Half-year financial report

2017

HALF-YEAR FINANCIAL REPORT
Half-Year closed 30 June, 2017

(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 €19,414,756.
Headquarter : 2, avenue de l'Ouest Lyonnais - 69510 Messimy - France.
Lyon Trade and Companies Register n°967 504 697.

This half-year financial report is for the six months ended June 30, 2017, and was prepared in line with the Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 and 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.boironfinance.com (http://www.boironfinance.com/Shareholders-and-investors-area/Financial-information/Regulated-information/Annual-and-half-year-reports).

Summary

HIGHLIGHTS OF THE FIRST HALF OF 2017

The following **products were launched** in first-half of 2017:
- Sporténine® in 33-tablet format in France, and
- Children's Stodal® multi-symptom in Canada.

In Russia, business could have been affected when the Academy of Sciences declared homeopathy "anti-scientific" in early February 2017, although the Ministry of Health and the Office of the Public Prosecutor subsequently confirmed its legitimacy.

In Switzerland, homeopathy (among other therapies) has acquired the same regulatory status as other medical disciplines since August 1, 2017. It will therefore be covered by the Swiss mandatory health insurance policies. This decision should further demonstrate the relevance of homeopathy when it is integrated into countries' health-care systems.

On January 4, 2017, **the preparation and distribution site located in the 8th arrondissement of Lyon was sold**, generating a capital gain of €3,293 thousand. This site was closed in 2014 following the consolidation of the two sites in the Lyon area at the Francheville site.

The **new organizational structure for the sites in France** is now being implemented and the group is working closely with the affected individuals and the employee representative bodies. Six people have rejected the proposed change to their employment contract. A €580 thousand provision has been recorded to cover measures to assist affected staff, partially offset by the €433 thousand reversal of employee benefit provisions. The impact on the group's operating income is not material.

On April 7, 2017, Laboratoires BOIRON closed the **acquisition of all of the shares of Laboratoire FERRIER**, which had previously been held by Laboratoires ARKOPHARMA. The acquisition price was €1,826 thousand, in addition to net cash of €1,134 thousand, fully financed through shareholders' equity.

On June 10, 2017, the group finalized the purchase of land in **Les Olmes** (in the Lyon area) **to implement its future logistics platform** for €2,260 thousand.

In the United States, the acquisition of Whole Foods Market, Boiron's largest customer, by Amazon, its second-largest customer, was announced on June 16, 2017: these two customers combined accounted for 17% of the subsidiary's sales in 2016.

In Canada, the Supreme Court rejected our Canadian subsidiary's appeal of the October 26, 2016 judgment of the Court of Appeal of Quebec, which had authorized the initiation of class action proceedings. These proceedings will continue on the merits before the Superior Court of Quebec. No provision has been booked for this dispute.

GROUPE SALES

In thousand of euros	1st quarter			2nd quarter			1st half-year			
	2017	2016	*Variation at current exchange rates 2017/2016*	2017	2016	*Variation at current exchange rates 2017/2016*	2017	2016	*Variation at current exchange rates 2017/2016*	*Variation at constant exchange rates 2016/2017*
France	**97,134**	**90,494**	*+7.3%*	**79,328**	**80,469**	*-1.4%*	**176,462**	**170,963**	*+3.2%*	*+3.2%*
Europe (excluding France)	**40,418**	**43,685**	*-7.5%*	**27,421**	**31,572**	*-13.1%*	**67,839**	**75,257**	*-9.9%*	*-12.9%*
North America	**18,179**	**16,064**	*+13.2%*	**14,465**	**14,113**	*+2.5%*	**32,644**	**30,177**	*+8.2%*	*+5.1%*
Other countries	**4,532**	**3,846**	*+17.8%*	**3,191**	**4,061**	*-21.4%*	**7,723**	**7,907**	*-2.3%*	*-7.9%*
Group total	**160,263**	**154,089**	*+4.0%*	**124,405**	**130,215**	*-4.5%*	**284,668**	**284,304**	*+0.1%*	*-1.2%*

Sales fell by 4.5% in the second quarter after rising by 4.0% in the first quarter.

Half-year sales stood at €284,668 thousand at the end of June 2017 versus €284,304 thousand in 2016: specialties increased by 0.7% while non-proprietary medicines declined by 0.4%.

At constant exchange rates[1], first-half sales fell by 1.2% due mainly to lower volumes.

- **In France,** sales increased by €5,499 thousand (+3.2%). Non-proprietary medicines were stable (+0.2%). Specialties grew by 11.1%, due mainly to Oscillococcinum®, Camilia® and Sporténine® (launch of the 33-tablet format in 2017).
- **In Europe excluding France,** sales fell by 9.9%. The decrease at constant exchange rates was 12.9%, due to lower sales in Russia (- 47.1%, primarily attributable to Oscillococcinum®), Spain (-16.7%) and Italy (-4.8%, owing mainly to non-proprietary medicines and Oscillococcinum®).
- **In North America,** sales were up 8.2%. This increase reached 5.1% at constant exchange rates: sales in the United States rose by 5.0% on non-proprietary medicines and in Oscillococcinum®, Camilia® and Arnica gels and creams. In Canada, sales rose by 5.3% (at constant exchange rates) due mainly to Stodal® and Arnica gels and creams.
- Sales in **"Other countries"** decreased by 2.3%, notably in Mexico and Colombia. In contrast, business in Brazil grew by 47.6% (22.8% at constant exchange rates) thanks mainly to Oscillococcinum®.

GROUPE FINANCIAL POSITION

	2017	2016	*Var.*
Sales	**284,668**	**284,304**	*+ 0.1%* (1)
Operating income	**41,066**	**43,390**	*- 5.4%*
Net income - group share	**24,873**	**26,458**	*- 6.0%*
Cash flow (2)	**51,187**	**54,483**	*- 6.0%*
Net investments	**27,656**	**14,823**	*+ 86.6%*
Net cash position	**211,977**	**188,428**	*+ 12.5%*

(1) - 1.2 % at constant exchange rates.

(2) Before cash revenue, financing expenses and corporate income tax.

1. GROUPE INCOME STATEMENT

Operating income was €41,066 thousand (or 14.4% of sales), a decrease of €2,324 thousand compared to the first half of 2016.

Gross margin rose by €1,097 thousand, or 0.5%, in line with growth in business (+0.1%).

Preparation and distribution costs decreased by €2,363 thousand (-3.4%) due to the lower headcount (29 departures) and savings on transport costs.

A €580 thousand provision was recorded at the distribution cost level for the restructuring of the French sites, to cover measures to assist affected staff. It was partially offset by the €433 thousand reversal of employee benefit provisions.

Marketing costs increased by €9,244 thousand (+13.5%), due to higher advertising costs (mainly in the United States and Russia) and personnel expenses (an additional 26 people have been hired since the end of June 2016).

[1] The change in sales at constant exchange rates reflects sales variances reported using the same exchange rates for the year in process as the exchange rates used for the comparable prior period in order to neutralize any impact related to changes in exchange rates. At constant exchange rates, sales in first-half 2017 were €281,025 thousand, i.e., €3,279 thousand below the sales previously reported for 2016.

Research costs were stable (-€76 thousand) and **regulatory affairs costs** rose by €1,197 thousand, mainly in France due to higher personnel expenses and regulatory registration costs.

Function support costs fell by €1,067 thousand, or 2.6%. They had been affected in 2016 by legal fees in the United States.

Other operating revenue and expenses amounted to net income of €5,642 thousand versus net income of €2,128 thousand in 2016. This included:

- the research tax credit (French "CIR") and the tax credit for competitiveness and employment (French "CICE"), which increased by €426 thousand; and
- the capital gain on the sale of the site in the 8th arrondissement of Lyon for €3,293 thousand.

Cash revenue and financing expenses amounted to a net expense of €218 thousand compared with a net loss of €65 thousand in 2016, due to lower interest rates.

Other financial income and expenses amounted to a net expense of €655 thousand versus a net expense of €1,243 thousand in 2016. This mainly consisted of an expense related to the decrease over time in the impact of the discount rate used for employee benefits.

The **income tax** for the first half of 2017 was €15,349 thousand or 38.2% of income before tax compared to 37.1% in 2016.

Net income was €24,873 thousand versus €26,458 thousand in the first half of 2016.

2. CONSOLIDATED CASH FLOW

Net cash at June 30, 2017 was €211,977 thousand compared to €240,778 thousand at December 31, 2016. It decreased by €28,801 thousand in the first half of 2017 compared with €3,437 thousand in the first half of 2016.

Cash flow from **operating activities** reached €28,666 thousand versus €36,186 thousand in the first half of 2016:

- Cash flow fell by €3,296 thousand compared with the first half of 2016 and represented 18.0% of sales versus 19.2% in 2016. In line with the change in profitability.
- Taxes paid were €23,552 thousand, down €2,179 thousand from 2016.
- The change in working capital requirements amounted to a source of cash of €1,031 thousand compared with €7,416 thousand in the first half of 2016, affected mainly by higher inventories.

Cash flow from **investing activities** reached €27,656 thousand, an increase of €12,833 thousand versus the first half of 2016. It mainly related to the expansion of the Messimy site and to IT projects. It also included a €1,826 thousand outflow for the Laboratoire FERRIER acquisition (acquisition price less cash).

Cash flow from **financing activities** was €29,399 thousand following the payment of €29,485 thousand in dividends. In 2016, it amounted to €27,059 thousand, of which €27,646 thousand of dividend payments.

POST CLOSING EVENTS

No post-closing events which might have a material impact on the group's financial statements were identified.

OUTLOOK

This section contains the group's outlook, which reflects its estimates and beliefs. Actual results may differ significantly from this outlook, in particular in terms of the risks and uncertainties mentioned below.

The work to extend the site in Messimy and to group together the activities currently located in Sainte-Foy-lès-Lyon continues and should be completed in 2018. Furthermore, the work to be undertaken to create the future BOIRON logistics platform in the commune of Les Olmes near Tarare, to the west of Lyon, is expected to begin before the year end. Finally, the changes to the way in which distribution is organized in France are expected to come into effect as of the second half-year 2017.

Regulatory issues remain significant and may have a significant effect on the Group's business and profitability.

BOIRON carries on the development of homeopathy in the world with the same determination. It remains cautious on its sales and income for 2017.

MAIN RISKS AND UNCERTAINTIES

The group's exposure to the risks and uncertainties mentioned in paragraph 1.5 of the 2016 reference document did not change significantly during the first half of 2017, with the exception of the events described in the highlights.

MAIN TRANSACTIONS WITH RELATED PARTIES

The main transactions with related parties are disclosed in Note 24 to the condensed consolidated half-year financial statements.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2017 (6 months)	2016 (6 months)
Sales	18	**284,668**	**284,304**
Other sales revenue	18	0	1
Industrial production costs		(57,905)	(58,639)
Preparation and distribution costs		(66,478)	(68,841)
Marketing costs		(77,971)	(68,727)
Research costs		(1,533)	(1,609)
Regulatory affairs costs		(5,074)	(3,877)
Function support costs		(40,283)	(41,350)
Other operating revenue	19	6,154	2,863
Other operating expenses	19	(512)	(735)
Operating income		**41,066**	**43,390**
Cash revenue and financing expenses		(218)	(65)
Cash revenue		316	560
Financing expenses		(534)	(625)
Other financial revenue and expenses		(655)	(1,243)
Other financial revenue		480	315
Other financial expenses		(1,135)	(1,558)
Share in net earnings (losses) of companies at equity		0	0
Income before corporate income tax		**40,193**	**42,082**
Corporate income tax	20	(15,349)	(15,623)
Consolidated net income		**24,844**	**26,459**
Net income (minority share)		(29)	1
Net income (group share)	21	**24,873**	**26,458**
Earnings per share (1)	21	EUR 1.35	EUR 1.44

(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

(in thousands of euros)	Notes	2017 (6 months)	2016 (6 months)
Consolidated net income		**24,844**	**26,459**
Other items of comprehensive income that will be reclassified subsequently to profit or loss		**(2,237)**	**4,064**
Currency translation adjustments		(2,221)	4,069
Other movements		(16)	(5)
Changes in the fair value of financial instruments		0	0
Other items of comprehensive income that will not be reclassified subsequently to profit or loss		**0**	**(5,824)**
Actuarial differences related with post-employment benefits (1)	14	0	(5,824)
Other items of comprehensive income (2)		**(2,237)**	**(1,760)**
Consolidated comprehensive income		**22,607**	**24,699**
Comprehensive income (minority share)		**(29)**	**0**
Comprehensive income (group share)		**22,636**	**24,699**

(1) In 2016 : -€8,882 thousand of gross actuarial differences and +€3,058 thousand of deferred taxes.
(2) There are no tax impact in the other items or comprehensive income other than those mentioned in (1).

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	Notes	06/30/2017	12/31/2016
Non-current assets		**337,711**	**322,808**
Goodwill	7	89,629	87,890
Intangible fixed assets	8	29,415	31,308
Tangible fixed assets	8	174,524	159,906
Investments		2,767	3,847
Other non-current assets	11	33	36
Deferred tax assets		41,343	39,821
Current assets		**387,520**	**432,226**
Inventories and work in progress	9	65,210	59,096
Accounts receivable	10	69,490	101,130
Corporate income tax receivable	11	8,486	5,880
Other current assets	11	27,072	21,813
Cash and cash equivalents	12	217,262	244,307
TOTAL ASSETS		**725,231**	**755,034**

LIABILITIES (in thousands of euros)	Notes	06/30/2017	12/31/2016
Shareholders' equity (group share)		**461,578**	**469,522**
Share capital	13	19,415	19,442
Additional paid-in-capital		79,876	79,876
Retained earnings		362,287	370,204
Minority interests		**41**	**76**
Total Shareholders' equity		**461,619**	**469,598**
Non-current liabilities		**128,894**	**129,289**
Non-current borrowings and financial debts		4,907	5,055
Employee benefits	14	121,863	122,207
Non-current provisions	15	487	368
Other non-current liabilities	16	1,601	1,589
Deferred taxes liabilities		36	70
Current liabilities		**134,718**	**156,147**
Current borrowings and financial debts		6,412	4,199
Current provisions	15	7,951	7,812
Accounts payable		34,352	39,072
Income tax	16	1,268	4,591
Other current liabilities	16	84,735	100,473
TOTAL LIABILITIES		**725,231**	**755,034**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	2017 (6 months)	2016 (6 months)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	**28,666**	**36,168**
Net income (group share)	24,873	26,458
Amortization and provisions (excluding current assets)	14,054	12,248
Other items (including income on asset disposals)	(3,307)	89
Cash-flows from consolidated companies after cash revenue, financing expenses and corporate income tax	35,620	38,795
Cash revenue and financing expenses	218	65
Corporate tax charge (including deferred taxes)	15,349	15,623
Consolidated cash-flow before cash revenue, financing expenses and corporate income tax	**51,187**	**54,483**
Corporate income tax paid / corporate income tax repayment	**(23,552)**	**(25,731)**
Changes in working capital requirements, including:	**1,031**	**7,416**
Changes in inventories and work-in-progress	(7,380)	(1,351)
Changes in accounts receivable	31,002	27,255
Changes in accounts payable	(4,909)	(6,033)
Changes in other trade receivables and operating debts	(17,682)	(12,455)
NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES	**(27,656)**	**(14,823)**
Acquisitions of tangible fixed assets	(26,341)	(9,800)
Acquisitions of intangible assets	(3,119)	(5,177)
Disposals of tangible fixed assets	3,633	158
Disposals of intangible assets	0	2
Investment grants received	0	0
Acquisitions of investments	(6)	(16)
Disposals of investments	2	10
Acquisitions of current financial assets	0	0
Disposals of current financial assets	0	0
Impact of changes of scope - acquisitions	(1,826)	0
Impact of changes of scope - disposals	1	0
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	**(29,399)**	**(27,059)**
Dividends paid to parent company shareholders	(29,485)	(27,646)
Dividends paid to minority holders of consolidated companies	(4)	0
Capital increases and reductions, additional paid-in capital and reserves	0	(16)
Buyback of treasury shares (excluding the liquidity contract)	0	0
Disposals of treasury shares	0	0
Loans issues	1,103	1,359
Repayment of loans	(795)	(691)
Paid interests	(534)	(625)
Cash revenue	316	560
CHANGE IN CASH VARIATION	**(28,389)**	**(5,714)**
Impact of exchange rate fluctuations	(412)	2,277
Net cash position January 1st	**240,778**	**191,865**
Net cash position June 30th	**211,977**	**188,428**
Consolidated cash flow before cash revenue, financing expenses and corporate income tax:		
- per share	**€ 2.78**	**€ 2.96**
- as a % of sales	**18.0%**	**19.2%**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2016

Before allocation of net income (in thousands of euros)	Number of shares (1)	Capital	Share premium	Treasury shares	Consolidated reserves (2)	Actuarial differences related with post-employment benefits	Currency translation adjustments	Shareholder's equity group share	Minority interest	Shareholders equity total
12/31/2015	***18,420,146***	**19,442**	**79,876**	**(73,537)**	**435,580**	**(30,211)**	**(15,203)**	**415,947**	**97**	**416,044**
Buyback and disposals of treasury shares	*12,964*			1,078	(56)			1,022		1,022
Treasury shares cancellation								0		0
Dividends paid					(27,646)			(27,646)	(10)	(27,656)
Transactions with shareholders	***12,964***	**0**	**0**	**1,078**	**(27,702)**	**0**	**0**	**(26,624)**	**(10)**	**(26,634)**
Net income					26,458			26,458	1	26,459
Other comprehensive income						(5,828)	4,069	(1,759)	(1)	(1,760)
Comprehensive income	**0**	**0**	**0**	**0**	**26,458**	**(5,828)**	**4,069**	**24,699**	**0**	**24,699**
06/30/2016	***18,433,110***	**19,442**	**79,876**	**(72,459)**	**434,336**	**(36,039)**	**(11,134)**	**414,022**	**87**	**414,109**

(1) Number of shares after elimintation of treasury shares.
(2) Including €342,410 thousand of retained earnings and €2,201 thousand of legal reserve in social accounts of BOIRON parent company at June 30,2016.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2017

Before allocation of net income (in thousands of euros)	Number of shares (1)	Capital	Share premium	Treasury shares	Consolidated reserves (2)	Actuarial differences related with post-employment benefits	Currency translation adjustments	Shareholder's equity group share	Minority interest	Shareholders equity total
12/31/2016	***18,438,178***	**19,442**	**79,876**	**(72,180)**	**485,618**	**(34,144)**	**(9,090)**	**469,522**	**76**	**469,598**
Buyback and disposals of treasury shares	*(12,718)*			(1,134)	39			(1,095)		(1,095)
Treasury shares cancellation		*(27)*		*2,157*	*(2,130)*			0		0
Dividends paid					(29,485)			(29,485)	(6)	(29,491)
Transactions with shareholders	***(12,718)***	**(27)**	**0**	**1,023**	**(31,576)**	**0**	**0**	**(30,580)**	**(6)**	**(30,586)**
Net income					24,873			24,873	(29)	24,844
Other comprehensive income					(16)		(2,221)	(2,237)		(2,237)
Comprehensive income	**0**	**0**	**0**	**0**	**24,857**	**0**	**(2,221)**	**22,636**	**(29)**	**22,607**
06/30/2017	***18,425,460***	**19,415**	**79,876**	**(71,157)**	**478,899**	**(34,144)**	**(11,311)**	**461,578**	**41**	**461,619**

(1) Number of shares after elimintation of treasury shares.
(2) Including €406,666 thousand of retained earnings and €2,201 thousand of legal reserve in social accounts of BOIRON parent company at June 30,2017.

Those notes are an integral part of the condensed consolidated financial statements for the half-year ended June 30, 2017, were settled by the Board of Directors on September 7, 2017.

Presentation of the company

BOIRON, the group parent company, is a French Public Limited Company founded in 1932. Its main business activity is manufacturing and selling homeopathic medicines.

Its head office is at 2, avenue de l'Ouest Lyonnais, 69510, Messimy, France.

BOIRON parent company and its subsidiaries have 3,720 employees (actual workforce) on June 30, 2017, worldwide, compared to 3,708 on December 31, 2016.

The BOIRON stock is listed on the Euronext Paris.

NOTE 1 : MAINS EVENTS OF THE PERIOD

On January 4, 2017, the preparation and distribution site located in the 8th arrondissement of Lyon was sold, generating a capital gain of €3,293 thousand. This site was closed in 2014 following the consolidation of the two sites in the Lyon area at the Francheville site.

The new organizational structure for the sites in France is now being implemented and the group is working closely with the affected individuals and the employee representative bodies. Six people have rejected the proposed change to their employment contract. A €580 thousand provision has been recorded to cover measures to assist affected staff, partially offset by the €433 thousand reversal of employee benefit provisions. The impact on the group's operating income is not material.

On April 7, 2017, Laboratoires BOIRON closed the acquisition of all of the shares of Laboratoire FERRIER, which had previously been held by Laboratoires ARKOPHARMA. The acquisition price was €1,826 thousand, in addition to net cash of €1,134 thousand, fully financed through shareholders' equity.

On June 10, 2017, the group finalized the purchase of land in Les Olmes (in the Lyon area) to implement its future logistics platform for €2,260 thousand.

In Canada, the Supreme Court rejected our Canadian subsidiary's appeal of the October 26, 2016 judgment of the Court of Appeal of Quebec, which had authorized the initiation of class action proceedings. These proceedings will continue on the merits before the Superior Court of Quebec. No provision has been booked for this dispute.

NOTE 2 : VALUATION METHODS AND CONSOLIDATION PRINCIPLES

The consolidated financial statements are stated in thousands of euros unless otherwise indicated and 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/index_en.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". 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, 2016, as presented in the Reference Document filed with the French Securities and Exchange Commission (AMF) on April 10, 2017 under number D.17-0357 and available on the Company's website:
http://www.boironfinance.com/Shareholders-and-investors-area/Financial-information/Regulated-information/Annual-and-half-year-reports.

2.1. NEW IFRS STANDARDS AND INTERPRETATIONS

The standards and interpretations applicable from January 1, 2017, especially the amendments IAS 7 "Data related to financing activities" and IAS 12 "Recognition of deferred tax assets for unrealized losses" have not impacted the financial position or performance of BOIRON group, or are not applicable.

BOIRON group chose not to perform early applications of the standards, amendments and interpretations adopted or to be adopted by the European Union, but for which early application would have been possible and which go into effect after December 31, 2017. This mainly concerns the following standards and amendments:

- IFRS 15 including the clarification amendments « Revenue from contracts with customers » ;
- IFRS 9 - "Financial instruments" ;
- Amendment IFRS 2 - "Share-based payment" ;
- IFRIC 22 - "Foreign currency transactions".

IFRS 9 and IFRS 15 standards will come into force for the fiscal years beginning with effect from January 1, 2018.
IFRS 9 standard deals in particular with the recognition of financial assets and liabilities (in particular the shares of non-consolidated companies), the depreciation of financial assets (in particular anticipated losses on customers), and the recognition of hedging transactions. The ongoing analysis has not yet identified any significant impact.
IFRS 15 standard lays the foundations for the recognition of sales on the basis of an analysis in five successive stages:
• identification of the agreement;
• identification of the different performance obligations i.e. the list of the goods or services that the vendor has undertaken to supply to the buyer;
• determining the overall price of the agreement;
• allocation of the overall price to each performance obligation;
• recognition of sales and related costs when a performance obligation is satisfied.
The application of this new approach has not led, given the ongoing analysis, to identifying significant impacts on the financial statements of BOIRON group.

The amendment IFRS 2 and IFRIC 22 are applicable for the fiscal years beginning with the effect from January 1, 2018.
No material impact is expected.

There are no accounting principles in conflict with the IFRS for which application is mandatory for annual reporting periods beginning on or after January 1, 2017, that have not yet been adopted at the European level and that would have had a material impact on the financial statements for this reporting period.

The analysis of the impact of IFRS 16 "Leases", voted by the IASB with a first application for the fiscal years beginning with effect from January 1, 2019, is being conducted within BOIRON group. IFRS 16 should be adopted by the European Commission by the end of 2017.Discussions are still underway, in particular in France, regarding the accounting methods to be used for certain assets, and for real-estate assets more specifically. The BOIRON group does not plan to early adopt IFRS 16. The amount of leases recognized in expenses and the commitments to be paid at June 30, 2017 are specified in note 22.

The restatement of leases will result in increasing operating income, financial expenses, fixed assets and financial debt. There should not be a material impact on shareholders' equity or net income, given the ongoing analysis.

There are no standards, amendments or interpretations published by the IASB, for which application is mandatory for annual reporting periods beginning on or after January 1, 2017, but not yet approved at the European level (and whose early adoption is not possible at the European level) that would have had a material impact on the financial statements for future reporting periods.

2.2. SPECIFIC ACCOUNTING TO HALF-YEAR CLOSING

Principle assumptions and judgments applied are described in note 2 of annual financial statements of December 31, 2016. There is no material change in using estimate and assumptions during the first half-year.

In some cases, these rules were adapted to the specificities of a half-year closing.

2.2.1. Corporate income tax

The corporate 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.

As previous years, research tax credit (French "CIR") and the "Tax credit competitiveness employment" (French "CICE") are booked in other operating income.

2.2.2. Profit-sharing and employee profit-sharing

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

2.2.3. Post-employment benefits

In accordance to the provisions of IAS 34, retirement liabilities and related were not subject to a complete recalculation at June 30, 2017 (as at June 30, 2016). The changes in the net value of benefits were estimated as follows:

- The financial cost and the cost of services rendered were estimated for December 31, 2017 based on an extrapolation of the total benefit calculated for December 31, 2016.
- The retained discount rate at June 30, 2017 is 1.6 %, the same as at December 31, 2016: no actuarial differences linked with the discount rate was booked at June 30, 2017.
- The other actuarial assumptions associated with the global benefit amount (the rate of salary increases, employee turnover rate…) are generally updated at year-end. None of the factors were identified as having a material impact at June 30, 2017.
- Other actuarial differences related to experience were not recalculated due to the immaterial impact observed in prior years and the absence of significant variances expected this year.
- Contributions to the external funds and benefits paid to employees who retired in the first half-year period were taken into account.

2.2.4. Impairment tests

The process for carrying out impairment tests as at December 31, 2016 is described in the 2016 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.

NOTE 3 : SCOPE OF CONSOLIDATION

The following companies of BOIRON group are fully consolidated, classified by date of creation or date of entry into the group:

Country	Companies name	Scope movements – Type of movement	Scope movements – Date	% interest as at 06/30/2017	% interest as at 12/31/2016	% control as at 06/30/2017	% control as at 12/31/2016
Belgium	UNDA [(1)]			98.38%	98.38%	98.38%	98.38%
Italy	LABORATOIRES BOIRON			99.91%	99.91%	99.97%	99.97%
USA	BOIRON USA [(2)]			100.00%	100.00%	100.00%	100.00%
USA	BOIRON			100.00%	100.00%	100.00%	100.00%
Spain	BOIRON SOCIEDAD IBERICA DE HOMEOPATIA			99.99%	99.99%	100.00%	100.00%
Canada	BOIRON CANADA			100.00%	100.00%	100.00%	100.00%
Germany	BOIRON [(3)]			100.00%	100.00%	100.00%	100.00%
France (Martinique)	BOIRON CARAIBES			99.04%	99.04%	99.04%	99.04%
Czech Rep.	BOIRON CZ			100.00%	100.00%	100.00%	100.00%
Slovakia	BOIRON SK			100.00%	100.00%	100.00%	100.00%
Poland	BOIRON SP			100.00%	100.00%	100.00%	100.00%
Romania	BOIRON RO			100.00%	100.00%	100.00%	100.00%
Tunisia	BOIRON TN			99.90%	99.90%	100.00%	100.00%
Hungaria	BOIRON HUNGARIA			100.00%	100.00%	100.00%	100.00%
Russia	BOIRON			100.00%	100.00%	100.00%	100.00%
Brazil	BOIRON MEDICAMENTOS HOMEOPATICOS			99.99%	99.99%	100.00%	100.00%
Belgium	BOIRON BELGIUM [(2)]			100.00%	100.00%	100.00%	100.00%
France	LES EDITIONS SIMILIA [(4)]			97.52%	97.52%	97.54%	97.54%
Italy	LABORATOIRES DOLISOS ITALIA [(5)]			100.00%	100.00%	100.00%	100.00%
Switzerland	BOIRON			100.00%	100.00%	100.00%	100.00%
France (Reunion island)	BOIRON			100.00%	100.00%	100.00%	100.00%
Bulgaria	BOIRON BG			100.00%	100.00%	100.00%	100.00%
Portugal	BOIRON			100.00%	100.00%	100.00%	100.00%
Russia	BOIRON RUS [(3)]	Disposal	01/09/2017	0.00%	100.00%	0.00%	100.00%
Belgium	BOIRON			100.00%	100.00%	100.00%	100.00%
India	BOIRON LABORATORIES [(3)]			99.99%	99.99%	99.99%	99.99%
France	LABORATOIRE FERRIER	Acquisition	04/07/2017	100.00%	0.00%	100.00%	0.00%

(1) Direct and indirect holding via BOIRON parent company and BOIRON BELGIUM.
(2) Holding company.
(3) Company without any activity.
(4) Company whose main activity is publishing.
(5) Company without any activity, being liquidated.

On April 7, 2017, Laboratoires BOIRON closed the acquisition of all of the shares of Laboratoire FERRIER, which had previously been held by Laboratoires ARKOPHARMA. After the transfer of all its assets and liabilities to BOIRON parent company, FERRIER company will be removed from the group's scope at December 31, 2017, with no impact on the consolidated financial statements.

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

NOTE 4 : CURRENCY TRANSLATION METHOD FOR ELEMENTS IN FOREIGN CURRENCY

The following table sets out the euro translation rates related to the currencies used for consolidation, for the main entities in foreign currencies:

	Average rate 2017 (6 months)	Average rate 2016 (6 months)	Closing rate 06/30/2017	Closing rate 06/30/2016	Closing rate 12/31/2016
Czech Koruna	26.787	27.039	26.197	27.131	27.021
US Dollar	1.083	1.116	1.141	1.110	1.054
Canadian Dollar	1.444	1.485	1.479	1.438	1.419
Hungarian Forint	309.470	312.704	308.970	317.060	309.830
New Romanian Leu	4.536	4.496	4.552	4.523	4.539
Brazilian Real	3.439	4.135	3.760	3.590	3.431
Russian Rouble	62.735	78.412	67.545	71.520	64.300
Polish Zloty	4.268	4.369	4.226	4.436	4.410

Currency translation adjustments of €2,221 thousand recognized in other comprehensive income are mainly related to the change in the US Dollar, the Russian Rouble and the Brazilian Real currencies for the first half of 2017.

NOTE 5 : SEASONALITY

The activity of the group can be seasonal due to the level of pathology and to the extent of the wintry specialities range. Generally, the annual results depend on the activity realized on the second half-year of the fiscal year.

Consequently, results of the first half-year can be not representative of results that could be expected for the whole year.

NOTE 6 : SEGMENT REPORTING

The board below presents the data as of June 30, 2017:

DATA CONCERNING INCOME STATEMENT	**France**	**Europe (excluding France)**	**North America**	**Other Countries**	**Eliminations** (1)	**2017 (6 months)**
External SALES	185,263	64,605	32,177	2,623		284,668
Inter-sector SALES	47,503	1,584		784	(49,871)	0
Total SALES	**232,766**	**66,189**	**32,177**	**3,407**	**(49,871)**	**284,668**
OPERATING INCOME	**52,492**	**(12,506)**	**(1,690)**	**7**	**2,763**	**41,066**
of which net allowances to amortizations and depreciation on fixed assets	*(12,681)*	*(965)*	*(290)*	*(18)*		*(13,954)*
of which net changes in depreciation of assets, provisions and employee benefits	*1,055*	*261*	*(170)*	*1*		*1,147*
Cash revenue and financing expenses	85	(378)	(10)	85		(218)
Income tax	(18,394)	3,369	654	(20)	(958)	(15,349)
NET INCOME (GROUP SHARE)	**33,565**	**(9,479)**	**(1,062)**	**44**	**1,805**	**24,873**

DATA CONCERNING BALANCE SHEET	**France**	**Europe (excluding France)**	**North America**	**Other Countries**	**Eliminations** (1)	**06/30/2017**
Total Assets	776,840	93,980	37,050	7,042	(189,681)	725,231
Net tangible fixed assets and intangible fixed assets	185,814	12,944	5,076	105		203,939
Deferred taxes assets	32,037	5,694	3,612			41,343
Working Capital Requirements	34,702	22,624	7,972	3,939	(19,986)	49,251

DATA CONCERNING CASH FLOWS	**France**	**Europe (excluding France)**	**North America**	**Other Countries**	**Eliminations** (1)	**2017 (6 months)**
Acquisition of intangible and tangible assets	28,914	360	157	29		29,460

(1) Included eliminations of inter-sector flows and internal results.

The board below presents the data as of June 30, 2016:

DATA CONCERNING INCOME STATEMENT	**France**	**Europe (excluding France)**	**North America**	**Other Countries**	**Eliminations** (1)	**2016 (6 months)**
External SALES	180,053	73,455	29,019	1,777		284,304
Inter-sector SALES	46,519	1,413		765	(48,697)	0
Total SALES	**226,572**	**74,868**	**29,019**	**2,542**	**(48,697)**	**284,304**
OPERATING INCOME	**42,515**	**(185)**	**1,997**	**(146)**	**(791)**	**43,390**
of which net allowances to amortizations and depreciation on fixed assets	*(12,663)*	*(1,046)*	*(271)*	*(12)*		*(13,992)*
of which net changes in depreciation of assets, provisions and employee benefits	*2,763*	*(47)*	*509*	*71*		*3,296*
Cash revenue and financing expenses	376	(488)		46		(66)
Income tax	(14,759)	(403)	(716)	(17)	272	(15,623)
NET INCOME (GROUP SHARE)	**26,878**	**(1,063)**	**1,281**	**(119)**	**(519)**	**26,458**

DATA CONCERNING BALANCE SHEET	**France**	**Europe (excluding France)**	**North America**	**Other Countries**	**Eliminations** (1)	**06/30/2016**
Total Assets	717,723	112,519	37,521	6,315	(199,666)	674,412
Net tangible fixed assets and intangible fixed assets	158,057	14,113	5,307	96	8	177,581
Deferred taxes assets	38,915	3,917	3,663			46,495
Working Capital Requirements	28,017	27,253	6,411	2,160	(20,329)	43,512

DATA CONCERNING CASH FLOWS	**France**	**Europe (excluding France)**	**North America**	**Other Countries**	**Eliminations** (1)	**2016 (6 months)**
Acquisition of intangible and tangible assets	14,054	794	108	21		14,977

(1) Included eliminations of inter-sector flows and internal results.

(2) The published 2016 amount of the "North America" and "Europe (excluding France)" segments was restated for the period change in provisions for exceptional returns (€399 thousand and -€12 thousand respectively).

(3) €272 thousand was reallocated between the "France" segment and the "Eliminations" segment, related to deferred taxes on elimination of inter-sector internal results.

The consolidated sales broken down according to the destination of sales criterion, such as it is published within the framework of the quarterly regulated information, appears as follows for 2017 and 2016 first half-year:

	2017	**2016**
France	176,462	170,963
Europe (excluding France)	67,839	75,257
North America	32,644	30,177
Other countries	7,723	7,907
TOTAL GROUP	**284,668**	**284,304**

The breakdown of sales by line of products is given in note 18.

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

NOTE 7 : GOODWILL

	12/31/2016	Increases / (Decreases)	Currency translation adjustments	06/30/2017
BOIRON parent company (1)	82,826			82,826
LES EDITIONS SIMILIA	663			663
LABORATOIRE FERRIER		1,827		1,827
Total "France" (2)	***83,489***	***0***	***0***	***85,316***
Belgium (3)	2,232			2,232
Italy	2,242			2,242
Spain	583			583
Switzerland	55			55
Total "Europe (excluding France)"	***5,112***	***0***	***0***	***5,112***
Canada	221		4	225
USA	1,355		(92)	1,263
Total "North America"	***1,576***	***0***	***(88)***	***1,488***
Total "Other countries"	***0***			***0***
TOTAL GROSS GOODWILL	**90,177**	**0**	**(88)**	**91,916**
Switzerland impairment	(55)			(55)
Belgium impairment (3)	(2,232)			(2,232)
TOTAL NET GOODWILL	**87,890**	**0**	**(88)**	**89,629**

(1) BOIRON parent company goodwill comes from DOLISOS (€70,657 thousand), LHF (€7,735 thousand), SIBOURG (€1,268 thousand), DSA (€1,381 thousand) and HERBAXT (€1,785 thousand).

(2) As goodwill issued from the various acquisitions made in France had become inseparable, impairment tests are realized in France.

(3) Goodwill in Belgium comes from UNDA (€1,408 thousand) and OMNIUM MERCUR (€823 thousand). Since 2012, it has been totally depreciated ; it was not necessary to depreciate additional assets.

On April 7, 2017, Laboratoires BOIRON closed the acquisition of all of the shares of Laboratoire FERRIER, which had previously been held by Laboratoires ARKOPHARMA. The goodwill generated is €1,827 thousand and represents the difference between the acquisition price (€2,960 thousand) and the fair value of the assets (mainly €1,134 thousand in cash).

Given the trend in the performance of the asset groups, no evidence of impairment had been identified as of June 30, 2017.

NOTE 8 : INTANGIBLE FIXED ASSETS AND TANGIBLE FIXED ASSETS

On 2017 first half-year, acquisitions of intangible fixed assets are €3,119 thousand and concern IT plan in progress, mainly in France.

Acquisitions of tangible fixed asset opted to €26,341 thousand, mainly on Messimy site.

No intangible fixed assets or tangible fixed assets were pledged or offered as collateral for a guarantee or surety.

NOTE 9 : INVENTORIES AND WORK IN PROGRESS

	06/30/2017	12/31/2016
Raw materials and supplies	12,373	12,632
Semi-finished goods and finished goods	54,849	48,816
Goods	915	965
TOTAL GROSS INVENTORIES	**68,137**	**62,413**
TOTAL DEPRECIATIONS ON INVENTORIES	**(2,927)**	**(3,317)**
TOTAL NET INVENTORIES	**65,210**	**59,096**

As at June 30, 2017 and December 31, 2016, no inventory has been pledged to guarantee liabilities.

NOTE 10 : ACCOUNTS RECEIVABLE

	06/30/2017			12/31/2016		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Net accounts receivable denominated in euros	52,708	(2,486)	50,222	65,940	(2,550)	63,390
Net accounts receivable denominated in other currencies	19,875	(607)	19,268	38,391	(651)	37,740
TOTAL	**72,583**	**(3,093)**	**69,490**	**104,331**	**(3,201)**	**101,130**

No outstanding receivables had been sold as at June 30, 2017 and December 31, 2016.

Depreciations on accounts receivable are recognized among the principles detailed in note 2.7.3.1 in 2016 Reference document.

The credit risk is dealt in note 17 “Financial instruments and risks”.

Accounts receivable denominated in currencies mainly concern the USA, Russia and Brazil.

The level of account receivables on June 30, 2017 is comparable to the amount on June 30, 2016 (€74,351 thousand). The decrease as compared to December 31, 2016 is understandable by the seasonality of the activity (see note 5).

NOTE 11 : INCOME TAX RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS

	06/30/2017		12/31/2016	
	Current	Non-current	Current	Non-current
Income tax receivable (non financial assets)	**8,486**		**5,880**	
Other assets except income tax receivable				
Non financial assets	**19,398**	**33**	**15,415**	**36**
State and local government, excluding income tax	14,846	0	11,623	
Staff	255	33	285	36
Accrued expenses	4,297	0	3,507	
Financial assets valued at cost	**7,656**	**0**	**6,398**	**0**
Other debtors	7,656	0	6,398	
Derivative instruments	**18**	**0**	**0**	**0**
TOTAL	**27,072**	**33**	**21,813**	**36**

NOTE 12 : CASH AND CASH EQUIVALENTS

	06/30/2017			12/31/2016		
	Euros	Other currencies (euro equivalents)	Total	Euros	Other currencies (euro equivalents)	Total
Cash equivalents	32,187	1,836	**34,023**	24,781	3,351	**28,132**
Cash	180,615	2,624	**183,239**	213,927	2,248	**216,175**
TOTAL	**212,802**	**4,460**	**217,262**	**238,708**	**5,599**	**244,307**

Cash equivalents are primarily comprised of euro money market funds or similar investments (certificates on deposits and future deposits…) satisfying the criteria of IAS 7 (see note 2.7.3.2 of 2016 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.

The amount of non available cash and cash equivalents for the group (example: exchange controls) is not material.

The reconciliation between the cash flow on the consolidated balance sheet and the net cash flow on the statement of consolidated cash flows is as follows:

		06/30/2017	12/31/2016
Cash and cash equivalents	Consolidated balance sheet	217,262	244,307
Cash liabilities (included in current borrowings and financial debts)	Consolidated balance sheet	5,285	3,529
Net cash position	Statement of consolidated cash flows	211,977	240,778

NOTE 13 :SHAREHOLDERS' EQUITY

As at June 30, 2017, the share capital is comprised of 19,414,756 fully paid-up shares, each with a par value of €1.

The Board of Directors decided at its meeting of December 14, 2016 to reduce the share capital from €19,441,713 to €19,414,756, effective January 1, 2017, by canceling 26,957 treasury shares held for cancellation.

There are no preference shares.

BOIRON parent 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.

13.1. TREASURY SHARES

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

	06/30/2017	12/31/2016
Total number of shares	**19,414,756**	**19,441,713**
Treasury shares	(989,296)	(1,003,535)
Number of shares excluding treasury shares	**18,425,460**	**18,438,178**

Shares registered to the same person for three 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.

As at June 30, 2017, the treasury share portfolio amounted to €71,157 thousand, given acquisitions made during the fiscal year for €7,680 thousand (the whole amount via the liquidity agreement), disposal during the fiscal year for €6,546 thousand and cancellation of shares at their purchase value for €2,157 thousand (see paragraph on the reduction of share capital).

The latent gain on the portfolio was €16,858 thousand (on the basis of the average price of June 2017). 17,211 shares are held through the liquidity agreement contracted with NATIXIS. No shares have been acquired with a view to cancellation.

13.2. DIVIDEND PER SHARE

Dividend per share in euro	
Dividend 2015 paid in 2016	**1.50**
Dividend 2016 paid in 2017	**1.60**

NOTE 14 : NON-CURRENT EMPLOYEE BENEFITS

14.1. GROUP QUANTIFIED DATA

	12/31/2016	Impact on operating income	Impact on financial income	Impact on other comprehensive income		06/30/2017
				Actuarial differences (1)	Currency translation adjustments and other movements	
Total post-employment benefits (defined contribution plans)	113,451	(1,115)	780	0	0	113,116
Total other long-term benefits	8,756	(9)	0	0	0	8,747
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES	122,207	(1,124)	780	0	0	121,863

(1) The discount rate retained at June 30, 2017 is 1.6 %, the same as at December 31, 2016.

The change in non-current employee benefits during 2016 first half-year was as follows:

	12/31/2015	Impact on operating income	Impact on financial income	Impact on other comprehensive income		06/30/2016
				Actuarial differences (1)	Currency translation adjustments and other movements (2)	
Total post-employment benefits (defined contribution plans)	109,851	(1,974)	1,173	8,882	0	117,932
Total other long-term benefits	8,164	22	0	0	667	8,853
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES	118,015	(1,952)	1,173	8,882	667	126,785

(1) The discount rate retained at June 30, 2016 is 1.6 % (at December 31, 2015 the rate was 2.2 %).

(2) The amount of €667 thousand corresponds to the early retirement due to the UNDA employees laid off in 2014 as part of the reorganization. It was reallocated in 2016 from provisions for reorganizations to employee benefits.

14.2. POST-EMPLOYMENT BENEFITS OF BOIRON PARENT COMPANY

	12/31/2016	Impact on operating income			Impact on financial income	Impact on other comprehensive income	06/30/2017
		Service costs	Payments	Plans changes	Financial cost	Actuarial changes (1)	
Actual value of liabilities	60,077	1,016	(1,413)		466		60,146
Investments value	(28,835)		(87)		(327)		(29,249)
Retirement indemnity provision - BOIRON parent company	**31,242**	**1,016**	**(1,500)**	**0**	**139**	**0**	**30,897**
Agreement on preparation for retirement provision BOIRON parent company	**82,130**	**1,305**	**(1,939)**	**0**	**641**	**0**	**82,137**

(1) The discount rate retained at June 30, 2017 is 1.6 %, the same as at December 31, 2016.

Service costs include a €433 thousand reversal for the reorganization of sites in France (see note 23).

The change in post-employment benefits defined of BOIRON parent company during 2016 first half-year was as follows:

	12/31/2015	Impact on operating income			Impact on financial income	Impact on other comprehensive income	06/30/2016
		Service costs	Payments	Plans changes	Financial cost	Actuarial changes (1)	
Retirement indemnity provision - BOIRON parent company	**29,428**	**1,131**	**(3,000)**	**0**	**313**	**3,772**	**31,644**
Agreement on preparation for retirement provision BOIRON parent company	**80,336**	**1,513**	**(1,621)**	**0**	**860**	**5,110**	**86,198**

(1) The discount rate retained at June 30, 2016 is 1.6 % (at December 31, 2015 the rate was 2.2 %).

NOTE 15 : CURRENT AND NON-CURRENT PROVISIONS

	12/31/2016	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	06/30/2017
Current						
Provisions for returned goods	5,965	2,408	(89)	(2,336)	(181)	5,767
Provisions for contingencies and lawsuits	1,817	161	(118)	(124)	(132)	1,604
Provisions for reorganizations	0	580				580
Other provisions for other expenses	30		(30)			0
TOTAL CURRENT PROVISIONS	**7,812**	**3,149**	**(237)**	**(2,460)**	**(313)**	**7,951**
Non-current						
Provisions for contingencies and lawsuits	368	5		(11)	125	487
TOTAL NON-CURRENT PROVISIONS	**368**	**5**	**0**	**(11)**	**125**	**487**

The change in current and non-current provisions for the 2016 first half-year was as follows:

	12/31/2015	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements (1)	06/30/2016
Current						
Provisions for returned goods	6,648	2,535	(407)	(2,794)	(42)	5,940
Provisions for contingencies and lawsuits	1,389	346	(227)	(346)	3	1,165
Provisions for reorganizations (1)	744		(77)		(667)	0
Other provisions for other expenses	30					30
TOTAL CURRENT PROVISIONS	**8,811**	**2,881**	**(711)**	**(3,140)**	**(706)**	**7,135**
Non-current						
Provisions for contingencies and lawsuits	364	5			(1)	368
TOTAL NON-CURRENT PROVISIONS	**364**	**5**	**0**	**0**	**(1)**	**368**

(1) The amount of €667 thousand represents the Pre Pension of UNDA employees who were fired in 2014. In 2016, it has been reclassified from provision to other long-term benefits.

The contingent assets and liabilities are mentioned in note 23.

NOTE 16 : INCOME TAX PAYABLE AND OTHER CURRENT AND NON-CURRENT LIABILITIES

	06/30/2017		12/31/2016	
	Current	Non-current	Current	Non-current
Income tax payable (non financial liabilities)	**1,268**	**0**	**4,591**	**0**
Other liabilities except income tax to be paid				
Non financial liabilities	**69,971**	**1,601**	**81,341**	**1,589**
State and local government, excluding income tax	7,925		9,987	
Personnel and social security organizations	61,621	1,601	70,182	1,589
Deferred revenue	425		1,172	
Financial liabilities valued at cost	**14,764**	**0**	**19,103**	**0**
Fixed asset suppliers	8,105		10,212	
Other creditors	6,659		8,891	
Derivative instruments	**0**	**0**	**29**	**0**
TOTAL	**84,735**	**1,601**	**100,473**	**1,589**

Other non-current liabilities are primarily comprised of the debt in respect of the Italian TFR.

NOTE 17 : FINANCIAL INSTRUMENTS AND RISKS

Neither the nature nor maturity of the group's financial assets and liabilities changed materially compared to December 31, 2016.

As of December 31, 2016, the only financial instruments valued at fair value are marketable securities and derivative instruments (see table above), corresponding to level 2 of the hierarchy defined in the standard IFRS 13 (see note 2.10 of 2016 Reference document). The group did not find any adjustments related to counter party risks (non-payment risk of an asset) or credit risks (non-payment risk of a liability).

There are only risk-hedging financial instruments to limit the exchange exposure.

On December 31, 2016 and on June 30, 2017, the current derivative instruments of change only correspond to hedges of fair value and no cash flows. Consequently, changes in value related to derivative instruments were totally recognized in consolidated net income. There is no change in other comprehensive income booked in 2016 and 2017.

Outstanding futures options and forward transactions and the fair value of those instruments were not material at June 30, 2017.

Fair value investments are described in note 12.

The group's exposure to market, credit and liquidity risks did not change significantly from December 31, 2016 (see note 21 to the consolidated financial statements in the 2016 Reference document). The analyses of receivable in countries which may present risks do not conduct to book additional depreciation.

As of June 30, 2017, the amount of accounts receivable due and not provided for amounted to €4,472 thousand, namely 6.2% of account receivables (against €4,662 thousand, namely 4.6% of account receivables as of December 31, 2016). Accounts receivable due for less than a month accounted for 40% of this amount. The remainder has been overdue for less than a year.

There was no major change in the structure of the aged trial balance during 2017 first half-year.
To date, the group has not identified any significant risk on account receivables recorded in countries in economic difficulty.

There was no major accounts receivable restructuring agreement or clearing agreement as of June 30, 2017 or as of December 31, 2016.
Losses on bad debts, net of amortizations and reversal on depreciations for bad debts amounted to -€135 thousand compared to -€442 thousand in 2016.

BOIRON group did not have to notice of material failure on 2017 first half-year, as in 2016.

NOTE 18 :OPERATING REVENUES

	2017 (6 months)	%	2016 (6 months)	%
Non-proprietary homeopathic medicines	155,583	54.7	156,148	54.9
OTC Specialties	128,359	45.1	127,462	44.8
Other (1)	726	0.2	694	0.3
TOTAL SALES	**284,668**	**100.0**	**284,304**	**100.0**
Other operating revenue (fees)	**0**		**1**	

(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 19 :OTHER OPERATING REVENUE AND EXPENSES

	2017 (6 months)	2016 (6 months)
Income on disposal assets (1)	3,291	(87)
Tax credit competitiveness and employment	1,928	1,603
Other tax credits (included tax credits research)	601	500
Net changes in provisions	(3)	15
Gains and losses on derivative instruments (related to operating hedges)	(24)	(585)
Foreign exchange gains and losses on operating transactions	(378)	669
Other	227	13
TOTAL	**5,642**	**2,128**
Including other operating revenue	***6,154***	***2,863***
Including other operating expenses	***(512)***	***(735)***

(1) Including €3,293 thousand of capital gain on disposal of Lyon 8ème site on January 4, 2017. This preparation and distribution site was closed in 2014 following the consolidation of the two sites in the Lyon area at the Francheville facility.

NOTE 20 :INCOME TAX

	2017 (6 months)	2016 (6 months)
Current taxes payable	(17,296)	(15,019)
Deferred taxes	1,947	(604)
TOTAL	**(15,349)**	**(15,623)**
Effective rate	**38.2%**	**37.1%**

The difference between the recognized tax charge and the tax that would have been recognized at the nominal rate break down as follows:

	2017 (6 months)	%	2016 (6 months)	%
Theoretical tax	(13,838)	34.4	(14,489)	34.4
Impact of subsidiaries tax rates	(1,374)	3.4	(434)	1.0
Impact of reduced tax rates in France	2	(0.0)	4	(0.0)
Permanent differences	1,449	(3.6)	(598)	1.4
Fiscal loss or gain without recognition of income tax	(684)	1.7	(107)	0.3
Tax credits, deferred income tax adjustment and other	(904)	2.2	1	(0.0)
Actual corporate tax	**(15,349)**	**38.2**	**(15,623)**	**37.1**

The group's theoretical tax rate is calculated on the basis of the rate applicable in France.

NOTE 21 :EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	2017 (6 months)	2016 (6 months)
Net earnings (in thousand of euros)	24,873	26,458
Average number of shares for the fiscal year	18,430,601	18,428,472
EARNINGS PER SHARE (in euros)	**1.35**	**1.44**

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

NOTE 22 :OFF-BALANCE SHEET LIABILITIES

BOIRON group has no off-balance sheet liabilities related to acquisitions and disposals of subsidiaries (agreements to repurchase shares ...).

Off-balance sheet liabilities related to group operating activities did not change significantly during 2017 first half-year.

Le montant des engagements à payer au 30 juin 2017 au titre des contrats de location simple est de 25 058 K€, il était de 25 147 K€ au 31 décembre 2016.

The leasing expenses amounted to €4,602 thousand in the first half of 2017 and €4,343 thousand in 2016.
The group's operating leases mainly concern:

- Vehicle leases (approximately 50%) the average duration of which is three years;
- Real estate leases (approximately 30%): mainly preparation and distribution sites in France and headquarters of subsidiaries in Russia and Italy. The duration of the contracts varies between five and nine years.

The ongoing analysis of contracts has not led to identifying any specific characteristics (such as variable leases, indemnities owed by lessors at the end of leases, etc.).

NOTE 23 : CONTINGENT ASSETS AND LIABILITIES

23.1. LITIGATION IN THE UNITED-STATES

In the USA, the last class action proceedings against the Oscillococcinum® medicine was unanimously refused by the jury of the Court of Los Angeles in California. In consequence, the judge refused all the requests of the plaintiff. This judgment handed down on January 3, 2017 may be the subject of an appeal.

No amount has been provisioned as of June 30, 2017 related to this litigation.

23.2. LITIGATION IN CANADA

BOIRON Canada was the subject of two consumer lawsuits, on March 16, 2012 in Ontario and April 13, 2012 in Quebec, seeking to begin class actions.

In Quebec, the Superior Court of Montreal refused the request in its judgment dated January 19, 2015. The Quebec Appeals Court overruled this judgment on October 26, 2016 and authorized the start of class action proceedings. Our Canadian subsidiary appealed against the judgment of the Appeals Court before the Supreme Court of Canada.The Supreme Court rejected this appeal in May 2017. These proceedings will continue on the substance before the Superior Court of Quebec.

In Ontario, proceedings have not evolved since the suit was filed by the plaintiff.

No amount has been provisioned as of June 30, 2017 related to this litigation.

23.3. COMMERCIAL LITIGATION

At the end of 2014, our Belgian subsidiary UNDA revised its prices. Those price changes were refused by its Italian distributor, Ce.M.O.N.

Pending an agreement, deliveries to Ce.M.O.N. were suspended. Ce.M.O.N. initially decided to suspend the payment of its invoices, prior to unilaterally terminating the distribution contract which associated it with UNDA.

Faced with the impossibility of finding an amicable agreement, UNDA has initiated arbitration proceedings before the International Court of Arbitration of the International Chamber of Commerce in Paris, in accordance with the contractual terms.

By partial decision on December 14, 2016, the arbitration tribunal ordered Ce.M.O.N. to transfer to UNDA, the ownership of the marketing authorizations concerning the UNDA products which were distributed in Italy by Ce.M.O.N.

The arbitration procedure continued with regard to the questions concerning the substance of the case opposing the parties.

In 2015, the accounts payable and inventories of products made for Ce.M.O.N. were depreciated by €1,596 thousand and €787 thousand respectively.

23.4. RESTRUCTURING OF THE FACILITIES IN FRANCE

On November 15, 2016, employees were informed of plans to restructure the sites in France. An information and consultation meeting was held with the Central Works Council on December 14, 2016 to explain the specifics:

- first, sites that are close to each other would be consolidated into a single existing or yet to be built site;
- second, the preparation activities at certain facilities would be transferred to other sites.

Seventy-eight employees would be offered either the same job at another site or a different job at their current site. Thirty-eight employees whose jobs would be eliminated would also be offered other positions within the Company.

Implementation of the new organizational structure began in the first half of 2017. This phase involves the transfer of five preparation units to other sites and the transfer of one facility. In this first step, six people rejected the proposed change to their employment contract.
A €580 thousand provision has been recorded to cover measures to assist affected staff in this initial phase, partially offset by the €433 thousand reversal of employee benefit provisions.

Application of the principles defined in note 2.9.3 of the consolidated financial statements presented in part 4.1 of the 2016 Reference document did not result in the recognition of a provision, at June 30, 2017, for the second phase.

There are no other governmental, judicial or arbitration proceedings, including all proceedings of which the company is aware, pending or threatened, which may have or have had a material impact upon the financial position or profitability of the company and/or BOIRON group in the past six months.

NOTE 24 : RELATED PARTIES

There was no significant change in managers' compensation conditions compared to the fiscal year 2016 (see note 33.2 of notes to the consolidated financial statements at December 31, 2016).

NOTE 25 : SUBSEQUENT EVENTS

No post-closing event which might have a material impact on the group's financial statements has been identified.

Statutory auditors' review report on the 2017 first half-year financial information

Period from January 1 to June 30, 2017

MAZARS
Le Premium
131, boulevard de Stalingrad
69624 Villeurbanne Cedex - FRANCE

DELOITTE & ASSOCIES
Immeuble Higashi
106 cours Charlemagne
69002 LYON - FRANCE

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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, 2017,
- the verification of the information presented in the half-yearly 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.

I. 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 accompanying 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.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Villeurbanne and Lyon, September 7, 2017

The statutory auditors

French original signed by

MAZARS	DELOITTE & ASSOCIÉS
Nicolas DUSSON	Vanessa NICOUD-GIRARDET

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, and 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.

Messimy
September 7, 2017

Christian Boiron
General Manager