical tax	(436)	34.43	(3,087)	34.43
Impact of tax rates abroad	(497)	39.23	(149)	1.66
Impact of reduced tax rates	6	(0.47)	6	(0.07)
Permanent differences	(45)	3.55	(282)	3.15
Fiscal loss or gain without recognition of income tax	(535)	42.23	(378)	4.22
Tax credits, deferred income tax adjustment and other	31	(2.45)	52	(0.58)
<b>Actual Tax</b>	<b>(1,476)</b>	<b>116.51</b>	<b>(3,838)</b>	<b>42.81</b>

## NOTE 23 : EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	06/30/2011	06/30/2010
Net earnings (in thousand €)	(215)	5,129
Average number of shares for the fiscal year	21,476,094	21,471,062
<b>EARNINGS PER SHARE (in €)</b>	<b>(0.01)</b>	<b>0.24</b>

In the absence of dilutive instruments, the average earnings per share are the same as the average diluted earnings per share.

The change in the average number of shares is explained by the change in the number of treasury shares over the period.

## NOTE 24 : OFF-BALANCE SHEET LIABILITIES

The Boiron group has no off-balance sheet liabilities associated with the companies included in the group consolidation scope (agreements to repurchase shares ...).

There are no off-balance sheet liabilities related to company financing (see notes 17 and 22.1 in 2010 Reference Document).

Off-balance sheet liabilities did not change significantly during the first half of 2011.

## **NOTE 25 : CONTINGENT ASSETS AND LIABILITIES**

### **25.1. DIRECT SALES TAX**

On November 2, 2010, the Lyon URSSAF filed a further appeal against the decision of the Versailles Court of Appeals, dated September 2, 2010 which ordered a full refund of money paid by our laboratory between 1998 and 2002 related to the additional tax on direct sales (TVD).

The proceedings before the French Supreme Court are currently in process, the parties having each submitted a legal brief, and a trial hearing has been set for the end of 2011.

In the framework of the litigation initiated by the company DOLISOS, the Toulouse Court of Appeals decided, in their decision dated April 8, 2011, to stay the proceedings until the decision of the French Supreme Court (Cour de Cassation).

### **25.2. LAWSUIT WITH CE.M.O.N**

There were no significant changes during the first-half year 2011 concerning the lawsuit described in note 30.2.3 in 2010 Reference Document.

### **25.3. LAWSUITS IN USA**

Boiron USA was the target of a lawsuit filed in a California State court related to the drug Coldcalm<sup>®</sup> for children (indicated for the relief of cold symptoms). The claim was made for false advertising based on the grounds that the drug was not effective.

Within the framework of the trial, our subsidiary preferred that the litigation be brought to the federal level and filed an appeal in order to obtain the dismissal of the complaint before any substantive consideration. The appeal was dismissed by a federal judge on July 25, 2011.

Furthermore, the nature of the lawsuit was recognised as a being a "class action" suit.

Our subsidiary retains the right to request an appeal of these two decisions.

The same legal firm filed an identical complaint on August 8, 2011 before the San Diego court (in California) against the drug Oscillocoquinum<sup>®</sup>. We are currently working with our American legal counsel to prepare the most appropriate strategy.

There were no other significant lawsuits in 2011.

## NOTE 26 : RELATED PARTIES

Managers' due gross compensation is described as follows:

	Managers
Fixed compensation	463
Variable compensation (1)	331
Exceptional compensation	
Fees	
Attendance fees	19
In kind compensation (2)	23
<b>Total due gross revenue 2011 (3)</b>	<b>836</b>
<b>Total due gross revenue 2010 (reminder)</b>	<b>753</b>
Post-employment benefits (retirement indemnities and Agreement on Preparation for Retirement)	566
Other long-term benefits (Long-Services Bonuses)	56

(1) Included €312 thousand for Senior Management bonus on the income. The other items are profit-sharing, abondement to reserves plan, end-career indemnity, perk retirement and social insurance for €20 thousand.

(2) It consists in retirement and insurance premium contribution (€15 thousand) and benefits car (€8 thousand).

(3) The importance of the change between 2010 and 2011 is more particularly linked to the modification of General Management organization, occurred on January, 1<sup>st</sup> 2011. Indeed, M. Philippe Gouret was nominated Deputy General Manager and head pharmacist of the company as a replacement for Bruno Joët, whose mandatory continued until May, 19<sup>th</sup> 2011.

No advances, no loans, and no benefits referenced in the new TEPA law (French law concerning work, the employment and the purchasing power) were granted to management.

## NOTE 27 : SUBSEQUENT EVENTS

It was not identified by element post-closing, other than those mentioned in note 25.3 "Lawsuits in USA", being able to have a significant impact on the group's financial statements.



# Statutory auditors' review report on the first half-yearly financial information

Period from January 1 to June 30, 2011

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## BOIRON

Société Anonyme  
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69110 SAINTE-FOY-LES-LYON

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Boiron, for the period from January 1, to June 30, 2011, and;
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

### 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

### 2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed consolidated half-yearly financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed consolidated half-yearly financial statements.

Villeurbanne and Lyon, September 6, 2011

The statutory auditors

*French original signed by*

MAZARS

ERNST & YOUNG et Autres

Frédéric Maurel

Nicolas Perlier