

Reference
Document
2015



Table of contents

A few words from Christian Boiron	4
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Presentation of the group and its businesses	6
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1.1 Key figures and indicators	7
1.2 Presentation of the group and its development	10
1.3 Description of the businesses	15
1.4 Comments and analyses on the businesses during the period	18
1.5 Risk factors	32



Corporate governance	39
----------------------------	----

2.1 Administrative and Executive bodies of the group	40
2.2 Compensation and benefits of Executives and Directors	43
2.3 The chairman's report on internal control and corporate governance	50
2.4 Statutory auditors' report on chairman's report	61



Employee, environmental and societal information	63
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3.1 Methodology	64
3.2 Corporate information	65
3.3 Health Safety Environment	74
3.4 Societal information	84
3.5 Independent third-party report on consolidated social, environmental and corporate information	86



4

Annual statements 89

4.1 Consolidated financial statements	90
4.2 Statutory auditors' report on the consolidated financial statements	148
4.3 Subsidiaries and interest on December 31, 2015	150
4.4 Result of BOIRON France during the last five years	152

5

Legal information on the Company and its capital 153

5.1 Share Capital	155
5.2 Primary sharholders	163
5.3 Employee sharholding	166
5.4 Incorporation and Articles of Association	167
5.5 Draft resolutions put to the Ordinary Shareholder's meeting of May 19, 2016	272

6

Other information 177

6.1 Person responsible for the Reference Document	179
6.2 Statutory auditors	180
6.3 Public informations	181
6.4 Concordance table of reference document	182
6.5 Concordance table of financial anual report and management report	186
6.6 Concordance table of employee, environmental and societal information.....	189
6.7 Glossary	191

This is a free translation into English of the BOIRON 2015 Reference Document issued of the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.

A few words from Christian Boiron

A few words from Christian Boiron

Ever since the Company's origin, our objective has remained the worldwide development of Homeopathy.

Depending on its opportunities and financial capacity, the Company, as in the past, will provide itself the opportunity of joining other players in the Homeopathy business in order to meet the requirements of the various french and international authorities which are growing larger every day.

The short and medium-term development of our Company and the specific development of Homeopathy permit us to envisage several orientations:

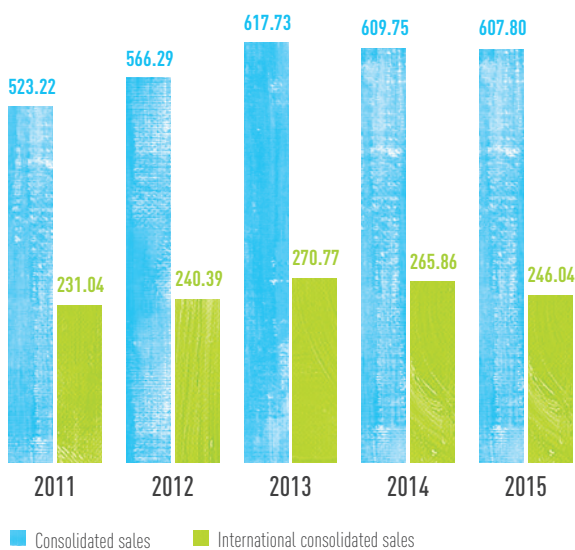
- 1 - Growth which is balanced among medical prescriptions, pharmaceutical advice and self-medication.
- 2- This trend should therefore lead to an increase in both generic medicines and specialty products, as it has in the past.
- 3 - It's highly probable that, as in the field of allopathic medicine, compounded product prescription may be gradually and severely restricted. This will necessarily lead to change within our organization, especially and mainly in France.
- 4 - Regarding production, we are probably going to face multiple realities:
 - The gradual reduction in the number and quantity of mother tinctures which are increasingly considered to be non-homeopathic by the French Health Ministry;
 - The gradual reduction in compounded products;
 - An increase in the number of international subsidiaries;
 - An increased portion of the industrial activities brought together at the new site in Messimy which will require an increase in investments related to production;
- 5 - Regarding commercial development, the need to prepare for an increase in sales at the majority of our subsidiaries;
- 6 - Finally, with respect to research, a total re-evaluation if its objectives and its organization are currently in process which should gradually result in an increase in expenditures devoted to it.

Christian Boiron
General Manager

1. Presentation of the group
and its businesses

1.1 Key figures and indicators

Change in sales (million euros)



In 2015, group sales decreased by 0.3 %.
At constant rate, it decreased by 0.5 %.

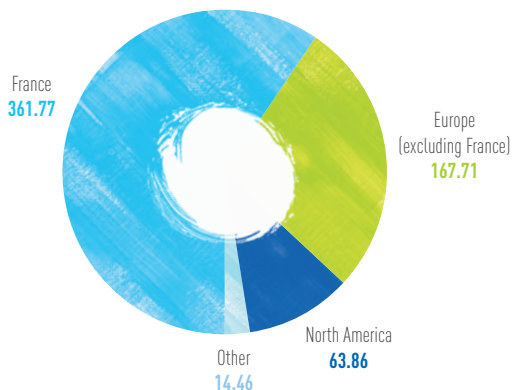
Distribution of sales by product category



Sales of specialties decreased by 2.2 % and making 48.9 % of sales.

Sales of non-proprietary homeopathic medicines increased by 1.7 %.

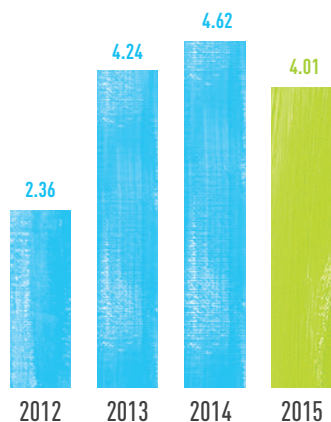
Distribution of sales by geographical area (million euros)



Consolidated income statements (million euros)

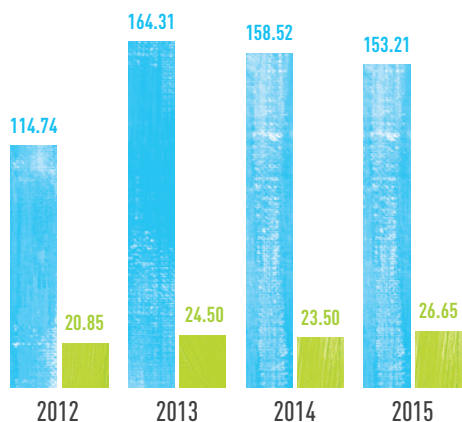
	2015	2014	Variation
Sales	607.80	609.75	- 0.3 %
Operating income	126.55	144.18	- 12.2 %
Taxes and other items	(52.62)	(55.13)	- 4.6 %
Net income (group share)	73.93	89.05	- 17.0 %

Change in earnings per share (euros)



Earnings per share are determined after deducting the number of shares held by the Company over the year.

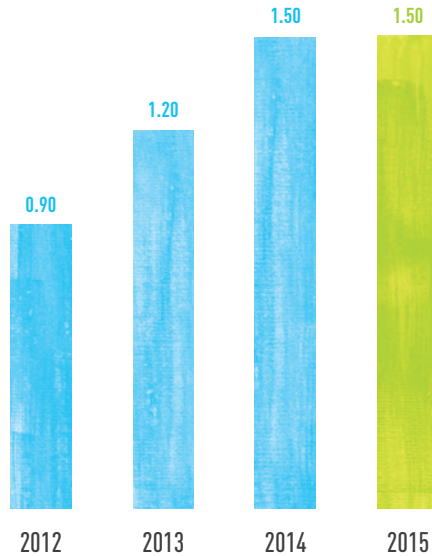
Investments and cash flow (million euros)



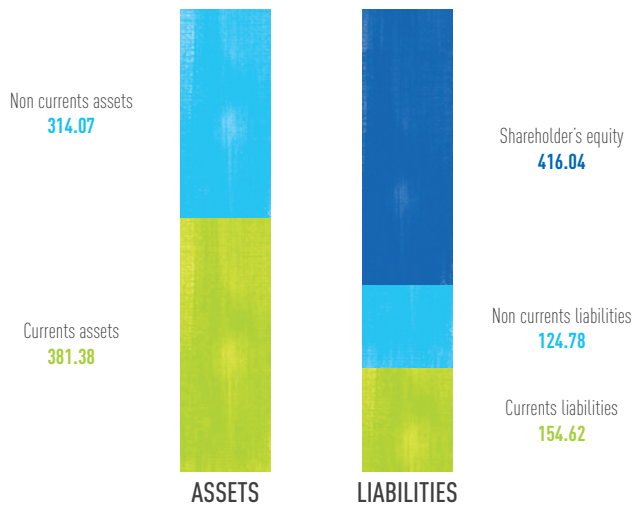
■ Cash flow

■ Gross investments

Change in dividend per share (euros)



Simplified balance sheet (million euros)



1.2 Presentation of the group and its development

1.2.1 GENERAL DESCRIPTION OF THE BUSINESS

BOIRON was founded in France nearly a century ago under the impetus of homeopathic doctors and pharmacists wishing to benefit from the most reliable medication possible. What characterizes our Company is its conviction that the future of homeopathy depends, together, on the serious preparation of medications, the effectiveness of the specialties, the importance of fundamental research and, above all, the competence and professionalism of the homeopathic doctors. This is the philosophy which has highlighted the history of our Company and which guides us today.

With our main medications present in more than 50 countries under the leadership of our subsidiary companies, we believe that homeopathic medicines, thanks to the combination of their effectiveness and their safety, provide considerable benefits to public healthcare, with the fundamental support of doctors, pharmacists and all of healthcare stakeholders.

Sales of homeopathic medicines currently account for approximately 0.3 % of the total of all medication sold throughout the world. However, it's important to note that their selling price is considerably lower, especially in France, compared to the other drugs⁽¹⁾, which are generally referred to as "Allopathic".

Each medicine and each component of that medicine plays a role and doctors increasingly integrate the benefits of the homeopathic medicines and the homeopathic medical culture into their daily practices.

There are two large families of homeopathic medicines:

- **"Non-proprietary medicines"**, such as dosed "Nux vomica 9 CH" or "Ignatia amara 7 CH" in granule tubes. These are generic that do not refer to any therapeutic indication and are based on the know-how of what's called the "international field of homeopathic medicine", which is taught in specialized courses targeted towards professionals and described in certain books, written by doctors. These medicines permit individualized treatments which are the prerogative of qualified homeopathic doctors and the pharmacists.
- **The drugs with "invented names"** which are referred to as "specialties" represent about half of our worldwide sales revenues. In general, they're the first resort in the field of homeopathy. Recommended by the pharmacist or a friend, they are provided in tablet form, in globule doses, bottled to use as drops, as syrups or as ointments.

(1) In particular, medicines reimbursable in France, with a retail price eight times below the average price of reimbursable medicines.
(source: <http://www.ims-pharmastat.fr/index.php/tendances-du-mois/marche-des-medicaments>, Boiron – December 2015).

We choose **to produce our medications in France primarily**, in Sainte-Foy-lès-Lyon, Messimy, Montrichard and Montévrain. The homeopathic dilutions require preparation methods and an environment perfectly adapted to the infinitesimal management.

Our homeopathic specificity only adds to the regulatory constraints of which we are often the origin, for example, the triple impregnation that Jean Boiron developed in 1975 and which is now required by all the laboratories which produce homeopathic drugs.

As of December 31, 2015, the BOIRON group had **3,711 employees**.

BOIRON's social philosophy is clearly a part of the know-how that has driven the Company's success. Christian Boiron has devoted all of his energy to it for more than 40 years. **It places personal fulfilment at the heart of the economic efficiency of the Company.**

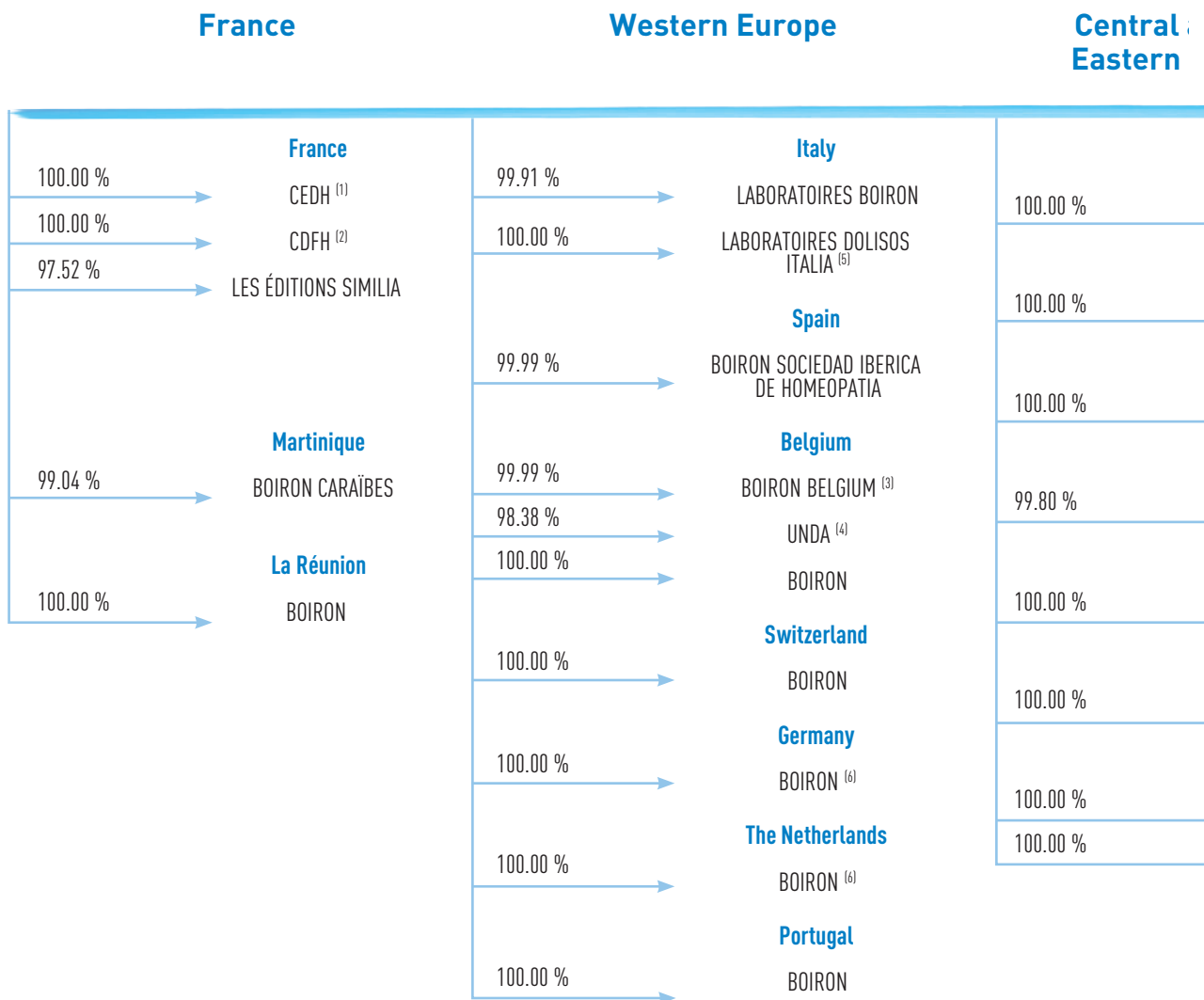
The BOIRON state of mind? It's often our visitors who say it best!

We prefer **the smile and fulfilment** to stress or gloom.

We favor **art and color** to encourage creativity and Christian Boiron personally takes care of designing the sites.

We like **conviviality, simple and direct relationships, dialogue with an open ear, mutual respect and transparency** in the rules of the game.

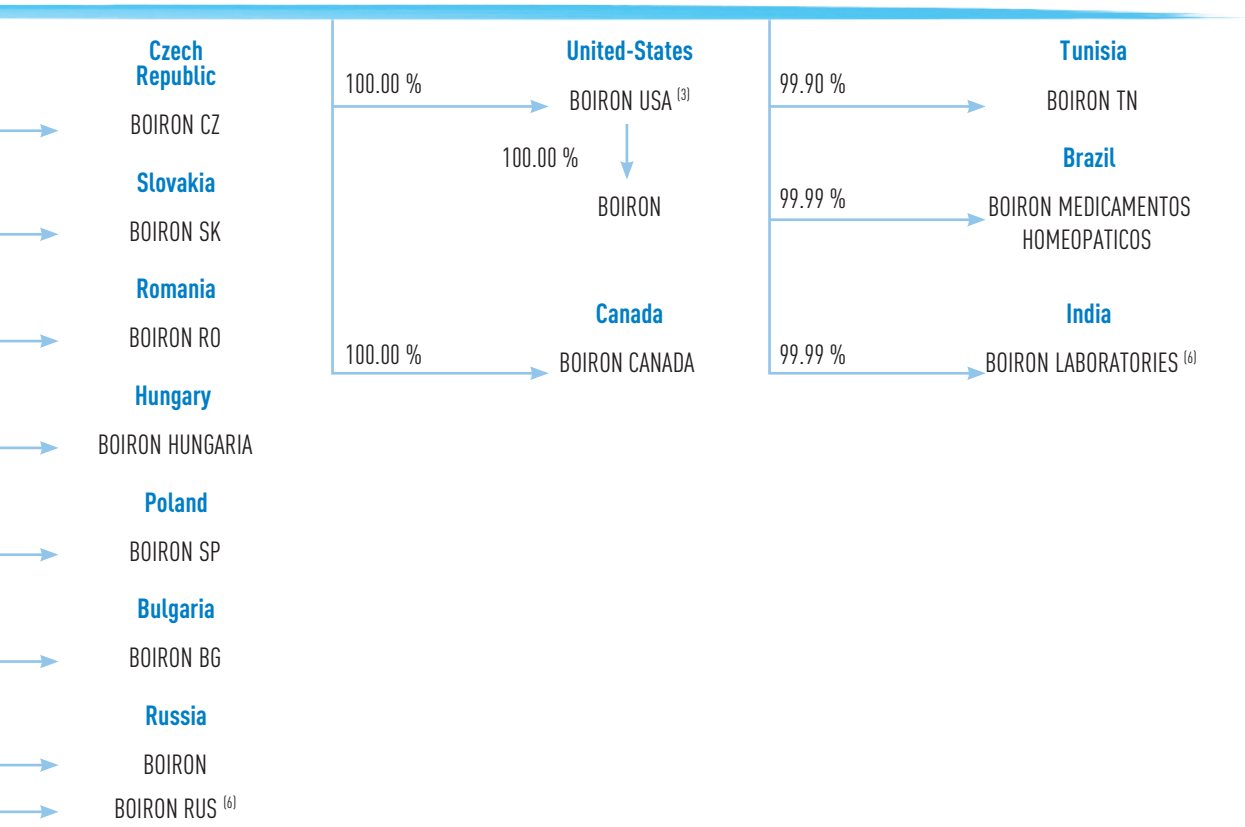
1.2.2 GROUP ORGANISATION CHART



and Europe

North America

Other countries



(1) Centre d'Enseignement et de Développement de l'Homéopathie

(2) Centre De Formation en Homéopathie.

(3) Holding Company.

(4) Direct and indirect holding via BOIRON France and BOIRON Belgium.

(5) Company in liquidation.

(6) Company without activity.

1.2.3 PROPERTY, PLANT AND EQUIPMENT

1.2.3.1 SIGNIFICANT EXISTING OR PLANNED TANGIBLE FIXED ASSETS

The BOIRON group operates at five production sites, of which, four are located in France. The Messimy site will be soon enlarged following the acquisition of new land bordering the existing site. The BOIRON group also owns or rents 30 distribution regional laboratories in France as well as various facilities in countries where it has subsidiaries. The details of the tangible fixed asset values are included in note 8 of the notes to the consolidated financial statements.

1.2.3.2 ENVIRONMENTAL ISSUES CAPABLE OF INFLUENCING THE USE OF THE TANGIBLE ASSETS

For more information on environmental issues capable of influencing the use of the group's sites, see paragraph 3.3.

1.3 Description of the businesses

1.3.1 MARKET AND STRATEGY

In 2014, the worldwide market for medications was estimated to be approximately 910 billion dollars⁽¹⁾ and the top 10 pharmaceutical companies worldwide accounted for 38.9 % of the market share.

BOIRON, pharmaceutical laboratory specialized in homeopathy, realized €609.7 million of sales in 2014 (€607.8 million in 2015): its market share in 2014 was therefore about 0.1% of the worldwide market for pharmaceuticals.

BOIRON is present in more than 50 countries and currently counts 20 subsidiaries in activity.

In Western Europe, the marketing of BOIRON medication is performed directly towards pharmacies, pharmacy chains and wholesalers. The latter are the group's main customers in Eastern Europe.

In North America, a significant portion of the customers are represented by mass market retailers and health food stores. The sales are made by distributors in those countries where BOIRON does not have a subsidiary. The group's strategy has also been described in the introduction of this reference document.

(1) Source : <http://www.mypharma-editions.com/le-top-10-classement-mondial-des-laboratoires-pharmaceutiques-en-2014> published on July 24, 2015

1.3.2 RESEARCH

The aim of BOIRON is to provide healthcare professionals and patients with medicines which are effective, safe and useful for public health.

Christian Boiron has personally led the group research department since January 2013 and defined its objectives. He wishes to further strengthen the effectiveness of homeopathy in order for it to be better understood, better promoted and better prescribed.

In 2015, BOIRON continued its investigations in the following areas:

- the highlighting of specific properties of homeopathic medicines and the understanding of their pharmacological actions at different dilution levels and in various living organisms, in areas such as inflammation, the central nervous system or oncology,
- the comprehension of the physicochemical properties of infinitesimal dilutions,
- the development of cellular and animal models to evaluate the impact of production and storage processes on the effectiveness of our medicines,
- the confirmation of the therapeutic value of homeopathy and homeopathic medicines, through the implementation of the most modern investigation methods. Such is the case for the EPI3 study which we conducted with one of the top scientific teams in the field of pharmacoepidemiology. The study lasted for over 6 years and yielded very satisfactory results related to the benefit of our medicines and the competence of physicians to prescribe homeopathic medicines in three disease groups: sleep disorders, anxiety & depression, infections of the upper respiratory tract and musculoskeletal pain.

Total expenses related to research amounted to €4,205 thousand, in 2015. The group benefited from a research tax credit of €1,359 thousand in 2015(€1,335 thousand in 2014).

1.3.3 INVESTMENT POLICY

Each year investments are made by the group on one or more of its production sites to ensure a high quality level, meet regulatory requirements or also sustain the growth of business.

Following the acquisition of an additional 17 hectares, the Messimy site will be expanded and new production facilities will be built on the newly acquired land.

Likewise, the Company made an offer to purchase 28 hectares in the town of Les Olmes, near Tarare (Rhône department), on which the logistic platform of the group shall be set up at the end of 2017.

Another significant portion of the investments is related to the information system with the goal of simplifying, modernizing and centralizing it while optimizing the costs, in order to ease and support for the best the Company's development.

1.3.4 MAJOR CONTRACTS

The group's customer profile is fragmented and the group's suppliers are numerous: there is no significant contract between BOIRON and a supplier or customer which merits mentioning in this reference document.

1.4 Comments and analyses on the businesses during the period

1.4.1 HIGHLIGHTS IN 2015

Within the context of the economic instability that **Russia** experienced in 2015, group sales in the country experienced a decrease of €27,677 thousand compared to 2014, of which €8,096 thousand was due to the impact of unfavorable currency exchange rates. That decrease mainly impacted the second half and was offset by an increase in sales of €18,597 thousand in **Mainland France** and €11,401 thousand in the **United States** (of which, €8,745 thousand was due to a favorable exchange rate impact).

The year 2015 was highlighted by the **launch of the following products:**

- Magnesium 300+® in several countries: In Italy and Belgium in 160 tablet format, in Spain and Hungary in 80 tablet format.
- In Italy, new formats for Arnigel® (120 grams) and Euphrasia® eye drops (30 doses).
- In Brazil, Coryzalia®, Homéoptique® and eight tube references.
- In France, sugarless Stodoline® syrup used in the treatment of coughing.

A new syrup production line has been operating since September and has permitted us to double our production capacity.

During the first quarter, BOIRON proceeded with the repurchase of 222,958 shares for a total amount of €17,172 thousand, within the framework of **the share repurchase program** approved by the Shareholders' meeting on May 22, 2014.

Within the framework of the gradual harmonization of IT systems at the subsidiaries, the Oracle **JD Edwards ERP** was implemented in the Caribbean in the first half.

BOIRON announced plans to relocate its **future logistics center** in the town of Les Olmes near Tarare, west of Lyon, France. Meanwhile, work on the Messimy site expansion project began.

On January 19, 2015, the Superior Court of Montreal rejected the request for a class action lawsuit initiated against **our Canadian subsidiary** on April 13, 2012. That verdict is subject to appeal at the Court of Appeals of Quebec which should render its decision during 2016.

On February 24, 2015, the Los Angeles, California (USA) Court of Appeals provided their final approval of a legal settlement signed on March 6, 2012 intended to put an end to the class action lawsuits in process against **our US subsidiary**. That subsidiary is facing a new class action suit in the state of California related to the medication Oscilloccinum® for which the sales are allegedly not covered by the settlement agreement.

The **UNDA** products distributor in Italy, Ce.M.O.N., took the initiative of prematurely terminating its distribution contracts and production license that tied it to our Belgian subsidiary 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.

A new BOIRON subsidiary was created on December 22, 2015 in **India**. The first step will be to obtain marketing authorizations for our medicines.

The Board of Directors of December 16th, 2015 named on January 1st, 2016 **Jean-Christophe Baysat** at the position of Chief Pharmacist and Deputy General Manager, following the retirement of Philippe Gouret.

1.4.2 GROUP SALES TRENDS

The criteria used for the allocation of sales, shown below, are the sales by destination, as reported in the financial disclosures and press releases related to sales. The criteria used to allocate assets employed to achieve sales are used for segment reporting in the notes to the consolidated financial statements.

Sales (in thousands of euros)	2015	2014	Variation
France	361,765	343,891	+ 5.2 %
Mainland France	351,479	332,882	+ 5.6 %
Caribbean	5,364	5,998	- 10.6 %
Reunion	3,577	3,592	- 0.4 %
Other in France	1,345	1,419	- 5.2 %
Europe excluding France	167,714	198,918	- 15.7 %
Italy	56,374	57,101	- 1.3 %
Russia	24,332	52,009	- 53.2 %
Spain	23,964	25,190	- 4.9 %
Belgium	17,897	17,651	+ 1.4 %
Romania	9,259	8,114	+ 14.1 %
Czech Republic	6,055	5,419	+ 11.7 %
Poland	5,759	10,205	- 43.6 %
Bulgaria	5,715	5,742	- 0.5 %
Hungary	4,214	5,008	- 15.9 %
Portugal	4,001	3,228	+ 23.9 %
Switzerland	3,806	2,922	+ 30.3 %
Slovakia	3,090	3,654	- 15.4 %
Other in Europe	3,248	2,675	+ 21.4 %
North America	63,858	52,813	+ 20.9 %
United-States	54,047	42,646	+ 26.7 %
Canada	9,811	10,167	- 3.5 %
Other countries	14,466	14,126	+ 2.4 %
Tunisia	6,078	5,555	+ 9.4 %
Brazil	2,602	2,867	- 9.2 %
Other	5,786	5,704	+ 1.4 %
TOTAL BOIRON GROUP	607,803	609,748	- 0.3 %
TOTAL BOIRON GROUP at constant exchange rates			- 0.5 %

Sales (in thousands of euros)	2015 Non-proprietary homeopathic medicines	2014 Non-proprietary homeopathic medicines	Variation	2015 OTC Specialties	2014 OTC Specialties	Variation
BOIRON GROUP	310,555	305,501	+ 1.7 %	296,954	303,549	- 2.2 %
France*	242,314	237,865	+ 1.9 %	118,619	105,273	+ 12.7 %
Europe (excluding France)	47,899	50,663	- 5.5 %	119,471	147,814	- 19.2 %
North America	18,430	15,017	+ 22.7 %	46,380	38,389	+ 20.8 %
Other countries	1,912	1,956	- 2.2 %	12,484	12,073	+ 3.4 %

* Mainland France and overseas

Group sales amount to €607,803 thousand in 2015, a decrease of 0.3 %. That drop results from a decrease in volumes, which price increases and changes in exchange rates do not offset:

- The decreases in quantities sold were mainly in Russia and Poland, neutralizing the growth reported in Mainland France.
- Sales of specialties benefitted once again from an increase in selling prices, particularly in Mainland France, Russia and the United States.
- The exchange rate impact added 0.2 % growth: the US dollar generating a favorable impact of €8,745 thousand, offset by an unfavorable impact of €8,096 thousand from the Russian rouble.

In France, sales of non-proprietary homeopathic medicines increase by 1.9 %. Sales of specialties increase by 12.7 % mainly on Oscillococcinum® (+ 24.5 %) and Stodal® (+ 49.6 %, impacted by the launch of Stodaline®) and Homeoplasmine® (+ 11.5 %). On the other hand, we could note a decrease of Magnesium 300+® (- 24.4 %), following the favorable impact of the launch of the 160 tablet format in 2014.

In “Europe excluding France”, sales of non-proprietary homeopathic medicines decrease by 5.5 % and specialties were down 19.2 %. At constant exchange rates, the decrease amounts to 11.9 %.

- In Russia, sales expressed in euros were down 53.2 % and 37.6 % at constant exchange rate, in line with a general decrease in the volumes of specialties, especially Oscillococcinum®.
- Sales were also down in Poland (- 43.6 %), Spain (- 4.9 %) and Italy on sales made by UNDA.
- Conversely, sales increase in Romania (+ 14.1 %), in Switzerland (+ 30.3 %) and in Portugal (+ 23.9 %), mainly on specialties.

Sales **in North America** benefit from a favorable currency impact due to the appreciation of the US dollar: the 20.9 % increase amounts to 3.8 % at constant exchange rate and was mainly related to sales of Oscillococcinum® and arnica specialties in the United States. Sales of specialties in Canada decrease.

In the “Other countries”, sales of specialties increase by 3.4 % mainly in Tunisia and Kazakhstan.

1.4.3 GROUP FINANCIAL POSITION

BOIRON group income statement (in thousands of euros)

	2015	2014	Variation
Sales	607,803	609,748	- 0.3 %
Operating income	126,548	144,177	- 12.2 %
Net income - Group share	73,932	89,049	- 17.0 %
Cash flow	153,206	158,518	- 3.4 %

Group operating income amounts to €126,548 thousand compared to €144,177 thousand in 2014, or 20.8 % of sales versus 23.6 % in 2014.

Production costs amount to €118,984 thousand compared to €117,563 thousand in 2014, an increase of 1.2 %. We note an increase, mainly in France, with respect to personnel expenses (+ €1,966 thousand), external services (+ €1,853 thousand) and assets amortization (+ €1,088 thousand). Severance indemnities of €929 thousand were incurred in 2015 in Belgium within the framework of the UNDA site reorganization.

Conversely, consumption purchases decreased by €5,846 thousand following the decrease in sold quantities made abroad.

Preparation and distribution costs amount to €139,523 thousand, an increase of 0.9 %. That increase was mainly the result of higher taxes (+ €1,466 thousand), particularly in France because of the increase in the tax on direct sales (€678 thousand) and the introduction of a new pharmaceutical tax, entitled the "clause de sauvegarde L" (+ €655 thousand).

Marketing costs amount to €136,538 thousand compared to €129,838 thousand in 2014, an increase of 5.2 %, mainly due to the increase of personnel expenses (+ €2,341 thousand) and in France, to the increase of advertising (+ €1,249 thousand) and to the costs associated with the implementation of a CRM ⁽¹⁾.

Research expenses amount to €4,205 thousand as compared to €5,403 thousand in 2014. Those are mainly within the framework of multi-year projects.

Expenses related to **regulatory affairs** are €7,399 thousand, an increase of 17.9 %, due to higher medicines registration expenses and personnel expenses.

(1) Customer Relationship Management

"Support" functions costs are almost flat (+ 0.5 %) amounting to €75,519 thousand compared to €75,164 thousand in 2014.

Other operating income amount to €4,796 thousand compared to €8,085 thousand in 2014.

- Those included a gain on the disposal of a regional laboratory in France of €1,181 thousand and €1,232 thousand of profit realized on currency hedging instruments.
- The tax credit for employment competitiveness is stable, amounting to €3,031 thousand versus €3,072 thousand in 2014.
- The tax credit on research amounts to €1,359 thousand versus €1,335 thousand in 2014.

Other operating expenses total €4,042 thousand compared to €1,434 thousand in 2014: in 2015 they included €2,600 thousand of costs (receivables and inventory depreciations and legal fees) associated with commercial litigation incurred by the Belgian subsidiary UNDA (described in note 31.2 of the notes to the consolidated financial statements).

Cash revenue and financing expenses amount to €196 thousand versus €208 thousand in 2014.

Other financing income and expense amount to a net expense of €3,293 thousand compared to €3,062 thousand in 2014. They primarily consisted of expenses associated with the gradual application of the impact of the actualization of employee benefits (-€2,814 thousand) and the exchange rate impact on the financial flows (-€699 thousand).

The effective tax rate is 40.1 % versus 37.0 % in 2014. That increase can be explained by the increase in tax losses at subsidiaries for which the group had not recognized deferred tax credits (Brazil, Poland and Russia).

Net income amounts to €73,932 thousand versus €89,049 thousand in 2014. Net income per share decreases from €4.62 in 2014 to €4.01 in 2015.

1.4.4 INCOME BY COMPANY

Operating income by Company is shown below:

Operating income by Company (in thousands of euros)	2015	2014	Variation
BOIRON, parent company	107,770	107,502	+ 268
Italy	10,786	13,732	- 2,946
United-States	7,741	5,809	+ 1,932
Spain	2,772	2,035	+ 737
Romania	1,076	1,392	- 316
Czech Republic	1,013	1,343	- 330
Switzerland	711	341	+ 370
Portugal	501	551	- 50
Reunion	496	365	+ 131
Belgium (BOIRON)	367	- 1,000	+ 1,367
Canada	341	1,227	- 886
Caribbean	294	712	- 418
Hungaria	233	742	- 509
Slovakia	37	502	- 465
Brazil	- 1,154	- 719	- 435
Poland	- 1,578	432	- 2,010
Belgium (UNDA)	- 2,452	1,246	- 3,698
Russia	- 2,573	7,829	- 10,402
Other	167	136	+ 31
BOIRON GROUP	126,548	144,177	- 17,629

1.4.4.1 BOIRON PARENT COMPANY

Consolidated financial statements

BOIRON parent company consolidated sales increase by 5.5 % compared to 2014 and amount to €373,271 thousand:

- In Mainland France, sales increase by 5.6 % amounting to €351,372 thousand: specialties grow by 13.3 %, mainly on Oscillococcinum® and Stodal® (launch in 2015 of Stodaline®); on the other hand, sales of Magnesium 300+® decrease. The non-proprietary homeopathic medicines increase by 2.2 %.
- The Export business grows by 4.2 % amounting to €21,899 thousand. Sales increase primarily in Lithuania, Tunisia, Ukraine and Kazakhstan.

Operating income is €107,770 thousand as compared to €107,502 thousand in 2014. The increased sales is offset by the increase in overall operating expenses:

- Production costs increase by 10.2 % impacted by the increased sales, personnel expenses, assets amortizations and maintenance expenses.
- The preparation and distribution costs increase by 2.7 % reaching €118,888 thousand: the tax on direct sales increase and the year 2015 is impacted by the introduction of the French "clause de sauvegarde L" tax. There is also an increase in delivery expenses associated with the sales growth.
- Marketing expenses increase by 8.5 % and amount to €65,714 thousand: they mainly increased due to personnel and advertising expenses.
- Research expenses amount to €3,623 thousand, a decrease of 24.1 %, from fees and personnel expenses.
- Costs related to regulatory affairs increase by 15.1 % to €4,687 thousand.
- The costs of support functions amount to €49,858 thousand, a 1.4 % increase, primarily due to increases in fees.
- Other operating income and expenses amount to €3,241 thousand compared to €5,825 thousand in 2014. Those included a gain on the sale of a regional laboratory in France of €1,181 thousand and €1,232 thousand of profit realized on currency hedging instruments. The competitiveness employment tax credit and research tax credit are stable.

Cash revenue and financing expenses amount to a net profit of €887 thousand compared to €1,049 thousand in 2014, in line with the trend in cash interest rates.

Other financial income and expenses amount to €3,074 thousand versus €3,027 thousand in 2014. Those items are described in the paragraph 1.4.3.

Taking into account an effective tax rate of 39.6 %, net income amounted to €63,736 thousand, a decrease of 0.9 % compared to 2014.

Corporate financial statements

Sales reach €470,020 thousand versus €448,447 thousand in 2014.

Operating income amounts to €133,580 thousand, an increase of €9,717 thousand.

The financial income amounts to income of €19,457 thousand versus €19,511 thousand in 2014, which includes €19,464 of dividends received from subsidiaries.

Exceptional income amounts to a loss of €852 thousand compared to a profit of €440 thousand in 2014. In 2014 it included a gain of €1,181 thousand following the sale of a regional laboratory in France.

The effective tax rate amounts to 32.4 % versus 31.8 % in 2014.

Corporate net income amounts to €88,677 thousand versus €83,150 thousand in 2014.

Under the provisions of Article 39.4 of the General Tax Code, the Company recorded an amortization of €159,277.00 for the portion of the purchase price of passenger vehicles exceeding €18,300 (as compared to €125,605.00 in 2014).

1.4.4.2 EUROPE (EXCLUDING FRANCE)

Italy

The data commented on below are those of the Company "Laboratoires BOIRON", BOIRON operating subsidiary in Italy.

Sales reach €55,116 thousand, an increase of 1.7 %, mainly due to launches of a new product (Magnesium 300+®) and new formats (Euphralia® in 30 dose format, Arnigel® in 120 grams format and Homeoptic® in 10 single dose format).

Operating profit amounts to €10,786 thousand versus €13,732 thousand in 2014. Sales growth is offset by increases in the cost of sales, advertising expenses and registration costs.

The net income amounts to income of €7,512 thousand versus €8,951 thousand in 2014.

Russia

Sales amount to €24,322 thousand, down by €27,677 thousand or 53.2 %. In roubles, it decreases by 37.6 %, mainly on Oscillocochinum® and, to a lesser extent, on Homeovox®, Stodal® and Camilia®.

Operating income is down €10,402 thousand and results in a loss of - €2,573 thousand. At constant exchange rate, it decreases by €11,258 thousand: the sharp decline in business activity is accompanied by an increase in operating expenses, particularly personnel expenses (increase of workforce and salaries and the reorganization of the sales team), advertising costs and rental expenses for vehicles and facilities.

Net income amounts to - €3,319 thousand versus €5,656 thousand in 2014.

Spain

The consolidated sales reach €23,957 thousand, a decrease of 4.9 % compared to 2014, under the effect of the decline in sales of non-proprietary homeopathic medicines. The specialties are growing, especially Stodal® and Magnesium 300+®.

Operating income amounts to €2,772 thousand compared to €2,035 thousand in 2014. The decrease in gross margin, in line with the decrease in sales, and is offset by cost savings on total costs, especially advertising, personnel and transport expenses.

Net income amounts to €1,920 thousand versus €1,427 thousand in 2014.

Belgium

As of February of 2014, two separate companies in Belgium permit the independent development of UNDA and BOIRON medicines in that country.

BOIRON realizes an operating income of €367 thousand in 2015, as compared to an operating loss of €1,000 thousand in 2014.

The increase in sales (especially on Oscillocochinum®) is accompanied by cost savings related to all operating expenses.

Net income amounts to €159 thousand, versus €302 thousand in 2014.

UNDA operating income in 2015 amounts to a loss of €2,452 thousand compared to an income of €1,246 thousand in 2014. Sales were impacted by the absence of sales in Italy in the second half of 2015, following litigation with UNDA exclusive distributor in that country (see note 31.2 to the consolidated financial statements).

Besides, the dispute results in the accounts receivable depreciation related to that customer as well a portion of the inventory destined for the Italian market. In addition, legal fees are incurred within the framework of the arbitration process currently ongoing. Finally, severance indemnities were paid within the framework of the departure of 4 employees at year-end.

These items represent a total cost of €3,794 thousand in 2015, of which €2,600 thousand are classified as other operating expenses.

Net income in 2015 amounts to - €1,660 thousand versus - €378 thousand in 2014.

Poland

Sales decrease by 43.6 %, decreasing from €10,205 thousand in 2014 to €5,755 thousand in 2015, mainly due to decrease in the sales of Oscillococcinum®, Stodal®, Drosetux® and Camilia®.

Operating income amounts to a loss of €1,578 thousand versus income of €432 thousand in 2014. The decrease in sales is partially offset by decrease in advertising and personnel expenses.

The net income in 2015 amounts to a loss of €1,608 thousand versus income of €324 thousand in 2014.

Switzerland

Sales amount to €3,806 thousand in 2015 versus €2,922 thousand in 2014, an increase of 30.3 %. In Swiss Francs, they increase of 14.5 % due to higher sales of Oscillococcinum® and, to a lesser extent, of Stodal®.

Operating income amounts to €711 thousand compared to €341 thousand in 2014, operating expenses being generally stable.

Net income amounts to €711 thousand versus €339 thousand in 2014.

Portugal

Sales amount to €4,001 thousand versus €3,228 thousand, an increase of 24.0 %, mainly related to Oscillococcinum® and Stodal®.

Operating income is €501 thousand versus €551 thousand in 2014. The increase in gross margin is offset by higher personnel expenses related to marketing and support functions, advertising expenses and taxes related to the renewal of registrations.

Net income amounts to €346 thousand compared to €374 thousand in 2014.

Czech Republic

Sales reach €6,055 thousand versus €5,419 thousand in 2014, an increase of 11.7 %. In Czech Koruna, they increase by 10.7 %, thanks to growth in the sales of Oscillococcinum® and non-proprietary homeopathic medicines.

Operating income amounts to €1,013 thousand versus €1,343 thousand in 2014. The increase in business activity is offset by an increase in cost of sales and an increase in personnel expenses on sales teams as well as advertising costs.

Net income amounts to €809 thousand versus €1,083 thousand in 2014.

Hungary

Sales amount to €4,214 thousand compared to €5,008 thousand in 2014, a decrease of 15.9 % mainly on the non-proprietary homeopathic medicines, Dapis Gel® and Oscillococcinum®.

Operating income amounts to €233 thousand, a decrease of €509 thousand. It is impacted by the decrease in gross margin but benefit from savings in personnel expenses related to support functions.

Net income amounts to €210 thousand versus €659 thousand in 2014.

Romania

Sales total €9,259 thousand versus €8,028 thousand in 2014, an increase of 15.3 % mainly due to Oscillococcinum®, Stodal® and the non-proprietary homeopathic medicines.

Operating income decreases by €315 thousand to €1,076 thousand. Sales growth is offset by the higher cost of sales, advertising and personnel expenses.

Net income amounts to €898 thousand versus €1,143 thousand in 2014.

1.4.4.3 NORTH AMERICA

United-States

American subsidiary sales amount to €52,968 thousand compared to €41,857 thousand in 2014, a 26.5 % increase. In US dollars, that growth rate decreases to 5.7 % and is mainly based on Oscillococcinum®, Coryzalia®, the arnica

specialties and non-proprietary homeopathic medicines. On the other hand, there is a decrease in Stodal® sales.

Operating income increases by €1,932 thousand amounting to €7,741 thousand. It benefits from a favorable currency exchange rate impact of €1,278 thousand. Excluding that item, it increases by €654 thousand, due to the effect of an increase in gross margin. Expenses related to advertising and salaries increase.

Net income amounts to €4,838 thousand compared to €3,653 thousand in 2014.

Canada

Subsidiary sales reach €8,778 thousand versus €9,300 thousand in 2014, a decrease of 5.6 %. In Canadian dollars, the decrease is 8.8 % and is especially related to Camilia®, Oscillocoquinum® and the arnica specialties.

Operating income amounts to €341 thousand versus €1,227 thousand in 2014. That decrease can be mainly explained by the decrease in gross margin (in line with the volumes decrease), increase in advertising and personnel expenses associated with promotional functions.

Net income amounts to €241 thousand versus €888 thousand in 2014.

1.4.4.4 OTHER COUNTRIES

Brazil

Sales reach €2,602 thousand versus €2,866 thousand in 2014, a 9.2 % increase. In Brazilian reals, sales increase by 7.3 % mainly thanks to Oscillocoquinum® and the launches of Homéoptique® and Coryzalia® in the second half-year period.

The operating loss reaches €1,154 thousand compared to €719 thousand in 2014. It is impacted by a favorable exchange rate impact of €210 thousand. Excluding that item, operating income is down by €645 thousand: the increase in gross margin is offset by higher advertising and personnel expenses, following the restructuring of the subsidiary management team in early 2015 and the reorganization of the sales teams.

Net income amounts to a loss of €1,368 thousand versus a loss of €929 thousand in 2014.

1.4.5 CONSOLIDATED CASH FLOW

Cash flows related to operating activities amount to €103,164 thousand compared to €96,156 thousand in 2014.

Cash flow reaches €153,206 thousand, a decrease of €5,312 thousand compared to 2014 (25.2 % of sales versus 26.0 % in 2014) in line with the decrease in profitability. In 2014, it was impacted by payments related to the reorganizations provisioned in 2013.

Paid income taxes related to 2015 amount to €51,250 thousand, a decrease of €8,691 thousand compared to 2014.

The change in working capital requirements amounts to a source of €1,208 thousand versus a use of €2,421 thousand in 2014: a decrease in trade receivables in Italy and Romania (following a decrease in the terms of payment) and in Russia and Poland (following a slowdown in business activity) is partially offset by an increase in inventories in France and Russia.

Cash flows related to investment activities amount to €26,448 thousand compared to €22,075 thousand in 2014:

- Purchases of tangible fixed assets amount to €16,903 thousand and are related to the Messimy site, for buildings and production equipment and site improvements on land purchased in 2014.
- Investments in intangible fixed assets represent €9,148 thousand and mainly concern group IT projects and the implementation of a CRM system in France.

Cash flows related to financing activities is €44,629 thousand versus €77,132 thousand in 2014:

- BOIRON repurchased shares in the amount of €17,172 thousand, as part of the share buyback program, compared to €54,665 thousand in 2014.
- Paid dividends amount to €27,656 thousand versus €23,328 thousand in 2014 (€1.50 per share compared to €1.20 per share in 2014).

The group net cash balance amounts to €191,865 thousand at the end of 2015 compared to €156,173 thousand at the end of 2014.

1.4.6 CONSOLIDATED BALANCE SHEET

The balance sheet totaled €695,447 thousand at the end of 2015 versus €669,550 thousand at the end of 2014.

On the asset side, besides the increase in cash mentioned above, the following should be noted:

- A decrease in trade receivables of €10,718 thousand, in line with the decrease in business activity in Russia and Poland and with the shortened due dates in Italy and Romania.
- An increase in inventories of €6,988 thousand, mainly in France and Russia.

On the liability side, shareholders' equity increased to €36,164 thousand: consolidated net income is reduced by dividends paid by the parent company and the repurchase of treasury shares discussed in the preceding paragraph. The decrease in actuarial gains and losses on employee benefits generates an increase in equity of €6,066 thousand and a reduction in employee benefits of €9,251 thousand.

1.4.7 TREND, OUTLOOK AND MAJOR POST-CLOSING EVENTS

This chapter contains the group's outlook, which reflects its estimates and beliefs. Actual results may differ significantly from this outlook, in particular in terms of risks and uncertainties mentioned in the paragraph 1.5.

The Messimy extension project and the regrouping of the activities currently located in Sainte-Foy-Lès-Lyon will continue over the next two to three years in order to increase the group's production capacity. In addition, the implantation of BOIRON's future logistics platform in the town of Olmes near Tarare, in the Western Lyon area, is expected to be completed within two years.

Regulatory issues, especially in France and Europe, remain significant and are likely to have an impact on the group's business and profitability. Thus, the business in Canada could be impacted by the Ministry of Health's statements aimed at limiting claims about homeopathic medicines against coughs, colds and flu for children 12 and under. BOIRON is studying its options and follow-up on that measure.

BOIRON still continues with the same passion the development of homeopathy in the world. For 2016, the BOIRON group remains cautious regarding the development of its sales and results.

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

1.4.8 PRESENTATION OF THE FINANCIAL STATEMENTS AND ATTRIBUTION OF BOIRON SA INCOME

Profit for the 2015 fiscal year	€88,676,565.43
+ Profit carried forward	€31,468,129.86
= DISTRIBUTABLE INCOME	€120,144,695.29
- Dividend of €1.50 per share on the basis of 19,441,713 shares	- €29,162,569.50
= Remainder	€90,982,125.79
- Other reserves	- €61,000,000.00
= CARRIED FORWARD	€29,982,125.79

The Board of Directors proposes the distribution of a dividend of €1.50 with respect to the 2015 fiscal year, representing a payout ratio of 37 % of earnings per share (excluding treasury shares). The full dividend distribution is eligible for the 40 % allowance (Article 158-III-2 of the French General Tax Code). Treasury shares held at the dividend payment date shall not be eligible for dividends. Should this arise, the dividends attributable to these shares shall be credited to earnings carried forward. The dividend will be paid on June 3, 2016 and the ex-dividend date takes place on June 1, 2016.

1.4.9 INFORMATION RELATED TO DIVIDENDS

The following table summarizes the dividends paid over the past three fiscal years:

Fiscal year	Amount of revenue eligible for the 40 % of the allowance under (Article 158-III-2 of the French General Tax Code)		Amount of revenue not eligible for the 40 % of the allowance
	Dividends ⁽¹⁾	Other distributed income	
2012	€17,497,541.70	-	-
2013	€23,330,055.60	-	-
2014	€29,162,569.50	-	-

(1) Of which carried forward (in respect of dividends not paid out on treasury shares):

- €20,946.60 in 2012
- €1,676.40 in 2013
- €1,506,837.00 in 2014

1.4.10 SHARE PRICE AND SHAREHOLDER INFORMATION

1.4.10.1 SHARE PRICE PERFORMANCE

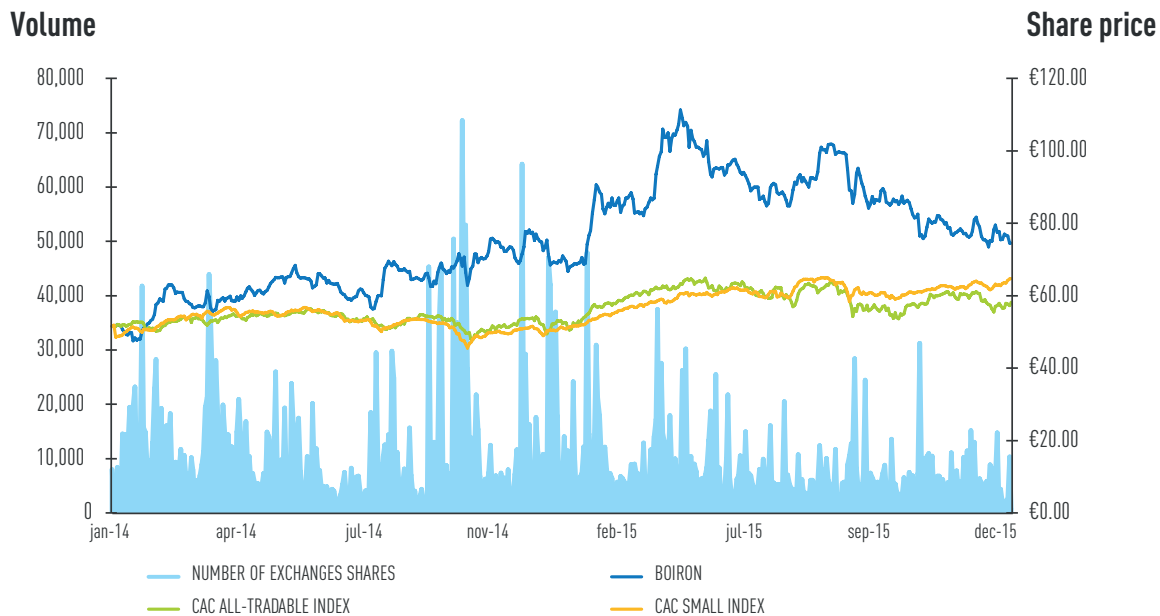
The BOIRON share price closed the 2015 period at €74.50, up 7.2 % from its level of €69.52 in January 2, 2015 (opening price). The BOIRON share price peaked at €112.80 during the April 10, 2015 trading session and fell to a low of €66.01 during the January 8, 2015 trading session.

Over the year as a whole, 2,006,331 shares were traded, with an average of 7,837 shares per trading session.

When compared to 2014, the number of shares traded in 2015 decreased 30.1 % and represented 10.3 % of the Company's share capital.

	Monthly average closing rate	Higher rate in session	Lower rate in session	Average of shares exchanged by session	Volume of transactions	Shares treated in the month
	in euros	in euros	in euros		in million euros	
2014	in euros	in euros	in euros		in million euros	
January	50.26	52.99	47.12	11,957	13.11	263,049
February	59.60	63.43	51.76	12,319	14.57	246,371
March	57.65	64.50	55.19	14,250	17.38	299,257
April	59.96	62.70	57.60	11,399	13.60	227,976
May	63.76	67.49	59.99	10,124	13.60	212,613
June	64.74	68.39	62.01	7,040	9.54	147,850
July	60.64	63.87	56.84	4,778	6.59	109,902
August	65.09	70.70	56.02	9,812	13.39	206,049
September	65.31	69.00	62.52	10,800	15.65	237,599
October	68.78	72.11	62.53	19,008	30.16	437,184
November	72.86	76.00	68.33	8,499	12.17	169,984
December	73.64	80.12	68.39	14,909	22.90	313,081
2015	in euros	in euros	in euros		in million euros	
January	72.58	91.92	66.01	12,357	19.36	259,506
February	86.04	92.00	80.55	7,714	13.30	154,275
March	91.09	110.00	81.35	11,532	23.55	253,708
April	104.07	112.80	97.42	9,203	19.32	184,059
May	95.76	105.00	91.00	8,203	15.72	164,068
June	89.46	94.10	83.51	6,599	12.99	145,179
July	91.00	101.45	84.76	5,801	12.18	133,427
August	97.09	102.25	85.18	7,441	14.77	156,260
September	87.15	95.03	82.01	6,468	12.41	142,303
October	81.89	89.00	74.10	7,233	12.83	159,133
November	78.48	84.46	74.75	6,367	10.44	133,707
December	76.87	84.69	73.02	5,487	9.32	120,706

1.4.10.2 AVERAGE CLOSING PRICE



(Source Euronext Paris)

1.4.10.3 MULTI-YEAR DATA

	2011	2012	2013	2014	2015
Number of shares	21,482,556	21,482,556	19,441,713	19,441,713	19,441,713
Source data adjusted by share					
Net income ⁽¹⁾	1.97	2.55	4.24	4.77	4.01
Consolidated cash-flow ⁽¹⁾	4.02	5.91	8.46	8.50	8.32
Net dividend	0.70	0.90	1.20	1.50	1.50
Distribution rate ⁽¹⁾	35 %	35 %	28 %	31 %	37 %
Closing rate	20.02	26.17	51.24	69.73	74.50
Return (net dividend/closing rate)	3.50 %	3.44 %	2.30 %	2.15 %	2.01 %
Price earning ratio end of year (year n)	10.16	11.32	12.08	15.22	19.59
Monthly average volume ⁽¹⁾	245,977	147,563 ⁽²⁾	260,236	239,243	167,194
Market capitalization at decembre 31 (in million)	430	562	995	1,356	1,356

(1) Excluding treasury shares

(2) Excluding the purchase of shares from PIERRE FABRE S.A.

ISIN code: FR0000061129 (BOI)

Reuters: BOIR.PA

Bloomberg: BOI FP

Share listed on the NYSE of Euronext Paris- Compartiment A.

Share included in the CAC Small, ENT PEA-PME 150, Euronext FAS IAS, CAC Pharma & Bio, CAC Health Care, CAC PME, CAC Mid & Small, CAC All Shares, CAC All-Tradable and I.A.S.(Indice Actionnariat Salarié) indices

Establishment in charge of managing shares: BNP PARIBAS Securities Services

Market making agreement: Natixis

1.5 Risk factors

Within the framework of the preparation of this document, the Company conducted a review of risks that could have a material adverse effect on its business, financial position or income (or its ability to achieve its objectives) and believes that no other material risks exist with the exception of those reported in this document.

The procedure related to the identification and assessment of risks is described in the Chairman's report in paragraph 2.3.

1.5.1 INDUSTRIAL AND ENVIRONMENTAL RISKS

Only the activities of the BOIRON production sites are likely to generate environmental risks.

The main environmental risks are the following:

- **Industrial water or rain water pollution:** that risk is regarded as moderate due to the nature of the principal substances handled (sugar, ethanol, vaseline). The main measures taken include the installation of neutralization tanks, retention basins, oil separators, grease traps (when the type of waste warrants it) and facilities dedicated to the storage of hazardous materials.
- **Air pollution:** this risk concerns Messimy and is associated with the release of volatile organic components in the air (ethanol). To limit this risk, following a technical - economic study, a gas scrubber was installed. Two bio percolators were added to reduce the water consumption by half for the operation of the installation.
- **Fire, explosion:** those risks are considered moderate at the sites in Sainte-Foy-lès-Lyon and Harzé (UNDA) and low at the other sites. Compliance to the ATEX standards, the use of fire detection systems and employee training permits the limitation of that risk. Moreover, the sites are subject to an annual visit by an external organization related to the subject of fire prevention.

Regarding the organization put in place to confront environmental incidents, the production sites have been provided with a continuity plan or an emergency plan. Those documents were created taking into consideration the opinion of the emergency services.

The French based production sites are under the regulatory control of "Installations Classified for Environmental Protection" (French ICPE) and subject to reporting, both reporting and audits or to obtain authorizations. None of these sites is subject to regulations applicable for major technological risks. Thus these sites are not included in the list provided in paragraph IV of article L. 515-8 of the French environmental code. The group is therefore not concerned by article L. 225-102-2 of the French Commercial code relating to the communication on the prevention of technological accidents.

Particular attention is provided to the obsolescence of certain facilities and has resulted in preventive renovation work.

Compliance to standard decrees or authorizations provides a significant reduction in environmental risks. The Company is regularly in contact with the French Regional Environment, Planning and Housing Authorities (French DREAL), particularly within the framework of construction projects or the refurbishing of facilities. The purpose of these exchanges is to define the best technical choices permitting the limitation of potential environmental risks generated by these projects. Impact studies are also carried out.

The extension of the Messimy site was the subject of an impact study and will generate a new decree for operating authorization in 2016.

Measures taken with respect to the prevention of industrial and environmental risks are described in paragraph 3.3.

REACH ⁽¹⁾

The trend in the tonnages of substances produced by BOIRON in 2015 has not led to any new cases concerned by this regulation.

Two substances remain concerned and must be registered prior to June 1st, 2018.

An external party has been commissioned to support this process.

1.5.2 REGULATORY AND PHARMACEUTICAL RISKS

1.5.2.1 RISKS RELATED TO THE STATUTE OF HOMEOPATHIC MEDICATION, REGISTRATIONS AND ADVERTISING VISAS BEING CALLED INTO QUESTION

Regulatory authorities are imposing ever increasing regulatory constraints, whether related to market access (registration, Marketing Authorization), marketing, advertising or the compliance of production sites to standards.

The procedures, which demonstrate the compliance of our medicines to these requirements, can take several years and require significant financial and human resources. Thus, changes in the regulation of homeopathic medicines, such as changes to registration processes or, for obtaining authorizations relating to their marketing and advertising, could have an impact on the group's businesses.

Regulatory issues are managed both at headquarters and at the subsidiaries by services whose objective is to ensure a continuous watch and foresee or anticipate changes that may have consequences related to the marketing of our medicines.

Since 2001, a European Directive contains a number of provisions transposed in France by introducing two regulatory status for:

- The Registration of homeopathic medicines (French EH), which authorizes homeopathic medicines for a given strain meeting the following criteria: no therapeutic indication, a controlled level of dilution, oral or external administration, the production at authorised pharmaceutical manufacturing sites,

- Marketing Authorisation (MA) for drugs excluded from the Registration of homeopathic medicines range.

BOIRON has been anticipating this process since 2001.

A registration of homeopathic medicine or a Marketing Authorization (MA) had to be filed by each French homeopathic laboratory at the French Federal Drug Administration (referred to as the ANSM in French) prior to the end of 2015. That deadline was respected, with the exception of macerated glycerin and prescription formula compounds (PFC) for which the deadline was extended to the end of 2016.

As of the end of 2015, out of 1,163 reimbursable stocks, 1,012 applications had been filed, 286 registrations of homeopathic medicines were obtained and 65 stocks were repealed, with a requirement to cease production. The other filings are currently under review. The schedule of the response times for the registration of homeopathic medicines is not defined and will depend on the French Federal Drug Administration (French ANSM).

Obtaining a registration of homeopathic medicine for any given stock will have an impact on:

- The pharmaceutical form provided: thus, certain pharmaceutical forms which are non-approved within the framework of registration of homeopathic medicines will gradually be phased out.
- The various levels of dilution approved: for a dilution level which was not foreseen the framework of registration of homeopathic medicines, a Marketing Authorization application may be made for the stock under consideration.

(1) Regulation on registration, evaluation, authorisation and restriction of chemicals.

Such is the case for certain mother tinctures which were the subject of registration filings for Marketing Authorisations.

Although the provisions concerning the directive on the marketing of homeopathic medicines have been implemented in most European countries, such is not the case in Italy, Spain and Belgium. Nonetheless, in those countries the transposition of the European directive is under process and should permit the status of homeopathic medicines to evolve:

- In Spain, a preliminary Ministerial Order disclosed on December 3, 2013 is still awaiting publication. Regarding its wording, it should only represent one stage in the evaluation process for homeopathic medicines.
- In Italy, all homeopathic medicines intended for marketing will require registration with the AIFA, the Italian drug approval agency, prior to June of 2017. The agency will provide its opinion prior to December 31, 2018. As of the end of 2015, 285 filings out of 400 had been submitted. 85 inquiries were received. BOIRON gradually responds to all questions posed by the AIFA.
- In Belgium, the evaluation of the homeopathic drugs by the Belgium drug agency, the AFMPS, is already effective. The filing of the registration files is carried out according to a calendar specific to each laboratory which is created together with the AFMPS, which for the moment, has not set a deadline.

In Canada, in late July 2015, the Federal Ministry of Health, "Santé Canada", issued a statement from the Minister: as of July 2016, the specific healthcare claims with respect to homeopathic medicines against coughs, colds and flu for children aged 12 and under, would not be permitted, unless such claims are supported by scientific data. BOIRON is studying its options and follow-up of this measure.

In the United States, discussions are underway between the FDA (Food and Drugs Administration) and the FTC (Federal Trade Commission) to assess the current regulations on homeopathic medicines and the potential need of changes.

A single drug market is being created within the Eurasian⁽¹⁾ Economic Union as of 2016. The registration within a single member country will suffice to market medicines within the entire EEU region.

Moreover, in Russia, a new law was introduced on December 31, 2015. Notably, it provides for the inspection of our production sites by the Russian drug agency before any application for Marketing Authorization.

1.5.2.2 RISKS RELATED TO THE PRODUCTION OF MEDICATION

The group is subject to strict constraints and numerous production requirements specific to pharmaceutical companies in order to produce quality drugs. Despite adhering to these rules and the processes that result, the group cannot completely eliminate the risk of a production incident which could result in a batch recall.

In order to protect itself, the group continues to develop and improve its quality assurance system. Recent and significant actions include:

- The reorganization and strengthening of quality assurance teams including the creation of a product quality assurance and regulatory compliance function.
- The optimization of the release process and certification of drug batches.
- The extension of the annual "product quality review" process to all BOIRON products, a major tool for controlling the quality of our medicines.

Above and beyond the internal control of the quality system, which was achieved by exhaustive audit reviews, the group is subject to regular inspections by healthcare authorities.

The pharmaceutical regulations of the various countries very often include their own inspection system. In France, the inspection is conducted by the French Federal Drug Administration (in French, the ANSM), which controls our production sites every two years. These inspections are recognized by different countries within the framework of a system of mutual recognition. However these agreements are limited, leading some governments to conduct their own pharmaceutical inspections. Such was the case with Brazil and Kazakhstan, for example, in 2011 and 2014.

In January of 2015, the Food and Drug Administration (FDA) which is the agency in the USA, performed inspections at our sites in Messimy, Sainte-Foy-lès-Lyon and Montévrain for the first time. That inspection process satisfied the US

(1) Union founded in May of 2014, of which the member countries include Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan.

authorities and ensures the distribution of our products in the United States. It also represents a badge of confidence for many countries.

1.5.2.3 DISCOVERY OF ADVERSE EFFECTS

To date, homeopathic medicines are very safe and rarely create side effects or iatrogenic conditions.

That fact provides a competitive advantage over other medications, exceptionally. Nonetheless, despite the high levels of dilution in the stocks, which are the active ingredients in our homeopathic medicines, we cannot, as with any medicines, avoid the occurrence of currently unknown side effects.

The pharmacovigilance process in place within the Company, which is supervised by a manager, consists precisely of the monitoring and reporting to healthcare authorities, all adverse side effects which might occur during the administration of one of our medicines. In such case, BOIRON would need to adapt the product information leaflet in order to reduce risks and to inform health professionals and patients likely to use our medications.

In the same way, a cosmetic-vigilance and nutri-vigilance function and a pharmaco-vigilance for veterinary homeopathic medicine exist within the Company under the same management responsibility, for products which belong to these categories.

1.5.2.4 RISKS RELATED TO PRICES AND REIMBURSEMENTS

Homeopathic medicines may be subject to reimbursements by public health insurance bodies or by the private health insurance institutions. Reimbursement by public healthcare bodies is possible, according to various terms and conditions, in France, the United Kingdom, Switzerland, Belgium and in certain German regions. Private healthcare insurance providers which cover homeopathic medication exist in many countries. Any changes in the conditions under which homeopathic medicines are reimbursed can have a significant impact on the business and profitability of the Company.

Since May 2, 2011, the rate paid by the French National Health Insurance for reimbursed medicines has been 30 %. In addition, price controls can lead to upward or downward changes in selling price trends or distribution margins. In January 2012, for the first time in 23 years, a change in distribution margins permitted BOIRON to increase the selling prices on some of the reimbursable medicines in France.

1.5.3 BUSINESS RISKS

1.5.3.1 SEASONALITY

The group's business is seasonal because of the level of winter illnesses and the wide range of winter specialties. The annual results generally depend on the business realized in the second half of the year. Therefore, the first half-year results may not be indicative of expected results for the full year period.

1.5.3.2 RISKS ASSOCIATED WITH INTERNATIONALIZATION

Due to its international presence, the group may be more exposed to political and economic instability, to cultural or regulatory specificities, or to the risk of counterfeiting. The occurrence of any of these issues may affect production planning, the business or the profitability of the group.

In order to protect itself as much as possible, the group is further strengthening the legal protection of its medications and implementing an active watch over regulations in all regions within which it operates.

The Company, as an importer, producer and exporter, is committed to a customs certification process referred to as AEO/OEA, which designates the Company to be an Authorized Economic Operator. This European certification is issued by the customs authorities and permits the Company to be recognized as a reliable partner of the international supply chain.

This certification also facilitates international trade with countries which recognize the AEO status.

1.5.3.3 THE GROUP'S SITUATION IN RUSSIA

In 2014, sales in Russia amounted to €52,009 thousand and represented 8.5 % of total Group sales.

In 2015, they amounted to €24,332 thousand, a decrease of €27,677 thousand compared to the prior year, which included an unfavorable exchange rate impact of €8,096 thousand. Within the context of the recession and instability in Russia, the decline in sales volumes was exacerbated by an inventory reduction policy at our distributors, the review and redesign of the strategy and the reorganization of the sales teams of the subsidiary.

This decline in business activity had a direct impact on the group's profitability: operating income of the subsidiary amounted to a loss of €2,573 thousand in 2015 as compared to a profit of €7,829 thousand in 2014.

Russian based assets are immaterial in amount and the subsidiary has only 225 employees (versus 183 in 2014).

Receivables reported at the end of 2014 by the group with respect to its Russian customers were all settled in 2015. Throughout the year, the Group had been vigilant in choosing its partners by defining the acceptable level of sales to realize with each of them. This heightened vigilance will continue in 2016.

1.5.3.4 RISKS RELATED TO SUPPLIERS AND THE ESTABLISHMENT OF PARTNERSHIPS

In the content of a downward economic environment and of a trend in market concentration which might affect our suppliers and service providers, BOIRON is pursuing its policy of securing its supply chain and partnerships.

Beyond maintaining our policy of diversifying the sources of our supplies, the purchasing department, together with the finance department, measures the ability of suppliers to sustainably meet BOIRON's expectations in terms of capacity and compliance to logistic, economic and qualitative requirements.

Supplier payment terms

At December 31, 2015 BOIRON France's accounts payable amounted to €28, 357 thousand (decreased by €1,669 thousand as compared to 2014).

In compliance with the French law LME No. 2008-776 dated August 4, 2008, the suppliers payments terms respect the rule of 45 days end of month, unless more favourable specific terms are provided, in particular, the terms associated with the French Hamon Law relating to summarized invoices.

1.5.3.5 RISKS ASSOCIATED WITH AN IT SYSTEM FAILURE

Any failure or dysfunction of IT applications or of the communication network could penalize the business activity and result in financial losses for BOIRON.

In recent years, BOIRON has implemented major software programs with the objective of simplifying and centralizing the group's IT system (since 2011, the SAGE X3 ERP in France, since 2014, the JD Edwards Oracle ERP in subsidiaries...). In addition, these implementations have been performed since 2013 on a single standardized technical base for the group, which is based in France and for which the long-term objective is to host all of the group's IT applications.

These projects could represent significant risks for the Company's business if the precautionary measures put in place for their implementation proved themselves to be inadequate or insufficient. In addition, the use of these tools could reveal errors or weaknesses which could involve additional costs, bring existing organizational structures into question or result in a loss of information.

As IT systems evolve extremely fast, the IT department is forced to regularly update its infrastructures and applications in order to meet the users' needs but also to address potential data-processing vulnerabilities.

Lastly, with the growth in cybercrime, IT system security is an important challenge for BOIRON.

The Company implemented a CRM solution in France. That implementation and the changes it provokes will generate an additional workload at the sales networks.

The measures taken to cover IT risks are described in detail in the Chairman's report in paragraph 2.3 of this reference document.

1.5.3.6 MARKET RISKS

The management of market risks is described in note 21 of the notes of the consolidated financial statements which covers interest rate risks, exchange rate risks, credits risks, liquidity risks and third party risks.

Customer payment terms

The BOIRON group pays particular attention to the hedging of its receivables and, given the current economic environment, continues to develop its management tools related to the management of credit risks.

Each of the group's subsidiaries has its own department which is in charge of the dunning and collection processes. The average day sales outstanding ratio was 54 days at December 31, 2015 compared to 55 days at December 31, 2014.

There was no major change in the structure of the ageing balance between 2014 and 2015.

(1) Customer Relationship Management

1.5.4 INSURANCE POLICY

The group benefits from a liability insurance program that covers its business up to a 30 million euros limit. Its international distribution subsidiaries also have local third party liability master policies.

Company's assets are guaranteed by an insurance policy which covers both direct damages to assets and any consequential operating losses. Insurance Company's inspectors regularly visit the industrial sites and are associated with the risk prevention policy put in place by the organization and methods department. The insurance companies have been solicited to provide their advance opinion on the construction and expansion projects.

BOIRON also has a multi-risk policy for environmental responsibilities which covers environmental damage which might arise from the use of its sites.

Most notably, that coverage include the four production sites located in France, namely, Sainte-Foy-lès-Lyon, Messimy, Montrichard and Montévrain, as well as the Harzé site in Belgium.

The insurance premiums paid in 2015 amounted to €2,327 thousand versus €2,445 thousand in 2014.

1.5.5 LITIGATION IN PROCESS

Litigation outstanding is described in note 31 of the notes to the consolidated financial statements.

2. Corporate governance

2.1 Administrative and Executive bodies of the group

2.1.1 COMPOSITION OF THE CONTROL AND EXECUTIVE BODIES (OFFICES AT THE MARCH 16, 2016)

Surname, Forename, Office, Age	Appointed first in	End of the current term of office	Main position held in the Company	Main position held outside the Company	Other offices and positions held in other companies <i>Comments</i>
Thierry Boiron <u>Board member</u> <u>Chairman of the Board of Directors</u> 55 years French nationality	As a Board member: Board meeting dated 09/18/1996	OSM 2017	Chairman of the Board of Directors	None	Board member at SODEVA ⁽¹⁾ Manager of SOFABI ⁽³⁾ Manager SODEGE ⁽³⁾ Manager of SCI SOKYF
	As Chairman of the Board of Directors Board meeting dated 05/19/2011 effective as of July 1, 2011	OSM 2017			<i>Brother of Michèle and Christian Boiron.</i>
Christian Boiron <u>Board member</u> <u>General Manager</u> 68 years French nationality	As a Board member: Extraordinary shareholders' meeting dated 12/12/1973	OSM 2016	General Manager	None	Board member, President/CEO of SODEVA ⁽¹⁾ Board member at UNDA ⁽²⁾ (Belgium), at LABORATOIRES BOIRON ⁽²⁾ (Italy) Board member at the CLAUDE BERNARD UNIVERSITY LYON 1, Board member of the Faculty of Medicine at LYON SUD-CHARLES MERIEUX,
	As General Manager: Board meeting dated 05/19/2011 effective as of July 1, 2011	Indefinite period			<i>Brother of Michèle and Thierry Boiron. Father of Stéphanie Chesnot and Virginie Heurtaut.</i>
Valérie Poinot <u>Board member</u> <u>Deputy General Manager</u> 47 years French nationality	As a Board member: Combined shareholders' meeting dated 05/22/2014	OSM 2017	Director of Development (salaried employee)	None	Board member, President/CEO of LES EDITIONS SIMILIA ⁽²⁾ Board member and Chairman of BOIRON ⁽²⁾ (Switzerland), Board member of BOIRON USA ⁽²⁾ (USA), of BOIRON CANADA ⁽²⁾ (Canada), LABORATOIRES Boiron ⁽²⁾ (Italy), BOIRON MEDICAMENTOS HOMEOPATICOS ⁽²⁾ (Brazil) Permanent BOIRON representative to the UNDA ⁽²⁾ Board of Directors (Belgium) Board member at LEEM, Manager of BOIRON ⁽²⁾ (Germany)
	As Deputy General Manager: Board meeting of 05/19/2011 Effective as of July 1, 2011	Indefinite period			
Jean-Christophe BAYSSAT <u>Deputy General Manager</u> 53 years French nationality	Board meeting of 12/16/2015 Effective as of January 1, 2016	Indefinite period	Chief Pharmacist; Director of Pharmaceutical Development (salaried employee)	None	Board member at the AFIPRAL.
Philippe Gouret <u>Deputy General Manager</u> 60 years French nationality	Board meeting of 12/15/2010 Effective as of January 1, 2011	12/31/2015	Chief Pharmacist; Director of Pharmaceutical Development (salaried employee)	None	Board member at the AFIPRAL, Board member at the IPLI.
Jacky Abécassis <u>Board member</u> 74 years French nationality	Ordinary shareholders' meeting dated 05/06/1987	OSM 2017	None	None	Board member at LABORATOIRES BOIRON ⁽²⁾ (Italy)

Surname, Forename, Office, Age	Appointed first in	End of the current term of office	Main position held in the Company	Main position held outside the Company	Other offices and positions held in other companies <i>Comments</i>
<u>Michèle Boiron</u> Board member 71 years French nationality	Board meeting of 09/18/1996	OSM 2017	None	Consultant Pharmacist	Board member at SODEVA ⁽¹⁾ and at BOIRON ⁽²⁾ (Switzerland) <i>Sister of Christian and Thierry Boiron.</i>
<u>Jean-Pierre Boyer</u> Board member 70 years French nationality	Ordinary shareholders' meeting dated 05/18/2000	OSM 2018	None	None	Member of the Audit committee at BOIRON, Board member at the Company SOCIETE HENRI BOIRON (SHB) ⁽¹⁾
<u>Bruno Grange</u> Board member representing employee shareholders 63 years French nationality	Combined shareholders' meeting dated 05/23/2002	OSM 2017	International controller (salaried employee)	None	Member of the Compensation Committee of BOIRON.
<u>Christine Boyer-Boiron</u> Board member 72 years French nationality	Ordinary shareholders' meeting dated 05/22/2003	OSM 2018	None	None	Board member at the Company SOCIETE HENRI BOIRON (SHB) ⁽¹⁾ . <i>Cousin of Michèle, Christian and Thierry Boiron.</i>
<u>Stéphanie Chesnot</u> Board member 44 years French nationality	Board meeting of 03/10/2010	OSM 2018	None	Consulting in management and administration	Board member at SODEVA ⁽¹⁾ , Member of the BOIRON Audit Committee. <i>Daughter of Christian Boiron.</i>
<u>Michel Bouissou</u> ⁽⁴⁾ Independent Board member 74 years French nationality	Ordinary shareholders' meeting dated 05/20/2010	OSM 2016	None	Chairman of the executive Board	Chairman of the BOIRON Audit Committee, Member of the BOIRON Compensation Committee, CEO of CITA S.A. ⁽³⁾
<u>Virginie Heurtaut</u> Board member 41 years French nationality	Combined shareholders' meeting dated 05/23/2013	OSM 2016	None	Architect	Board member at SODEVA ⁽¹⁾ Manager of LA SUITE ARCHITECTURE EURL ⁽³⁾ <i>Daughter of Christian Boiron.</i>

(1) Company of the family consortium (unlisted Company)

(2) Company of the BOIRON group (unlisted Company)

(3) Unlisted Company

(4) The criteria retained by the Company to determine independence are provided in paragraph 2.3 of the Chairman's report.

Offices (excluding subsidiaries) held by Board members over the past five years that are no longer held:

- Michel Bouissou: Chairman of the Board of SEVENTURE PARTNERS (until February of 2014)
Member of the Supervisory Board at SEVENTURE PARTNERS (until July 2015)
Member of the Supervisory Board at ISATIS CAPITAL (until September 2015)
Board member at Natixis VENTURE SELECTION (representing SEVENTURE PARTNERS) (until July 2015)
Board member at SAIRE (until July 2015)
- Bruno Grange: Chairman of the Supervisory Board of the BOIRON FCPE (Employee Investment Fund) (until September 22, 2015)
- Christian Boiron: Board member and Chairman of CHR (until 03/18/2015 – merger/acquisition of CHR by SODEVA)
- Stéphanie Chesnot: Board member of CHR (until 03/18/2015 – merger/acquisition of CHR by SODEVA)
- Virginie Heurtaut: Board member at CHR (until 03/18/2015 - merger/acquisition of CHR by SODEVA)

The terms of office of Virginie Heurtaut, Christian Boiron and Michel Bouissou expire at the end of the next Shareholders' meeting. These board members are standing for reelection and the renewal of their mandates will be proposed during the ordinary shareholders' meeting scheduled on May 19, 2016 for a period of three years expiring at the end of the ordinary shareholders' meeting to be held in 2019 for the approval of the 2018 annual financial statements.

2.1.2 FUNCTIONING OF THE CONTROL AND EXECUTIVE BODIES AND CONFLICTS OF INTEREST

SPECIFIC INFORMATION RELATED TO CORPORATE OFFICERS

For the requirements of their corporate offices, General Management and Board members are domiciled at the Company's registered office.

To the best of the Company's knowledge at the time this document was prepared:

No member of the Board of Directors or General Management has, during the past five years, been:

- convicted for fraud,
- associated with a bankruptcy, receivership,
- subject to charges or official public sanctions declared by a statutory or regulatory authority,
- banned by a legal authority from acting as a member of a control, management, or supervisory body, or from being involved in the running of the business of a publicly listed Company.

CONFLICTS OF INTEREST AMONG BOARD MEMBERS, MANAGEMENT OR SUPERVISORY BOARDS AND GENERAL MANAGEMENT

To the best of the Company's knowledge, at the time this document was prepared, no conflict of interest had come to light between the duties of any of the members of the Board of Directors and General Management towards the Company with respect to their positions as corporate officers and their private interests or other duties.

To the best of the Company's knowledge, at the time this document was prepared, restrictions have been accepted by some members of the Board of Directors and General Management regarding the sale of their interests in the Company's share capital (see paragraph 5.1.5).

Mrs. Michèle Boiron, Director, receives fees paid by the Company in the framework of an agreement related to consulting and assistance services for the development of homeopathy in France and internationally (see paragraph 5.5). No other service agreement has been signed by and between members of the Board or the General Management and the Company or one of its subsidiaries.

To the best of the Company's knowledge and at the time this document was prepared, there is no arrangement or agreement with major shareholders, customers or suppliers the terms of which include any members of the Board of Directors or General Management identified as such.

2.1.3 SPECIALIZED COMMITTEES

This item is covered in paragraph 2.3.2.5 of the Chairman's report.

2.2 Compensation and benefits of Executives and Directors

The methods used for the calculation and approval of executive compensation are described in paragraph 2.3 of the Chairman's report in this reference document.

The Chairman of the Board of Directors receives a fixed under the terms of his corporate mandate.

The General Manager receives a fixed and variable compensation related to his corporate mandate.

The Deputy General Managers are been paid fixed and variable compensation associated with their employment contract. They also receive a fixed compensation under the terms of their corporate mandates. It should be noted there is no variable multi-year compensation package.

These variables compensations are calculated based on a percentage of the Group's prior year operating income. The expected level of achievement of the previously mentioned quantitative criteria has been predefined by the Board of Directors however is not disclosed for confidentiality purposes. The variable compensation is paid out in the year following the year to which it's related.

The Deputy General Managers are also entitled to rights associated with their employment contract, as are other employees. They also benefit from the rights related to the agreement on the preparation for retirement and post-retirement benefits. These rights arise from the defined post-employment benefits plan and are calculated according to the projected units of credit method.

No corporate officer has been attributed free shares, share purchase subscriptions and/or share purchase options.

The amounts disclosed in the following tables are expressed in gross compensation amounts and in euros.

2.2.1 SUMMARY TABLES OF EACH EXECUTIVE CORPORATE OFFICER COMPENSATION

Thierry Boiron, Chairman of the Board of Directors

Thierry Boiron Chairman of the Board of Directors	Fiscal year 2015		Fiscal year 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	193,494	209,454	187,561	187,561
Variable compensation				
Exceptional compensation				
Directors' Fees	12,146	11,351	11,351	10,811
Healthcare benefits in kind ⁽¹⁾	6,813	6,813	5,361	5,361
Valuation of options granted during the year				
Valuation of performance shares granted during the year				
TOTAL	212,453	227,618	204,273	203,733
Benefits ⁽²⁾	25,879	15,960	39,329	

(1) This includes benefits in kind: vehicle, pension and life insurance.

(2) The amount due concern commitments related to service awards valued as of December 31. The amount paid in 2015 is related to service awards. This amount is also included in the fixed compensation paid during the fiscal year.

Christian Boiron, General Manager

Christian Boiron General Manager	Fiscal year 2015		Fiscal year 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	316,326	316,326	306,095	306,095
Variable compensation ⁽¹⁾	506,230	648,800	649,550	604,380
Exceptional compensation				
Directors' Fees	12,146	11,351	11,351	10,811
Healthcare benefits in kind ⁽²⁾	17,195	17,195	15,996	15,996
Valuation of options granted during the year				
Valuation of performance shares granted during the year				
TOTAL	851,897	993,672	982,992	937,282
Benefits				

(1) Variable compensation consists of management profit sharing bonuses related to Group operating income provisioned at December 31 (for the amounts payable), or paid during the year under consideration (for the amounts paid).

(2) This includes benefits in kind: vehicle, pension and life insurance.

Valérie Poinot, Deputy General Manager

Valérie Poinot Deputy General Manager	Fiscal year 2015		Fiscal year 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation ⁽¹⁾	212,478	224,668	200,004	200,004
Variable compensation associated with the employment contract ⁽²⁾	349,497	321,015	321,142	302,436
Exceptional compensation				
Directors' Fees	12,146	6,935	6,935	
Healthcare benefits in kind ⁽³⁾	12,212	12,212	9,769	9,769
Valuation of options granted during the year				
Valuation of performance shares granted during the year				
TOTAL	586,333	564,830	537,850	512,209
Benefits ⁽⁴⁾	376,547	12,190	336,096	

(1) This corresponds to the compensation paid with respect to the employment contract and compensation paid with respect to the corporate mandate.

(2) Variable compensation is only associated with the employment contract. This is composed of the incentive bonus related to Group operating income, of incentive bonuses attributed with respect to the Company profit sharing agreement, mandatory profit sharing bonuses and subscriptions to Company savings plans referred to as the PEE and PERCO savings plans. The incentive bonuses and mandatory profit-sharing bonuses were provisioned as of December 31 (for amounts due) or distributed during the applicable period (for amounts paid).

(3) This includes benefits in kind: vehicle, pension and life insurance.

(4) These include commitments relating to service awards as well as retirement indemnities and the agreement on retirement preparation associated with the employment contract and evaluated at December 31 (see note 2.9.1. of the notes to the consolidated financial statements). The amount paid in 2015 is related to service awards. This amount is also included in the fixed compensation paid during the fiscal year.

Philippe Gouret, Deputy General Manager

Philippe Gouret Deputy General Manager	Fiscal year 2015		Fiscal year 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation ⁽¹⁾	221,622	221,622	209,918	209,918
Variable compensation associated with the employment contract ⁽²⁾	286,355	321,153	321,279	302,573
Exceptional compensation				
Directors' Fees				
Healthcare benefits in kind ⁽³⁾	12,264	12,264	11,622	11,622
Valuation of options granted during the year				
Valuation of performance shares granted during the year				
TOTAL	520,241	555,039	542,819	524,113
Benefits ⁽⁴⁾	698,387	16,218	692,643	27,290

(1) This corresponds to the compensation paid with respect to the employment contract and compensation paid with respect to the corporate mandate.

(2) Variable compensation is only associated with the employment contract. This is composed of the incentive bonus related to group operating income, of incentive bonuses attributed with respect to the company profit sharing agreement, mandatory profit sharing bonuses and subscriptions to company savings plans referred to as the PEE and PERCO savings plans. The incentive bonuses and mandatory profit-sharing bonuses were provisioned as of December 31 (for amounts due) or distributed during the applicable period (for amounts paid).

(3) This includes benefits in kind: vehicle, pension and life insurance.

(4) These include commitments relating to service awards as well as retirement indemnities and the agreement on retirement preparation associated with the employment contract and evaluated at December 31 (see note 2.9.1. of the notes to the consolidated financial statements). The amount paid is related to preparation for retirement. This amount is also included in the fixed compensation paid during the fiscal year.

2.2.2 EMPLOYMENT CONTRACTS, SUPPLEMENTAL PENSION SCHEMES AND INDEMNITIES FISCAL YEAR 2015

Executives and Corporate Officers	Work Contract		Supplemental pension plan		Compensation or benefits due or likely to be due to such termination or change of functions		Compensation for a non-compete clause	
	YES	NO	YES	NO	YES ⁽⁵⁾	NO	YES	NO
Thierry Boiron Chairman of the Board of Directors 05/19/2011 ⁽¹⁾ OCM 2017 ⁽²⁾		X	4,318 ⁽³⁾			X		X
Christian Boiron General Manager 05/19/2011 ⁽¹⁾ Indefinite ⁽²⁾		X	22,301 ⁽³⁾			X		X
Valérie Poinso Deputy General Manager 05/19/2011 ⁽¹⁾ Indefinite ⁽²⁾	X		11,453 ⁽⁴⁾		364,347			X
Philippe Gouret Deputy General Manager 12/15/2010 ⁽¹⁾ 12/31/2015 ⁽²⁾	X		11,505 ⁽⁴⁾		698,387			X

(1) Date first appointed.

(2) Date of end of current term of office

(3) This concerns the company contribution related to supplemental retirement benefits according to article 83 of the common tax code (CGI).

(4) This concerns the company contribution related to supplemental retirement benefits according to article 83 of the common tax code (CGI) and the subscription to the company saving (PEE) and retirement saving plan (PERCO).

(5) Relates to retirement bonuses and agreement on preparation for retirement in connection with the employment contract which Deputy General Manager benefits unconditionally, like all employees of the Company by virtue of his work contract (see note 2.9.1 to the consolidated financial statements).

2.2.3 COMPENSATION OF OTHER CORPORATE OFFICERS

The Directors' fees paid to members of the Board of Directors, those concerning the Audit Committee members and the Compensation Committee members are primarily to remunerate the position of Director and the associated responsibilities, and not for regular attendance at meetings. They are shared equally on a prorata temporis basis (number of days).

The compensation policy for corporate officers also provides for the following scenarios:

- the termination of a Director's term of office and the appointment of a replacement director: Directors' fees are allocated on a prorata basis over the term of office of each Director, having regard to the date of the Board Meeting at which the termination of the term of office was recorded, and that of the Board Meeting or Shareholders' Meeting at which the cooption or appointment took place, unless specific decision of Board Meeting,
- the termination of a Director's term of office without replacement: the split is on an equal and prorata temporis basis, having regard to the date of the Board Meeting at which the termination of the term of office was recorded,
- the appointment of an additional Director during the fiscal year: the split is on an equal and prorata temporis basis, having regard to the date of the Board Meeting or Shareholders' Meeting at which the cooption or appointment took place.

The Board of Directors has complete flexibility to decide, as the case may be, for a different breakdown.

The amounts presented in the following table are expressed in euros.

Table related to attendance tokens and other compensation received by non-executive Board members

Corporate non-executive officers		Amounts paid during 2015	Amounts paid during 2014
Jacky Abécassis	Directors' Fees	11,351	10,811
Michèle Boiron	Directors' Fees	11,351	10,811
	Other compensations ⁽¹⁾	68,320	77,772
Michel Bouissou	Directors' Fees	39,769	36,899
Christine Boyer-Boiron	Directors' Fees	11,351	10,811
Jean-Pierre Boyer	Directors' Fees	27,687	25,662
Stéphanie Chesnot	Directors' Fees	27,687	25,662
Bruno Grange ⁽²⁾	Directors' Fees	14,135	13,595
	Other compensations ⁽³⁾	123,472	114,055
Virginie Heurtaut	Directors' Fees	11,351	7,494
François Marchal	Directors' Fees ⁽⁴⁾	4,416	10,811
TOTAL		350,890	344,383

(1) This compensation consists most notably of fees invoiced in the framework of a regulated agreement relating to consulting and assistance services for the development of homeopathy. The amounts paid in 2015 amounted to €65,520 against €75,660 in 2014. The remainder is constituted of royalties collected by Mrs Michèle Boiron.

(2) As an employee of the Company, he enjoys of service awards, of retirement indemnity, and of agreement on Preparation for Retirement. The amount of these benefits amounted to €154,462 as of December 31, 2015.

(3) The latter includes the profit sharing bonus paid with respect to the company profit sharing agreement, legally required profit sharing and subscriptions to the (PEE) and (PERCO) company savings plans during the relevant period.

(4) His Board of Director's mandate has been terminated as of May 22, 2014.

The Combined Shareholders' Meeting of May 21, 2015 set the total annual amount of directors' fees to be allocated to the members of the Board of Directors at €201,952.

Given the increase in the liability of the directors and the increasing complexity of legal and regulatory requirements, given also the high quality of the work of all members of the Board of Directors and especially those who assume within it specific functions, the Board of Directors proposes an increase of the amount of directors' fees of 5%. It will therefore be proposed for approval of the Shareholders' Meeting of May 19, 2016 to set the new package of directors' fees to be allocated to the members of the Board of Directors at €212,046 relating to the year 2016.

2.2.4 SHARES, DEBT SECURITIES AND STOCK OPTIONS GRANTED

Stock options granted during the year to each executive officer by the issuer and any Company of the group	NONE
Stock options exercised during the year by each executive and corporate officer	NONE
Performance shares granted to each corporate officer	NONE
Performance Shares become available for each corporate officer	NONE
History of attribution of stock options	NONE
Stock options granted to 10 top beneficiary employees who are not corporate officers and options exercised by them	NONE

2.2.5 STOCK TRADING BY CORPORATE OFFICERS, GENERAL MANAGEMENT AND MEMBERS OF THEIR FAMILY DURING THE YEAR

(Articles L.621-18-2 of the french Monetary and financial Code and 223-26 of the AMF regulations)

Surname, name, Entity	Positions held in the Company	Name of the person related to above person	Total number of shares sold	Weighted average price in euros	Total sales	Total number of share purchased	Weighted average price in euros	Total purchases
Michèle Boiron	Director		2,600	94.26	236,784.73			
Christian Boiron	Director, General manager					8,719	86.34	794,310.32
SODEVA		Christian Boiron				40,937	96.97	3,949,999.68
SHB		Christine Boyer-Boiron Jean-Pierre Boyer				3,500	77.66	270,460

2.3 The chairman's report on internal control and corporate governance

The purpose of this report is to explain the conditions under which the work of the Board of Directors is prepared and organized, as well as the internal control and risk management procedures implemented by the Company.

The audit work performed by the internal audit department for the preparation of this report is based on the collection and analysis of information from the main company's departments. The General Manager and the Deputy General Managers were also consulted and asked for their approval.

This report was examined by the Audit Committee and approved by the Board of Directors on March 16, 2016. It was also handed over to the statutory auditors.

2.3.1 CORPORATE GOVERNANCE

Our Company has read the provisions of the corporate governance codes published by MIDDLENEXT in December of 2009 and by the AFEP-MEDEF in November of 2015 and has analyzed them with regards to its own principles.

In accordance to article L.225-37 of the French Commercial Code, the Company would like to point out that it does not refer to any of the corporate governance codes mentioned above.

Its governance is based on its specific realities and principles, among which:

- the will to promote a stable shareholder structure, which both represents its family character and is wide open to employees. The shareholder structure also includes several other shareholders that have invested for the long-term,
- the search for a dynamic balance within the Board of Directors between Board members from the family circle, Board members from the salaried employees and other Board members who have developed a tight and lasting relationship with the Company. The notion of "independence" being, for the Company, transcended by the personality, the honesty and the directness,
- a Board of Directors whose effectiveness depends largely on the technical expertise of its members, their in-depth knowledge of the Company and their personalities,
- the separation of the functions of the Chairman and the General Manager, the latter being supported by Deputy General Managers,
- the consideration of a balanced representation of men and women within the Board of Directors,

- the authenticity and transparency of communication between the various governing bodies (Board of Directors, the Audit and Compensation Committees, the General Manager and the Deputy General Managers) and between these bodies and the statutory auditors,
- the transparency of compensation paid to Board members and executives.

Moreover, above and beyond the requirements required by law, the Company has established various rules with respect to corporate governance, including:

- Board of Directors meetings, which frequency and length allow Board members to examine the issues raised in the agenda in detail,
- Audit committee meetings, which frequency and length allow its members to review the topics in detail, the use of a Compensation Committee responsible for informing the Board of Directors on the compensation of corporate officers,
- the fixing of the term of office of the Board members to three years, including the Chairman and Committee members, with the possibility of renewal,
- the approval by the Board of Directors of the financial statements of the Company,
- the presence on the Board of Directors of an independent member.

2.3.2 ORGANIZATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

2.3.2.1 MEMBERSHIP OF THE BOARD

The functioning of the Board of Directors is determined by Articles 16 to 21 of the Articles of Association which provide, in particular, the requirement for a Board member to own 10 shares (with the exception of the Board member representing employee shareholders in application of the law).

The Board of Directors includes five women out of a total of eleven board members or ten board members if one excludes the representative of employee shareholders as according to article L.225-27 of the French Commercial Code (see paragraph 2.1.1). Thus, the Company meets the requirements of the law dated January 27, 2011 relating to the representation of women and men on Boards of Directors and Supervisory Boards and professional equality.

Employee shareholders are represented by a Board member: Mr. Bruno Grange. The candidate or candidates to the function of Board member representing employee shareholders are nominated by the Supervisory Board of the FCPE (Employee Investment Fund) convened by the Chairman of the Board at least three months prior to the Shareholders' Meeting (article 16 of the Articles of Association) which shall proceed to his appointment or to the renewal of his mandate.

The Board of Directors includes an independent Board member: Michel Bouissou. The independence criteria are the same as those described in paragraph 2.3.2.5.1.2.

2.3.2.2 CHAIRMAN OF THE BOARD OF DIRECTORS

The Board Meeting on December 15, 2004 decided to separate the functions of Chairman and General manager.

Mr. Thierry Boiron holds the position of Chairman of the Board of Directors.

The Chairman of the Board of Directors organizes and directs the work of the Board of Directors for which he reports to the Shareholders' Meeting. He oversees the proper functioning of the Board of Directors and the Shareholders' Meetings, notably by ensuring the regularity of meeting notices, the holding of meetings, and the respect of

shareholder rights regarding disclosure of documentation. It also ensures that the statutory auditors are informed of the agreements subject to control, that Board members are able to fulfill their mission and, to that purpose, have at their disposal all the information needed to deliberate with full knowledge of the facts.

2.3.2.3 MANDATES OF THE DIRECTORS

According to article 17 of the Articles of Association, the term of the directors mandates is three years and the number of directors over the age of 85 may not exceed one third of the members of the Board of directors. The oldest director is deemed to have resigned at the end of the Annual Ordinary Shareholders' Meeting for the approval of the financial statements for the period in which he reaches that age. The table summarizing the terms of Board members' mandates is included in paragraph 2.1.1.

2.3.2.4 ORGANIZATION OF THE BOARD

Above and beyond the operating rules defined by the Company's Articles of Association, the Board of Directors, in its meeting on March 7, 2007, adopted internal rules and regulations which provide the possibility for Board members to participate in Board deliberations by means of video conference or telecommunications under the conditions determined by the regulations in force. That method of participation is not applicable for decisions related to the approval of the annual and half-year financial statements, including the consolidated financial statements. That internal regulation is available on the website www.boironfinance.com.

2.3.2.4.1 Preparation of the Board's work

The Chairman of the Board of Directors provides each director, within a sufficient period of time, all documents and information necessary to fulfill his mission. Four representatives of the Works Committee attend Board meetings and receive the same information as the directors within the same time frame. The statutory auditors have been invited to the Board of Directors' meeting for the establishment of annual and half-yearly financial statements and provisional budget documents.

2.3.2.4.2 Board of Directors' meetings

The Board of Directors met eight times during 2015. The average length of a Board meeting was around three hours (two hours for meetings which included a telephone conference).

The attendance rate of the directors was 98,88 % in 2015. During 2015, the Board of Directors was advised of, examined or decided upon the following items: the group's strategy and business, the consultation of the Work's Committee on the strategic orientations of the Company within the framework of the law on employment conserving measures, half-year and annual consolidated financial statements, financial statements, forecast documents, the Company policy regarding employment and wage equality, the compensation of corporate officers, the implementation of the share buy-back program, regulated agreements, proposals for the renewal of board or committee members mandates, authorization to give to the general management for granting security deposits and guarantees, the creation of subsidiaries in India and Columbia, the purchase of the shares held by the IFCH in the CEDH, the recapitalization of subsidiaries, the expansion of the Messimy site, the purchase of land, the appointment of a new Deputy General Manager and Chief Pharmacist.

2.3.2.4.3 The management of conflicts of interests

In a situation of conflict of interest, even if potential, between corporate and direct or indirect personal interests or shareholder's or group of shareholders interests that he represents, any director should bring to the attention of the Board of Directors such situation and abstain from taking part in the vote of the corresponding resolution. Information relating to conflicts of interest within the Board of Directors is included in paragraph 2.1.2.

2.3.2.5 SPECIALIZED BOARD COMMITTEES

2.3.2.5.1 Audit Committee

2.3.2.5.1.1 Membership and role of the Audit Committee

Members of the Audit Committee are Mr. Michel Bouissou, Chairman, as well as Mrs. Stephanie Chesnot and Mr. Jean-Pierre Boyer.

Each of them has specific expertise in light of his education and professional work experience:

- Mr. Michel Bouissou (independent member) has specific skills particularly with respect to financial matters: after having worked as an engineering consultant, he had a wide range of responsibilities related to corporate finance within various banks and financial institutions.
- Mrs. Stéphanie Chesnot has specific skills with respect to legal and management issues: with a degree in international business law, taxation and business administration, she worked as a consultant in strategy, law and business administration.
- Mr. Jean-Pierre Boyer has specific skills related to accounting and finance: he has a graduate in accountancy and has notably exercised functions as chief financial officer within several companies.

2.3.2.5.1.2 Independence of audit committee members

In accordance with the provisions of Article L.823-19 of the French Commercial Code, the Audit Committee includes, in the person of its Chairman, at least one member with skills in finance and accounting and who is deemed to be independent with regards to the following criteria:

- not be an officer of a Company in which BOIRON is directly or indirectly a Board member or, in which, an employee, or corporate officer of BOIRON (currently or having been so in the last five years) is a Board member,
- not be a customer, supplier, commercial banker or financing banker:
 - which would be of significance to the Company or its group,
 - or, for which, the Company or its group represents a significant portion of the business,
- not have any close family link to a corporate officer,
- not have been an auditor of the Company over the previous five years.

2.3.2.5.1.3 The Audit Committee's mission

A charter dating from March 2000 and updated on January 2010, describes the various tasks and functioning of this Committee.

Its tasks thus cover four areas which are listed below:

- the Audit Committee is responsible for checking the quality and reliability of the process for preparing the financial information provided to shareholders and the public. It ensures compliance with regulatory requirements in this regard. It examines the situation of the Company, the existing risks and is informed on the organizational resources and accounting policies applied by the Company. It may discuss any topic that may require additional information directly with the auditors or employees responsible for preparing the statutory financial statements of BOIRON France and the group. In particular, it evaluates the adequacy of provisions created related to identified risks,

- it reviews and assesses the effectiveness of internal control processes and the group's risk management. The audit reports and the map of risks are updated annually and communicated to it. It takes part to the establishing of the annual audit plan, monitors the work performed by the internal audit department as well as the recommendations issued by it. The Audit Committee and the internal audit department meet at least four times a year.
- it assesses the quality of statutory audits performed by the statutory auditors. Its role is to ease communication between the Board of Directors, the statutory auditors and the General Management of the Company. It allows the Board of Directors to improve its understanding of the nature of the statutory auditors' intervention, to monitor their work and to grasp the grounds of their comments correctly.
- it also assesses the degree of independence of the statutory auditors. In order to do that, the latter send each year a declaration of independence together with an update of the information mentioned under article L.820-3 of the French Commercial Code, detailing the services provided by the network to which they belong. Within this scope, at the time of renewal of their mandates, it advises the Board of Directors on the choice of statutory auditors, as well as on the amount of their fees and on the missions which may be assigned to them.

It has no decision-making authority and the conclusions of its work and recommendations are intended for the Board.

The Company complies to certain recommendations of the report dated July 22, 2010 of the French Financial Market Authority (AMM) working group chaired by Mr. Poupart-Lafarge on Audit Committees, in particular, the recommendations relating to committee membership, information methods as well as to reports.

During the 2015 fiscal period, the Audit Committee met four times during meetings of an average of five hours. Two of those meetings were notably devoted to the review of the annual and half year financial statements. The participation rate of the Audit Committee members in 2015 was 100 %.

Following each of those meetings, a report was provided to the Chairman of the Board and to the General Manager.

2.3.2.5.2 Composition and role of the Compensation Committee

The Compensation Committee is composed of two members:

- Mr. Michel Bouissou (independent member),
- Mr. Bruno Grange.

Its role consists of examining and proposing to the Board of Directors the amounts and terms of fixed and variable compensation, including benefits in kind and deferred compensation, for the Chairman, General Manager and Deputy General Managers. Its operating procedures and responsibilities are described in a charter approved by the Board of Directors on December 17, 2003.

In 2015, members of the Compensation Committee met in February and corresponded on several occasions during telephone conference calls and by email. The main topic discussed during those conversations concerned changes in the compensation paid to members of the General Management. In December, that committee made recommendations related to the compensation of Mr. Jean-Christophe Bayssat, Deputy General Manager in charge of Pharmaceutical Development and provided its opinion about the changes of the profit sharing rate of the General Management.

2.3.2.6 CONTROL PROCEDURES RELATED TO THE COMPENSATION OF CORPORATE OFFICERS

2.3.2.6.1 Board member compensation

Board of Directors members, the Audit Committee members and Compensation Committee members receives directors' fees to remunerate their position, for which the global amount is established by the Ordinary Shareholders' Meeting.

The procedures for the allocation of presence tokens and detail related to the compensation of Board members are included in paragraph 2.2 of the reference document.

2.3.2.6.2 Compensation of executives and of the Chairman of the board

Executive compensation is set by the Board of Directors based on the proposals of the Compensation Committee.

The content of compensation and the calculation methods are described in detail in paragraph 2.2.

2.3.3 GENERAL MANAGEMENT ORGANIZATION AND COORDINATION WITH THE BOARD OF DIRECTORS

Mr. Christian Boiron holds the position of General Manager.

The General Manager has the broadest possible powers to act on behalf of the Company in all circumstances.

These powers are exercised within the limits of the Company's corporate purpose and subject to the powers granted expressly by law to Shareholders' Meetings as well as to the Board of Directors.

He is assisted in that function by the Deputy General Managers, Mrs. Valérie Poinot and Mr. Jean-Christophe Bayssat, who succeeded Mr. Philippe Gouret as of January 1, 2016, each having the same powers toward third parties as the General Manager.

Both of them are exercising technical functions which are distinct from their mandate and are keeping their employment contract to that respect: Mrs. Valérie Poinot exercises the functions of Director of Development and Mr. Jean-Christophe Bayssat those of Chief Pharmacist and Director of Pharmaceutical Development, which were exercised by Mr. Philippe Gouret until December 31, 2015.

The Chairman and General Manager meet periodically in order to guarantee coordination between board members and General Management.

2.3.4 PARTICIPATION OF SHAREHOLDERS IN SHAREHOLDERS' MEETINGS

The terms for the participation of shareholders in Shareholders' Meetings are described in the legal information in paragraph 5.4.2.

2.3.5 FACTORS WHICH MAY HAVE AN IMPACT IN THE CASE OF A PUBLIC OFFERING

The factors that may have an impact in the event of a public offering are described in paragraph 5.1.5 of the reference document.

2.3.6 INTERNAL CONTROL PROCEDURES

2.3.6.1 INTRODUCTION

BOIRON France is the largest Company within the group in terms of business volume, total balance sheet assets and level of risk.

It also provides most of the production distributed by its subsidiaries through its four production sites located in Sainte-Foy-lès-Lyon, Messimy, Montrichard and Montévrain. Thus, in this report, the focus is set on its internal control procedures.

At the international level, internal control is decentralized within the subsidiaries and under the responsibility of the local parties involved in internal control. Control missions are regularly launched and carried out at the various group entities by the parent Company's internal auditors.

2.3.6.2 INTERNAL CONTROL OBJECTIVES AND LIMITS

The measures of internal control function are based on the reference framework of the French Financial Market Authority (AMF) and its implementation guide.

Consequently, the current internal control procedures are aimed to provide a reasonable guarantee on the following:

- compliance to the law and to regulations,
- the application of instructions and guidelines established by the General Management,
- the proper functioning of the Company's internal processes, in particular those related to the safeguard of assets,
- the reliability of financial information.

Risk management and internal control are part of the responsibilities of various departments at both the parent company and the subsidiaries.

In 2014, a charter of good governance was signed between BOIRON parent company and each manager of its subsidiaries. It formalizes the internal rules of good governance with respect to assets, the follow-up of customer and cash risks as well as the management and marketing policy of subsidiaries.

This charter aims to guarantee:

- a balance between development, control and risk management of the BOIRON subsidiaries and the BOIRON group,
- improved communication and sharing of information between the parent Company and its subsidiaries,
- proper implementation of the BOIRON group strategy.

However, as such is the case with any control system, the measures applied cannot fully guarantee that all risks are under control.

2.3.6.3 THE MAIN PLAYERS OF INTERNAL CONTROL

Company policy on this subject consists in developing the awareness of each employee, department and business units of the responsibilities and risks inherent in their functions.

Such functioning scheme allows them, individually and collectively, to ensure the achievement of the targets defined by the General Management.

Among the main actors of internal control are:

- the Board of Directors and the Audit Committee,
- the General Manager and Deputy General Managers,
- the Chief Pharmacist (Deputy General Manager) and the Interim Chief Pharmacists,
- functional departments, in particular regulatory affairs department, legal department, finance department, quality assurance department, IT quality responsible,
- the committee of financial risks,
- the internal audit department.

The General Manager, the Deputy General Managers, as well as the Board of Directors, through the Audit Committee, take part in the running and supervision of the internal audit department.

2.3.6.4 SURVEILLANCE OF THE INTERNAL CONTROL SYSTEM

The internal audit department monitors, through its missions, the efficacy of the company's internal control system. In that framework, it makes recommendations and ensures their follow up. It acts both in purely financial matters as well as in more operational areas (the analysis of purchasing processes, sales, organizational audits, IT audits etc.) in France and internationally. A written report regarding each of its missions is handed over to the audited parties, the General Management, the Audit Committee and to the Chairman of the Board. In addition, the internal audit service, together with the group's treasury department monitors the risk of fraud and raises the staff's awareness regarding such risk: fraud towards the Chairman, cyber-crime, data falsification, etc.

A charter was adopted in April 2008 which describes the internal audit department's operating methods. That charter was updated and approved by the Audit Committee on June 26, 2015.

Since June 2014, the internal audit department reports directly to the Chief Financial Officer for practical reasons bound to management closeness. As provided in the charter, the internal audit department shall alert the Deputy General Managers of any risk identified within the frame of its missions. He is also responsible for starting missions and monitoring proposed action plans.

It is the favorite partner of the Audit Committee and the statutory auditors with whom it corresponds regularly.

The company, as an importer, manufacturer and exporter, has been engaged in a customs certification process referred to as AEO/OEA (Authorized Economic Operator) since 2016. This European certification is issued by the customs authorities and provides the company the status of reliable partner with regards to safety and security of the international supply chain. It imposes tight control over our risks and activities, and forces us to strengthen our procedures with respect to customs, safety and security. The internal audit department is highly involved in this project

2.3.6.5 PROCEDURE RELATED TO THE IDENTIFICATION AND ASSESSMENT OF RISKS

Since 2000, the mapping of macro-economic risks has been performed jointly by the General Management, the operational departments and the internal audit department. It has been the subject of discussions with the statutory auditors and is handed over to the Audit Committee. The map is updated on an annual basis. It is partly used for establishing the audit plan.

The collection of information to identify risks factors is conducted through interviews with the operational departments, or within the framework of internal audit missions. In the case of outstanding risks which are considered to be significant, recommendations are made and action plans are defined with the concerned operational departments.

The approach to understanding processes undertaken by the internal audit department is today completed and facilitated by the deployment of the document management software program ACCORD. Indeed, such program required the breakdown of the company business into operating processes.

2.3.6.6 PROCEDURES FOR INTERNAL IT CONTROL

The IT department performs its control through the development of company's IT systems (projects) and day-to-day management (maintenance, use, support). The applications and infrastructure of this IT system are also subject to various processes designed to secure their use and their transformation.

In addition, a project portfolio management approach involves the General Management, the concerned departments and the IT department in the design, arbitration, prioritisation, and long-term planning of IT projects. That approach also enables the development of associated resource plan: investments, external services for the IT department. The development of IT group projects drove to appoint IT responsible persons dedicated to subsidiaries.

At the same time, work is being done every year to improve system security and availability: protection against hacking and cyber criminality, anti-virus policy, physical data security (data storage and backup, servers), business recovery plan and safety of IT network.

The IT department is actively involved in the pharmaceutical approval of IT systems related to production applications through the validation of production systems. That process simultaneously involves several departments: quality assurance department, production planning management, production department.

Moreover, pharmaceutical approval is applicable to the new IT order preparation/distribution system (ARPEGE program), to the centralized order picking system (Warehouse Management Service for the supply of the establishments) and to the document management system (ACCORD program).

Further, good practices and IT risk identification review missions were planned in the 2015 internal audit program and have been followed up during the same year.

2.3.6.7 INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT RELATED TO ACCOUNTING AND FINANCIAL INFORMATION

2.3.6.7.1 Objective

Internal control procedures relating to the preparation and treatment of accounting and financial information have the objective of ensuring:

- the reliability of the group annual financial statements and the consolidated financial statements according to IFRS [corporate consolidation] provided to the General Management, the Audit Committee and the Board of Directors,
- the financial control of subsidiaries,
- the control of risks of mistakes, inaccuracies or omissions of material information in the financial statements related to the Company's financial position and Company assets.

2.3.6.7.2 The finance department: an important player for the internal control and accounting and financial risk management

The financial services of BOIRON are gathered within the finance department which includes accounting services, business control, France customer management, administration of finance and management applications, consolidation, international control, group taxation, group treasury, international customer credit risks, financial statements, as well as export sales administration and France sales administration, business data and statistics administration, operational management of sales networks.

Specialized committees within the administrative and finance services meet regularly to ensure control of risks within their areas:

- the management of customer risks in mainland France: the accounts receivable management function monitors the financial health of the main customers as well as the collection and management of outstanding accounts receivables for all customers,
- the group and export customer risk committee: it includes persons in charge of international customer risks, the chief financial officer and representatives of the export department. That committee meets once a month to review the situation and trends in the customer risks of each of the group's subsidiaries. It also reviews internal and external credit limits and the outstanding overdue receivables of foreign customers, as well as their financial position, in order to determine the corrective actions to put in place.
- the treasury committee: it includes the group's treasury manager, the manager of the group accounting and financial support functions and the chief financial officer; it meets monthly to review the financial position of group companies, the centralized management of excess cash, and financial risks (exchange rates, interest-rates, and liquidity), and confirm compliance with the policies defined by the General Management,
- the financial risk committee: it includes managers from the finance, legal, HR and internal audit departments. That committee evaluates risks that may have a financial impact at the group level. The conclusions of their work are presented to the Audit Committee.

In 2015, a workshop with the financial managers of the subsidiaries and their correspondent at the parent company permitted to discuss on the group's large scale projects affecting their area. That type of event facilitates communication between actors of that process and increases efficacy.

2.3.6.7.3 Procedures for establishing the group's consolidated financial statements and for the group reporting

The corporate consolidation and the group reporting process includes the following main steps:

- the collection of the subsidiaries' financial data and their analyses of their activity and financial position as compared to their prior year activity, their budgets, or last updated budgets,
- the control of collected data,
- the establishment and validation of the consolidated corporate financial statements and group reporting.

The software program used, SAP BFC, is regularly upgraded and customized to meet changes in reporting requirements and any needs requested by its users. It also includes a number of control functions in order to ensure the consistency of the input information.

A schedule specific to each closing of accounting periods is handed over to all group subsidiaries which describes the role of each participant in the closing process while ensuring the separation of execution and of control tasks.

The finance department realizes a regulatory monitoring and calls upon an IFRS expert (every six months) to provide an update of accounting rules and requirements regarding the reporting of consolidated financial statements. A guide of the group accounting norms is regularly updated and made available to all group companies.

All proposals for significant changes to accounting standards and options are the subject of an explanatory memorandum to the General Management.

Potential changes are presented to the Audit Committee and the Board of Directors following approval by the statutory auditors.

Business activity and profitability of the subsidiaries and the group are analyzed as compared to the prior year, budgets, or updated budgets at quarterly meetings attended by the General Management.

2.3.6.7.4 Procedure for the review of liabilities

The consolidation department compiles corporate liabilities based on information provided by the subsidiaries and reviews their accounting and valuation methods. The finance department uses an independent actuary to evaluate those commitments.

2.3.6.7.5 Procedures for preparing financial statements

A part of the transmission, organization and publication of the financial statements is outsourced.

A communication schedule defining the roles and deadlines to respect is established each year. All financial statements are reviewed by the General Management and the Board of Directors. Prior to transmission to the Board of Directors, the documents related to regulated information are also reviewed by the General Management, the statutory auditors and the Audit Committee.

The reference document is also proofread by a multidisciplinary committee.

2.3.6.7.6 Relations with statutory auditors

Within the framework of their missions, the statutory auditors review the main accounting processes. Recommendations resulting from their work are reviewed by the General Management, the Audit Committee and, where appropriate, are subject to decisions to take actions, which follow-up is ensured by the internal audit department.

2.3.7 2016 ACTION PLAN

This action plan includes in particular:

- the continuation of reviews of the group's companies' processes,
- the updating of work related to risk mapping,
- the continuation of the deployment of JD Edwards Oracle ERP within the subsidiaries.

Messimy.

Chairman of the Board of Directors

Thierry Boiron

2.4 Statutory auditors' report on chairman's report

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with and construed in accordance with, French law and professional standards applicable in France

MAZARS

Le Premium
131, boulevard Stalingrad
69624 Villeurbanne Cedex - FRANCE

Statutory auditors
Registered with the Compagnie régionale
des commissaires aux comptes de Lyon

ERNST & YOUNG et Autres

Tour Oxygène
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69393 Lyon Cedex 03 - FRANCE

S.A.S. à capital variable
Statutory auditors
Registered with the Compagnie régionale
des commissaires aux comptes de Versailles

For the year ended December 31, 2015

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (code de commerce), on the report prepared by the Chairman of the Board of Directors of BOIRON.

To the Shareholders,

In our capacity as statutory auditors of BOIRON and in accordance with article L. 225-235 of the French Commercial Code (code de commerce), we hereby report on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code (code de commerce) for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French Commercial Code (code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code (code de commerce). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French Commercial Code (code de commerce).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code (code de commerce).

Villeurbanne and Lyon, April 7, 2016

The statutory auditors

French original signed by

MAZARS
Frédéric Maurel

ERNST & YOUNG et Autres
Nicolas Perlier

3. Employee, environmental
and corporate information

The following information was written in compliance to the provisions of article L.225-101-1 of the French Commercial Code. A concordance table is included in paragraph 6.6.

3.1 Methodology

3.1.1 CONSOLIDATION SCOPE

Corporate figures are consolidated for all companies within the BOIRON group.

The BOIRON group has, so far, chosen to mainly invest in France to serve the development of homeopathic medicines throughout the world. Thus, the production of BOIRON medicines is split between four production sites located in France. Some medicines are also produced at a site in Harzé, Belgium and marketed by the subsidiary UNDA. The other group sites based in France and internationally at subsidiaries exclusively ensure the preparation and distribution of the medicines.

Taking into account the overall low level of risk represented by the environmental impact of the establishments, the BOIRON group has chosen to limit the consolidation scope of its environmental data to all of the production sites based in France and Belgium, which account for the highest energy consumption.

Finally, taking into account the portion of the group's total business represented by France, corporate information only relates to France.

3.1.2 METHODOLOGICAL LIMITATIONS

The methods used to compile and calculate certain indicators may have limitations due to:

- The absence of worldwide definitions, especially regarding employment: therefore, a certain degree of interpretation is accepted with respect to information provided by subsidiaries,
- Necessary estimates, especially regarding environmental issues,
- The representative nature of certain measurements,
- The practical modalities of the actual compilation and calculation.

3.1.3 INDICATORS AND REFERENCES

BOIRON has defined its own references with respect to human resources and the environment: the definition of the indicators used is mentioned in the paragraphs to which they refer.

3.1.4 REQUIRED INFORMATION WHICH IS IRRELEVANT IN THE CASE OF BOIRON

Above and beyond compliance with the regulations in force, BOIRON has included personal development and work-place well-being in its philosophy, through the signing of agreements and the development of dialogue with employees and their representatives.

This excludes the notions of forced or compulsory labor, child labor or the disregard of human rights.

3.1.5 CONSOLIDATION AND INTERNAL CONTROL

Corporate and environmental data are compiled and consolidated by the BOIRON's Human Resources department and its Health, Safety and Environment function (HSE).

Information is received from subsidiaries in the form of a questionnaire which includes the definitions used for the various indicators.

The data is reviewed for consistency between the prior year data and data provided in the consolidation process through the financial consolidation program.

3.1.6 EXTERNAL CONTROL

As according to article 3 of the decree dated May 13, 2013 which determined the methods by which an external body should perform its mission in application of the seventh line of article L.225-102-1, BOIRON has nominated the firm FINEXFI to perform the reviews required for such information.

The external body's report is included in paragraph 3.5.

3.2 Corporate information

“As soon as I rose to the General Manager position at the end of the 1970s, I wanted to demonstrate that one could manage a business differently. It was a political vision. I wanted to bypass the split between bosses and staff, to end the age-old culture of the stand-off. I therefore implemented several measures which were favorable towards employees and which we continue to apply today.” Christian Boiron

In an industry characterized by intense change, the human resources policy of the group must continue to be proactive and support changes with respect to employment and employability. Thus, in recent years, new regulatory and economic constraints have continued to multiply and have led to reflection aimed at promoting the flexibility and mobility of organizations and professions.

BOIRON's corporate philosophy places the personal development of individuals at the heart of the economic efficiency of the Company. It is in that spirit that the group implements the changes required for its development, particularly in France. In the other group companies, the trends are also foreseen in an individual and adapted manner and based on the economic, employee and regulatory specificities.

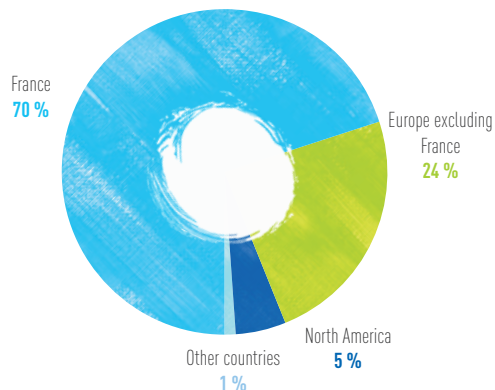
3.2.1 HEADCOUNT

3,711 employees in the group, of which, 96 % have permanent employment contracts.

The notion of headcount returns to the total number of temporary employment contracts and permanent employment contracts excluding interim workers registered as at December 31 (physical headcount).

70 % of the employees work in France.

	2015	2014
TOTAL GROUP	3,711	3,681
France	2,586	2,605
Europe excluding France	906	865
North America	170	170
Other countries	49	41

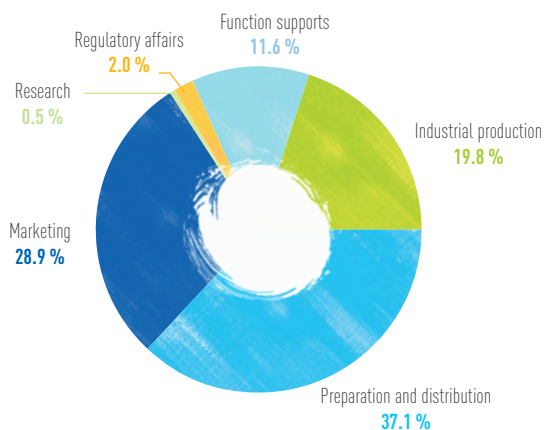


The split between BOIRON parent company and the subsidiaries is as follows:

	2015	2014
TOTAL GROUP	3,711	3,681
BOIRON parent company	2,554	2,571
Subsidiaries	1,157	1,110

57 % of employees work within the production process and within the preparation/distribution functions.

	2015	2014
TOTAL GROUP	3,711	3,681
Industrial production	736	725
Preparation and distribution	1,375	1,425
Marketing	1,073	1,014
Research	19	21
Regulatory affairs	76	64
Function supports	432	432



The functions shown above are described in the glossary in paragraph 6.7.

3.2.2 DIVERSITY

Diversity, a source of collective intelligence.

The company accords particular importance to diversity, the source of complementarity, creativity, social balance and economic efficiency.

73 % of group employees are women.

	2015	2014
TOTAL GROUP	3,711	3,681
Women	2,695	2,663
Men	1,016	1,018



In France, 241 of the 425 management positions are held by women.

A specific company agreement related to professional gender equality is in force in France: it focuses on hiring conditions, the relationship between professional and family life, compensation and job classification.

The company is focused solely on the skills and capacity of its candidates or co-workers to make decisions relating to their hiring, career management or their sanction/departure. This primacy for competence permits the avoidance of a biased judgement skewed by stereotypes which could lead to discrimination.

At December 31, 2015, handicapped or disabled persons employed by BOIRON parent company accounted for 5.9 %⁽¹⁾ of the workforce (compared to 5.5 % in 2014).

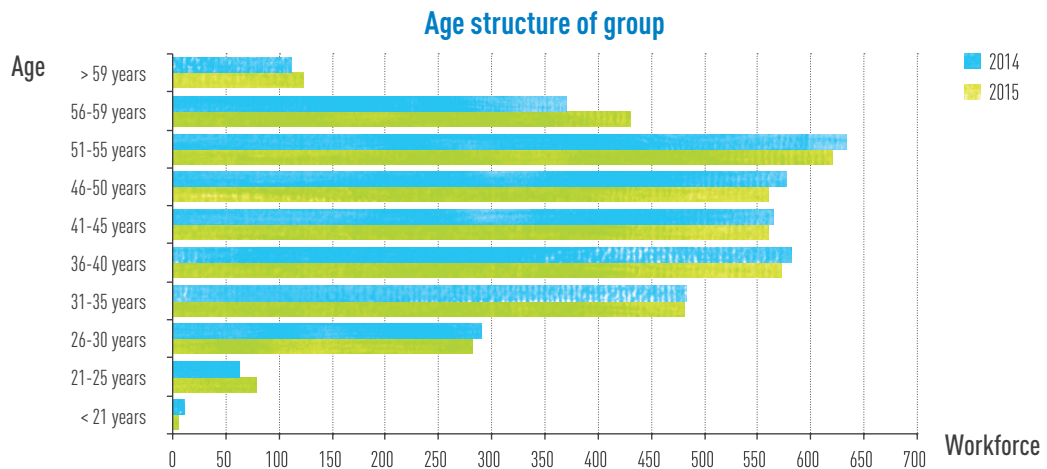
Since 1987, BOIRON has endeavored to pursue an active policy for the professional integration of handicapped individuals through the application of eight three-year agreements between 1989 and 2013, all of which were certified by the DIRRECTE, a French governmental authority.

All of these agreements have the objective of promoting the integration of handicapped individuals. This is based on the desire to create no differences between handicapped and non-handicapped employees with respect to the nature of employment contracts, classifications, compensation, training and career opportunities.

About 50 % of the individuals currently in the company with handicaps have over 20 years of seniority.

The Company has set up a handicap service coordinated by a person who is dedicated to this issue on a full-time basis. She is assisted by handicap relays present at all of the French sites. The handicap mission has the vocation to facilitate the recognition of differences and the development of individuals. The objectives in 2015 are focused on the detection of handicap situations, on the monitoring of handicapped employees over time and on increasing the number of handicapped candidates introduced for recruitment interviews.

23 % of the group's headcount is below 36 years of age, 46 % is between 36 and 50 years of age, and 31 % is above 50 years of age.



Employees in France benefit from a company agreement entitled "contrat de génération" or "generational contract".

(1) Corresponding to the employment rate published by the AGEFIPH.

3.2.3 MOBILITY

In France, within the framework of an agreement on mobility, measures have been taken to align new business needs to the available resources, especially, in order to take regulatory changes and their effects on the organizations into account.

This approach results in individual recommendations regarding training, through the proposal of missions related to evolving professions or those lacking skilled workers, however, also by a continuous review of organizational structures.

Mobility understood to be one of the primary success factors of BOIRON's human resources management policy and the forward looking management of jobs and skills, contributing to:

- The anticipation of changes in business needs regarding employment;
- The simplification of career evolution and the development of skills;
- Meeting the career aspirations of employees and, to a broader extent, their personal development.

278 missions for periods ranging from five days to more than a year have been realized in France.

Employee turn-over⁽¹⁾ within the group is 7.6 %.

The data below relates to permanent employment contracts, temporary employment contracts are not significant:

	2015	2014
Number of persons hired	245	198
Number of persons departed	269	270
Departures initiated by the employer	75	112
Departures related to retirement	50	46
Other departures initiated by the employee	116	81
Other	28	32
Turn-over	7.6 %	7.6 %

(1) Ratio of the total number of departures and the headcount as of December 31.

The average seniority of employees of BOIRON parent company is 18 years.

The average seniority at the subsidiaries varies from 2 years (Brazil, Russia) to 13.5 years (Belgium, the Caribbean's and the Indian Ocean).

3.2.4 WORKFORCE ORGANIZATION

The management of workplace time requires a genuine management process and is a fundamental component of the trust between employees and the company.

The group applies the legally defined worktimes in compliance to the legislation in force in all countries where it operates.

“The more freedom we give to employees to personally organize themselves, the more the company gains in performance and cohesion.” Christian Boiron

In 2015, **18 % of employees worked part-time**, with a significant difference between subsidiaries which employ between 2 % (Russia) and 39 % (Belgium) of their employees part-time.

In France, 22 % of employees work part-time.

That split was stable compared to 2014, both in France and internationally at the subsidiaries.

In 2015, at the group level, 70 % of employees who work part-time do so at their own initiative.

The other part-time employees are associated with therapeutic needs and were foreseen by BOIRON at the time of hiring.

A company agreement related to the personalization of work-time was signed by BOIRON parent company: it defines the methods of acquiring a chosen part-time status and broadens the scope of options proposed by French legislation (provided for health or childcare reasons).

In 2015, in France **222 coworkers benefitted from an agreement related to retirement and preparing for retirement, for which, the total cost represented 2.3 % of payroll.**

That particular feature of work time organization was established in 1976. BOIRON thereby affirms its determination to simplify the transition from employment to retirement through a gradual reduction in work time without any reduction in salary.

The number of overtime hours worked is insignificant.

3.2.5 THE DEVELOPMENT OF SKILLS

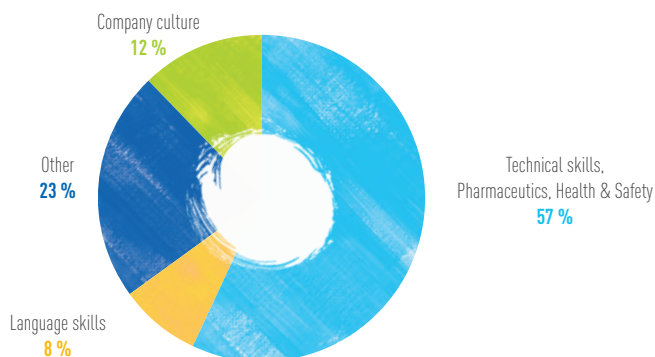
84 % of employees received training in 2015. The average length of training is estimated to be 2.5 days.

	2015	2014
Number of persons that received training	3,135	2,634
Number of training hours	54,863	47,882

The development of professional skills is enhanced through the internal dynamics of training and mobility within the company resulting in training projects in the following areas:

- Company culture: knowledge of homeopathy and an understanding of the company's business processes;
- Strengthening of technical and pharmaceutical know-how, including training on health and safety;
- Language skills (especially French which is the working language), specifically for subsidiaries;
- Other fields, of which, personal and management development.

Distribution of training provided in 2015 by subject matter:



3.2.6 ABSENTEEISM

Within the group, the rate of absenteeism⁽¹⁾ amounted to 5.7 % in 2015 compared to 5.9 % in 2014 (excluding maternity leave). Workplace injuries, occupational illnesses and commuting accidents represented 4.6 % of absences in 2015 (8 % in 2014). 60 % of workplace accidents originated from the following: falls, handling, posture and travel.

	2015		2014	
	Group	France	Group	France
Number of workplace accidents ⁽²⁾	42	29	60	47
Frequency rate ⁽³⁾	8.18 %	8.72 %	11.70 %	14.10 %
Severity rate ⁽⁴⁾	0.38	0.49	0.48	0.71

Within the group, the number of occupational illnesses in 2015 was 7 cases versus 2 cases in 2014. These professional illnesses were exclusively Muscular Skeletal Disorders.

Carcinogenic, mutagenic and reprotoxic risks exist, however, are very limited.

(1) Ratio of number of hours of absences due to illnesses and workplace accidents divided by the theoretical total number of hours worked (actual hours worked + total of absences).

(2) The number of workplace accidents resulting in a leave of absence greater or equal to one day.

(3) The number of accidents with leaves of absence greater or equal to one day, occurring over the year in process, per million hours worked.

(4) The number of days lost related to workplace accidents per thousands of hours worked.

3.2.7 COMPENSATION AND THE ATTRIBUTION OF BENEFITS

In 2015, the percentages of salary increases in the group (general and individual) were within a 0.67 % to 13.35 % range after taking very different inflation rates in various countries into account. In 2014, the range was between 0.9 % and 16.3 %.

The company is convinced that the self-realization of each individual is a key factor in strengthening collective performance and the source of social progress.

Being aware that these resources must be financed by sustainable resources, the company has defined a performance ratio as a metric of distributable economic surplus in order:

- To significantly improve the benefits granted to employees (increased purchasing power, collective reduction in working time, retirement planning, employee savings plans and retirement savings, various benefits...);
- All while permitting an improvement in company profitability especially through the management of total payroll expense in the income statement.

In France, salary expenses can be broken down in the following manner and are derived in part from the definition of the performance ratio (permitting the definition of the global increase level):

	2015	2014
Global increase	2.50 %	3.80 %
Individual increase	0.72 %	0.78 %

90 % of group employees benefitted from profit sharing in 2015.

BOIRON parent company and seven subsidiaries have a profit sharing formula and distributed shared profits in 2015 related to 2014 performance.

For the entire group, profit sharing represented 18.3 % of the total full-year salaries in 2014, or 2.5 months of salary.

Total group salary expense is presented in note 24 in the Notes to the consolidated financial statements.

3.2.8 LABOR RELATIONS

The close ties between the company's economic performance and the self-fulfillment of each person are knitted each day in personal and labor relations.

3.2.8.1 32 COMPANY AGREEMENTS

“40 years ago, I developed the hierarchical relations at BOIRON. Here, it’s the managers that have to feel at the availability of the other employees and not the opposite. This approach has led to 32 company agreements that are all based on the premise that the company’s employee performance is indispensable for its economic performance. The interests of our shareholders are not opposed to the interests of our employees: they’re the same.” Christian Boiron

These agreements can be categorized according to the following main subject matters:

- The various forms of compensation: the sharing of income between employees and shareholders;
- Diversity: a collective source of intelligence and open mindedness;
- The management of the various periods of professional life: the balance between personal and professional life;
- Mobility: individualized career management;
- Social protection;
- Social dialogue: an approach that goes beyond confrontation to focus on meaningful issues and actions.

To maintain these agreements in harmony with the organizational and legislative changes on one hand and the needs of employees on the other, each agreement is signed for a period of three years.

3.2.8.2 THE ORGANIZATION OF NEGOTIATIONS

The development of the agreements which make up this employee policy is possible thanks to the involvement of employees, the Central Works Committee, labor unions and management.

Within the group, the processes, which are more or less structured depending on the size of the subsidiary, are implemented to ensure a broadly based agreement.

BOIRON parent company signed an agreement on the methodology in 2008 and it was renewed in 2011 and in 2015: it established a framework to simplify the negotiation with consultations at several levels.

Thus, the work groups may be launched at the request of executive management, the Central Works Committee or a labor union. They are composed of employee representatives appointed by the Central Works Committee and chairpersons from executive management and the HR department. The mission of these groups is to make recommendations on topics which permit the innovation, maintenance or adaptation of the company’s employee policies.

A General Pilot Group (GPG) composed of employee and management representatives meets to review amendments or proposals for future agreements regarding the recommendations of the work groups.

This consultation process is also done less formally at the other companies, in line with their size and/or the laws in effect, which thereby facilitates a more expedient and direct dialog on employee issues.

3.2.8.3 RENEWED AGREEMENTS IN 2015

In France, almost all of the agreements renewed in 2015 were signed unanimously by the unions representing the employees:

- Agreement on the methodology related to the process of developing and monitoring BOIRON company agreements (see previous paragraph).
- Mobility agreement: the renewal of this, in particularly, more easily readable agreement simplifies the means and assistance granted to employees to promote all forms of mobility (see section 3.2.3).
- Assistance to employees with personal projects: initiated in 1984, this agreement reaffirms the commitment to enhance employees' self-realization both within and outside the company. This agreement provides a framework for financing employee projects, whether they are humanitarians, cultural, sports, adventures, artistic, scientific, career management, training or start-up in nature.
- Agreement on retirement planning: this agreement, which was signed in December 2015, organizes the terms and conditions of the benefits related to pre-retirement planning (see section 3.2.4).
- Memorandum of understanding on employee representation for the years 2015 to 2019: the objective being to simplify and clarify employee representation practices, in order to find a process in line with the company as it exists today, while maintaining a strong social dialog.

3.2.8.4 EMPLOYEE SOCIAL BENEFITS

In France, €1,658 thousand was transferred to the BOIRON parent company Works Committee, as compared to €1,797 thousand in 2014.

3.2.9 RESPECT AND FAIRNESS

The group intends to respect all employment regulations in force at all of its sites.

Above and beyond compliance with these rules, individual respect, a centerpiece of the company's mission, is fundamental and drives our constant attention to non-discrimination on a daily basis.

Furthermore, it should be noted that the internal regulations prohibit any racist, xenophobic, sexist or discriminatory behavior.

Respect and trust are the pillars of the company's organization in which everyone has the freedom to express themselves and join a labor union.

These values are conveyed through company agreements (see paragraph 3.2.8).

3.3 Health Safety Environment

3.3.1 ORGANIZATION AND OBJECTIVES

In France, issues related to Health, Safety and Working Conditions (HSWC) and the environment are managed by the Health, Safety and Environment function (HSE). This function consists of six people.

The continuous improvement of safety and working conditions is managed on a daily basis by safety coordinators at each production site, by defined safety teams, or by members of the various CHSWC's (Committee for Health, Safety and Working Conditions) who are present at all French sites with more than 50 employees, and by HSWC correspondents for sites with less than 50 employees. This approach is based on regulations and on certain indicators which are included in one unique document, within which, workplace accidents and an assessment of risks are included.

At the subsidiary level, the monitoring of health and safety issues is provided either by specific committees which meet monthly (the United States and Belgium) or through designated interfaces or external service providers.

An "environment" facilitator is dedicated to environmental issues. It also relies on the safety teams present on the production sites. In addition, as of 2015, a "utilities and energy management" function was created: its mission is to work on the control and optimization of consumption.

An external regulatory watch service transmits the HSE regulatory innovations applicable in France regarding health, safety and environment, on a quarterly basis. That function's mission is to ensure and assist in the implementation of these regulations.

The BOIRON Intranet contains a section dedicated to the HSE function which permits all employees to be informed of its existence and makes the tools and specific information available to them.

3.3.2 FINANCIAL RESOURCES

BOIRON pays contributions to the following organizations:

- Adelphé (a subsidiary of Eco-Emballage) related to product packaging waste,
- Eco Folio related to printing waste,
- Cyclamed related to unused medication waste.

The contributions in France amounted to €1,430 thousand in 2015 as compared to €1,305 thousand in 2014.

The costs related to waste management at the production sites were estimated to be €592 thousand in 2015, versus €496 thousand in 2014.

Costs relating to environmental issues (excluding the cost of waste management) are estimated to have been €489 thousand in 2015 (versus €250 thousand in 2014):

- In 2014, they were primarily related to measures taken for the elimination of air emissions and the ongoing work on the removal of refrigeration equipment which runs on R22 (a refrigerant liquid that depletes the ozone, an HCFC type - hydro chlorofluorocarbon) which was already in process as of 2013.
- In 2015, the main investments were related to a gas washing tower installed on the Messimy site and the replacement of all warehouse lighting with energy-efficient technologies and longer useful life.

Costs related to health and safety issues in France are estimated have been €1,203 thousand in 2015 (compared to €773 thousand in 2014):

- In 2014, they were primarily related to compliance with ATEX directives for the facilities, the migration of fire detection systems (removal of ionic heads) and the installation of a new weighing station equipped with different containers, in which, operators are protected by a laminar flow.

- In 2015, the implementation of ATEX standards for the compliance of large machinery continued (grinders, centralized powder vacuum systems). Another significant initiative was the centralization of powders recovered via several precipitators. This eliminates unpleasant operations previously required to permit the evacuation of powders.

No environmental risks requiring provisioning or guarantees were identified.

3.3.3 IMPACTS OF THE BUSINESS SAFETY AND THE ENVIRONMENT

3.3.3.1 RESEARCH AND DEVELOPMENT

The research and development activities have little impact on HSE. The main issue relates to animal experimentation. BOIRON only works with laboratories that have been approved by its ethics committee. That approval process guarantees compliance with European regulations and therefore, among other, the application of the three R's rule: reduce, refine, replace. That regulation takes the living conditions of the animals into account: their well-being and, as much as possible, the minimization of pain. These laboratories are regularly inspected.

Before working with a new laboratory, BOIRON employees visit the sites to confirm that the animals are correctly treated and cared for and that the relevant regulations are respected.

3.3.3.2 PROCUREMENT OF STRAINS

Homeopathic medicine uses the healing properties of substances from the three kingdoms: mineral, animal and vegetable. It is therefore dependent on biodiversity for the availability and quality of fauna, flora and mineral resources.

The origins of plant strains account for the largest proportion of supplies. Of 1,241 referenced plant stems, 70 % are from France.

The purchases of strains of animal and mineral origin are not significant. Given the small quantities, those subjects are not addressed here.

3.3.3.2.1 The respect of the plant sectors

The supply of plants is a particularly delicate and sensitive issue. That's why the company has chosen to surround itself with highly qualified growers with whom it shares the same ethical standards related to environmental protection, sustainability and the assurance of traceability.

BOIRON works with a network of growers located in France as well as farmers based mainly in Europe. All plants used are certified as organic, in some cases, with registered certificates (soybean/corn) and are subjected to testing for the absence of radioactive contamination.

Only some of the strains used are covered by CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also referred to as the Washington Convention. Two scenarios may be envisaged:

When the plant is found growing wild in France in sufficient quantity, an authorization to harvest is requested or a partner search is performed to cultivate the plant; When the plant does not grow in France or cannot acclimate to it, an import permit is requested or cultivation is organized in the country of origin.

The various harvest sites are subject to quality audits: at least once every 5 years and more often in the case that anomalies are detected.

3.3.3.2.2 The concrete actions to preserve biodiversity

BOIRON studies, in partnership with farmers, the organic cultivation of endangered plants (Ecocert certification), for example Adonis Vernalis in France and Cyclamen Europaeum in Holland.

In addition, BOIRON engages in collective actions to preserve the plants in their natural environment, in France, for example, within the framework of the agreement related to the protection of Arnica signed in 2007 with the Vosges Mountain Economic Association and the natural park of Vosges: that agreement formalizes strict rules to which the various stakeholders must comply (producers, gatherers, farmers, municipalities, pharmaceutical laboratories). A few examples of rules follow:

- Harvest is performed manually and concerns only the plants in full bloom;

- The use of pesticides is prohibited;
- A harvest permit application must be requested from municipalities.

Finally, since December of 2011, BOIRON has adhered to the National Strategy for Biodiversity, referred to in France as the SNB.

3.3.3.3 PRODUCTION ACTIVITIES

All four of the French production sites have the ICPE status (Classified Installation for Environmental Protection). Only the sites in Messimy and Montrichard are subject to requiring authorization. Their activities are governed by a prefectural permit to operate. Regarding Messimy, within the framework of the expansion project, BOIRON has filed a new application for an authorization to operate. This led to a public inquiry which resulted in a favorable opinion with minor reservations. A draft of the new operating permit is currently being prepared by the Regional Directorate for the Environment, Planning and Housing (DREAL).

The activities of other manufacturing sites are supervised by typical ministerial ordinances that define constructive, technical and organizational requirements with the objective of managing the risks inherent in these activities.

3.3.3.3.1 Resources

• Water consumption

Most of the water consumed is for the production of purified water used in the production process.

The pharmaceutical standards require certain water-intensive practices which sometimes limit the possibilities to reduce consumption: the use of purified water for the production process but also for cleaning, for example. Nonetheless, any pertinent solution identified as reducing water consumption is implemented:

- producing purified water is highly water consumption intensive. Functioning external to production activity has been optimized to limit consumption,
- the scrubber installed to reduce emissions of Volatile Organic Compounds (VOC's) would require 30m³ of water per day: bio-percolators were added at an additional cost of approximately €100 thousand, to halve consumption.

Water used on the sites comes from the drinking water network.

Annual water consumption (m ³)	2015	Split	2014	Split	Change	
PRODUCTION SITE TOTALS	78,457	100.0 %	80,174	100.0 %	- 1,717	- 2.1 %
Messimy	45,092	57.5 %	46,967	58.6 %	- 1,875	- 4.0 %
Montévrain	11,870	15.1 %	11,808	14.7 %	+ 62	+ 0.5 %
Montrichard	4,330	5.5 %	4,024	5.0 %	+ 306	+ 7.6 %
Sainte-Foy-lès-Lyon	14,714	18.8 %	14,757	18.4 %	- 43	- 0.3 %
Harzé (UNDA)	2,451	3.1 %	2,618	3.3 %	- 167	- 6.4 %

The decrease reported at the Messimy site was mainly related to the decrease in the production of mother tinctures.

• Energy consumption

To limit the environmental impact of its activities, the company includes the notion of energy savings into any construction project as well as any project for the replacement of technical installations. The company solicits its partners to propose technical solutions which perform from both an environmental and economic perspective.

To reinforce these actions, in 2015, a "Utilities and Energy Management" team was created.

To date, BOIRON prefers to reduce energy consumption rather than invest in renewable energy. A few initiatives are listed below as examples:

- The installation of heat pipes on some air handling systems.
- Implementation of heat pumps in office buildings.
- The installation of floor heating in the company cafeteria with thermostat control only during the time periods occupied.
- Heat recovery at some compressors to preheat water.
- Solar pales which preheat the water in the company cafeteria.
- The replacement of lighting in certain warehousing facilities with lower consumption lighting for which the useful life is longer.
- The modification of temperature settings in certain buildings in order to permit variances on evenings and weekends.
- The installation of a central control over a compressed air station.

In addition, in 2015, an energy usage audit was performed. That work identified new leads for savings in energy consumption which will be further studied.

Energy consumption is primarily for the treatment of air in buildings which is imposed by best manufacturing practices.

Gas is mainly used for space heating except for the Montévrain site which only uses it for a production line in order to produce steam.

Annual electricity consumption (MWh)	2015	Split	2014	Split	Change	
PRODUCTION SITE TOTALS	29,660	100.0 %	29,175	100.0 %	+ 485	+ 1.7 %
Messimy	16,589	55.9 %	16,005	54.9 %	+ 584	+ 3.6 %
Montévrain	3,707	12.5 %	3,863	13.2 %	- 156	- 4.0 %
Montrichard	2,141	7.2 %	2,155	7.4 %	- 14	- 0.6 %
Sainte-Foy-lès-Lyon	6,663	22.5 %	6,581	22.6 %	+ 82	+ 1.2 %
Harzé (UNDA)	560	1.9 %	571	2.0 %	- 11	- 1.9 %

Annual gas consumption (MWh)	2015	Split	2014	Split	Change	
PRODUCTION SITE TOTALS	25,314	100.0 %	23,332	100.0 %	+ 1,982	+ 8.5 %
Messimy	17,184	67.9 %	15,830	67.8 %	+ 1,354	+ 8.6 %
Montévrain	1,077	4.3 %	906	3.9 %	+ 171	+ 18.9 %
Montrichard	1,347	5.3 %	1,288	5.5 %	+ 59	+ 4.6 %
Sainte-Foy-lès-Lyon	5,706	22.5 %	5,308	22.7 %	+ 398	+ 7.5 %
Harzé (UNDA)	0	0.0 %	0	0.0 %	0	0.0 %

The only site significantly using fuel oil is the Harzé site.

Annual fuel oil consumption (m ³)	2015	2014	Change	
Harzé (UNDA)	70	64	+ 6	+ 9.4 %

At the Messimy site, the increases in energy consumption in 2015 were mainly related to the operation of a production facility for the production of liquid and paste forms for a full year period in 2015. The facility was built in 2014.

The decrease in electricity consumption at Montévrain was partially due to the replacement of warehouse lighting with low power lighting. Regarding natural gas, the increase is in line with the business activity.

At the Sainte-Foy-lès-Lyon, Montrichard and Harzé sites, increases in natural gas and fuel oil consumption were related to the half-season periods, which were relatively long in 2015.

• Consumption of raw materials

The main raw materials used are of low risk to the environment and operators. In terms of natural resources, these materials are not considered rare.

Annual consumption (in tons)	2015	2014	Change	
Sugar	2,850	2,609	+ 241	+ 9.2 %
Ethanol	339	351	- 12	- 3.4 %
Lactose	289	294	- 5	- 1.7 %

To date, the production processes generate little scrap loss of these materials.

• Land use

Within the framework of construction projects related to buildings and or site improvements, impermeable surfaces are taken into account. To compensate and to permit rain water to be drained and return to the natural environment, BOIRON may need to dig retention basins, gutters or create stabilized parking areas.

On sites with several buildings, construction density is relatively low in order to reduce the domino effect in case of fire. For example, currently, at the Messimy site, construction density is about 25 %. This also helps to preserve green spaces.

3.3.3.3.2 Managing discharges

• Air emissions

Alcohol vapors may form during the production of mother tinctures. In 2014, the solvent management plan showed that these emissions represent 2.55 % of the alcohol consumed, with the regulatory threshold being 5 %.

BOIRON attempted to reduce those emissions at their source, without success, and has therefore set up a gas scrubber which is associated with two bio-percolators. That choice is in line with the Best Available Techniques (BAT) and has been approved by the DREAL (French Regional Environment, Planning and Housing Authorities).

In 2015, the burners for the two existing boilers were modified at the Messimy site. That improved the quality of the emissions at those facilities.

• Water emissions

The four French production sites are regulated by a water emissions agreement specific to each site. That agreement is a commitment between the producer, the municipality and the treatment plant to remediate industrial pollution and ensure the downstream management of discharges which are routed to the nearest treatment plant.

The Messimy and Montrichard sites are subject to oversight and have a measurement process which provides for the collection, preservation, analysis and usage. Internal analyses are conducted on a weekly basis. In addition, those samples are sent to an accredited measurement laboratory on a monthly basis for the Messimy site and annually for the Sainte-Foy-lès-Lyon and Montrichard sites. Finally, all of these measurements are transmitted to the relevant public authorities. Regarding the Harzé site, these checks are periodically performed by an independent laboratory.

Moreover, the Montrichard and Messimy sites are submitted to the research related to dangerous substances in water, which is referred to as the RSDE in French. The initial monitoring was performed in 2012, at which time, very few of the hundreds of substances monitored were detected. If such were the case, they were only present in trace amounts. Given the results at Montrichard, no substances are to be further monitored within the framework of any on-going follow-up surveillance. Regarding the Messimy site, a procedure was performed to identify the origin of substances found in waste water. That led to several analysis projects that failed to identify the origin of all micro-pollutants. Quarterly analyses of these substances will be continued.

Whatever the site, abnormal pollution leads to the search of their origin, as well as to adapted corrective solutions.

At all production sites, degreasing tanks as well as hydrocarbon separators are installed and regularly serviced in order to improve the quality of effluents and rain water.

In order to protect the rain water drainage networks, shutters mats are placed on gutter grates when emptying liquid products. In recent years, within the framework of the construction of new production facilities at the Messimy site, underground holding tanks were provided to prevent water pollution if necessary. In addition, in order to manage an accidental spillage, the drainage networks at production sites are equipped with shutters.

The Sainte-Foy-lès-Lyon and Messimy sites are equipped with neutralization stations to pretreat wastewater prior to discharge into the municipal system or the municipal treatment plant. The existing pre-treatment plant will be replaced within the framework of the Messimy site expansion project.

• Soils emissions

In general, the storage of hazardous products is done under containment through retention systems (storage rooms, cabinets, hazardous waste bins).

The buildings, whose products could pose a risk of pollution from water originating from fire extinguishers, are contained.

The new unloading areas are systematically equipped with an underground tank to recover the product in the case of leakage or escape.

3.3.3.3 Waste management

There are various waste treatment processes: material recovery (recycling, composting, reuse), energy recovery (incineration) and landfill. The search for more appropriate treatment processes for waste is a compromise between legislative, financial, human and technical parameters.

In 2015, BOIRON launched a nationwide tender for the management of its waste. Beyond the economic and administrative aspects, this approach was motivated by the desire to harmonize waste management on all the French sites and facilities, to challenge current practices, and, where appropriate, to identify new avenues for reduction or recycling. But BOIRON is committed to certain channels which will not be called into question in the framework of this tender:

- The recovery of sweetened water for sowing compost.
- The donation of a portion of the solid sugar residues to beekeepers.
- The donation of used ink cartridges to the cancer protection league.

The distribution of waste by industry in tons (T) : production sites in France

Waste quantities (T)	2015	Split	2014	Split	Change	
PRODUCTION SITE TOTAL	2,761	100.0 %	2,681	100.0 %	- 80	+ 3.0 %
Landfill	318	11.5 %	288	10.7 %	+ 30	+ 10.4 %
Incineration	1,068	38.7 %	737	27.5 %	+ 331	+ 44.9 %
- Without energy recovery	802	29.0 %	737	27.5 %	+ 331	+ 44.9 %
- With energy recovery	266	9.6 %				
Recycling	1,375	49.8 %	1,656	61.8 %	- 281	- 17.0 %

Only 13 % of the waste is hazardous.

The increase in incinerated waste can be partially explained by the following:

- Within the context of work performed at the Messimy site, various heating water purges were performed. The heating water purged was treated as hazardous industrial waste.
- Changes in regulations have led to the destruction of finished products (mother tinctures).
- Trial tests were performed on new equipment. The products were disposed of through incineration.

3.3.3.3.4 Nuisance management

• Noise pollution

Because of their ICPE status (Installations Classified for Environmental Protection), at a minimum, production sites must meet the decree dated August 20, 1985, amended by the decree dated January 23, 1997. That imposes value limits which cannot be exceeded with the possibility of periodic unannounced controls or the obligation to control periodically for sites subject to authorization. For some sites, specific thresholds, more restrictive than the thresholds prescribed by the decrees cited above, were imposed by prefectural approval decree.

This issue is integrated into various projects that could have an impact. A process for the improvement of existing facilities was also initiated. For example, in 2014, at the Messimy site, an acoustic treatment was performed on a chiller.

More recently, within the framework of a public inquiry related to the Messimy site expansion project, the surrounding residents expressed being disturbed by the noise. An acoustic study of the existing site which also included new building projects was performed. An action plan was defined: BOIRON is now working on its implementation.

• Light pollution

For safety and security reasons, the roads at certain production sites remain lighted at night. For the first time, during the public inquiry within the framework of the Messimy site expansion project, complaints were raised on that subject. A study will be conducted to identify potential solutions to reduce these nuisances while maintaining the safety and security objectives.

3.3.3.4 DISTRIBUTION ACTIVITIES AND PROSPECTING

3.3.3.4.1 The distribution facilities

The distribution facilities have very little environmental impact. Their activities include the usage of a telephone standard, the production of compounds and the preparation and delivery of orders.

Those activities are very manual and the primary risk is for Musculoskeletal Disorders (MSD). In order to reduce that problem, scanning and shipping stations were designed in collaboration with an ergonomist and versatility has been developed, even between functional departments.

3.3.3.4.2 Product delivery to customers

Products are distributed to customers (pharmacies) in various manners: directly from the logistics platform in Messimy, directly from the distribution facilities or, through wholesale distributors. To date, 96 % of orders that leave the distribution facilities are destined towards wholesale distributors thereby permitting an overview of the existing flow in process and the optimization of shipping.

Finally, BOIRON has announced plans to locate its future logistics center in a city called Les Olmes in France. Its proximity to the highway network will permit the optimization of transportation flows and thus, the minimization of the associated emissions.

3.3.3.4.3 Sales networks

The noteworthy point regarding the HSE activity of the business is the migration of the vehicle fleet towards hybrid gasoline over a 3 year period.

3.3.3.4.4 The impacts of the use of homeopathic products

By nature, the consumption of homeopathic products does have any adverse effects on the environment. In particular, BOIRON does not contribute to drug residues in water.

3.3.4 CLIMATE CHANGE

3.3.4.1 GREENHOUSE GAS (GHG) EMISSIONS

The production of homeopathic medicines directly creates few GHG emissions. The only direct CO₂ emissions are those from the combustion of natural gas for space heating as well as emissions from transport (transport of raw materials, drug distribution, sales fleet).

Already, several measures have been taken in recent years to reduce the emission of greenhouse gases. These actions have already been detailed in the preceding paragraphs.

In 2012, a carbon footprint audit related to 2011 activities was performed and an action plan over a 3 year period was defined with the objective of reducing the carbon footprint by around 5 %.

Between 2012 and 2015, the implementation of that action plan continued. The actions launched were the actions described within the framework of the energy savings.

In 2015, the carbon footprint analysis was updated.

It should be noted that this carbon footprint takes into account the emissions included in scopes 1 and 2:

- SCOPE 1: Direct GHG emissions
- SCOPE 2: Indirect GHG emissions from energy
- SCOPE 3: Other indirect GHG emissions

	2015	2014	Change	
Tons of CO ₂ equivalent	8,654	9,484	- 830	- 8.8 %

Despite an increase in business activity, CO₂ emissions over a three year period decreased. The actions which were put in place had a genuine favorable impact on emissions.

3.3.4.2 ADAPTATION TO THE CONSEQUENCES OF CLIMATE CHANGE

To date, BOIRON has not undertaken any specific process related to this issue besides the actions described within the framework of the conservation of biodiversity (the cultivation of certain plants).

3.3.5 HEALTH AND SAFETY

BOIRON is actively involved in risk prevention initiatives. Today, the improvement points are identified from a single risk assessment document. Convinced that prevention is the first lever in this field, BOIRON also addresses "near accidents" and works with the Health, Safety and Working Conditions Committee on these topics.

3.3.5.1 ATEX RISK

The use of substantial quantities of alcohol as well as sugars and lactose can create explosive atmospheres (ATEX). An assessment of these risks was conducted and resulted in the identification of zones at risk of explosion. Note that some pharmaceutical rules permit the reduction of these risks: ample ventilation of facilities, strict cleaning rules. In these risk zones, the equipment used must be adapted to the risk of explosion or authorized by the HSE pole. This risk assessment is regularly reviewed to reflect changes in the activities.

3.3.5.2 CHEMICAL RISKS

The BOIRON products are not derived from chemical synthesis. The production activities are therefore not at risk of dangerous reactions to chemicals.

Chemicals are nonetheless used in the production process which implicates risk assessments associated with their handling. Those risks prove themselves to be limited, among other things, due to the low proportion of Carcinogenic Mutagenic Reprotoxic (CMR) risk. This work is driven by a member of the HSE team which is specifically in charge of this topic. Metrology campaigns are regularly organized to refine that assessment and render it factual.

3.3.5.3 RISKS ASSOCIATED WITH HANDLING AND POSTURES

Given its business and age structure, BOIRON is very sensitive to this issue. For several years, a prevention program was conducted on this topic. This approach is driven by the HSE function in collaboration with the workplace healthcare service. A number of analyzes have resulted in adjustments to work stations. Significant initiatives have also been taken such as «Back week». This animation was held in 2013 and is the fruit of a working group led by a member of Executive Management and composed of members of the CHSWC's from various production sites, persons assigned to the HSE function and the team in charge of health at work.

This criterion is also taken into account in the design of machinery. Within the framework of certain projects for which a significant ergonomic component has been identified, workplaces are designed in collaboration with an ergonomist [e.g. workplaces for scanning and shipping items at production facilities]. Finally, five internal «gestures and posture» trainers are enlisted to deploy those modules to all sites and facilities.

3.3.5.4 DIFFICULT WORKING CONDITIONS

In 2015, under the applicable regulatory criteria and thresholds, 35 people are affected by difficult working conditions. Versatility permits the partial limitation of this exposure.

3.4 Societal information

3.4.1 TERRITORIAL IMPACT

Today, BOIRON produces in France at four production sites. In addition, 30 establishments assure the daily preparation and distribution of its medicines to pharmacies located throughout France (nearly 22,000 pharmacies).

BOIRON also has a ripple effect on the French economy, especially on related industries at the heart of its production process and because of the consumer demand provided by its employees. In addition, BOIRON's contribution to total employment in France, which includes both direct and indirect jobs, as well as its contributions to taxes and social security, should also be mentioned.

These ripple effects should be amplified within the framework of the Messimy site extension and the installation of a logistics platform in Olmes, France.

3.4.2 RELATIONSHIP WITH STAKEHOLDERS

BOIRON's approach is to ensure its key functions can be performed in-house. However, as any industrial company, it's also driven to enlist the support of industrial sub-contractors, in addition to the outsourcing of certain services.

In that context, and in order to minimize the risk of shortages and increase quality in terms of performance, safety and environment, the purchase of outsourced functions is driven by the purchasing department which, according to purchasing policy, is responsible for the selection of suppliers, in close collaboration with other departments concerned.

A new purchasing policy was defined and validated by Executive Management in June of 2015. In particular, it's based on "integrating, in a targeted manner, a local, environmental and social dimension into the purchasing process".

BOIRON favors local suppliers as much as possible within the context of the site expansion work and local producers for the company restaurants at Messimy and Sainte-Foy-lès-Lyon.

In addition, BOIRON regularly solicits the support of organizations promoting the assistance of handicapped persons through employment, referred to as an ESAT in France. Further consideration is currently being given to develop the use of these organizations.

Sponsorship expenditures are primarily provided by BOIRON parent company. In 2015, the total amount of patronage, sponsorship and charitable donations is €358 thousand compared to €197 thousand in 2014.

3.4.3 FAIR PRACTICES

In order to limit the risk of fraud and scams, the company issued recommendations to all its subsidiaries regarding internal controls to strengthen their prevention and surveillance.

The purchasing policy requires BOIRON "to maintain a productive relationship with our suppliers based on trust and consideration".

In addition, BOIRON adheres to the CDAF code of conduct (Association of Executives and Purchasers in France) which states that «the purchaser is committed to exercising his mission with loyalty vis-à-vis his employer, his colleagues and his suppliers and to respect the rules of ethical conduct.

Regarding relations between BOIRON and healthcare professionals, in compliance with the law, the company refers to the charter of ethics for pharmaceutical sales visits. That charter states:

- The medical delegate shall not use incentives to obtain visitation rights or offer any compensation or damages for that purpose;

- He shall not offer gifts to healthcare professionals of either of cash or gifts in-kind;
- He shall not respond to any request of that nature from healthcare professionals.

The medical visitation activity is certified by the French National Health Authority. In addition, under the supervision of headquarters staff, all subsidiaries are committed to respecting the laws in force regarding medical visits and relationships with healthcare professionals.

Lastly, in France, in accordance with the transparency requirement of article L. 1453-1 of the French Code of Public Health, BOIRON is required to transmit any information related to benefits greater than or equal to €10, including value added tax, provided to any stakeholders within the healthcare community or any agreement made with them, to the Ministry of Public Health, the unique authority responsible for "Healthcare transparency". That information is thereby accessible via the database "Transparence", a website dedicated to providing transparency for French public services.

3.4.4 CONSUMER HEALTH AND SAFETY

The BOIRON medicines are subject to the Good Manufacturing Practices (BMP) of pharmaceuticals and local regulations related to obtaining marketing authorizations or the registrations of homeopathic medicines, which leads to a high level of internal and external controls.

In addition, the pharmacovigilance processes in place within the company would lead to the monitoring and declaration any adverse side effects arising from the use of a medicine, if such were the case, to healthcare authorities.

BOIRON provides a service dedicated to pharmaceutical and medical information requests from healthcare professionals and patients (23,545 telephone calls and e-mails in 2015 as compared to 22,420 in 2014).

A partnership also exists with certain NGO's to facilitate the access of the most disadvantaged individuals in France and developing countries to homeopathic medicines.

3.5 Independent third-party report on consolidated social, environmental and corporate information

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FINEXFI

96, boulevard Marius Vivier Merle
69003 Lyon - FRANCE

Year ended December, 31 2015

To the Shareholders,

Following the request made to us by Boiron SA and in our capacity as an independent third-party organization accredited by COFRAC under no. 3-1081 (scope available at www.cofrac.fr), we submit to you our report on the consolidated corporate social responsibility information presented in the management report written with regard to the period ending December 31, 2015 pursuant to Article L.225-102-1 of the French Commercial Code.

Company responsibility

It is the duty of the Board of Directors to prepare a management report including the consolidated corporate social responsibility information referred to in Article R. 225-105-1 of the French Commercial Code (hereinafter the "Information") and prepared in accordance with the guidelines (the "Guidelines") used by the Company and available on request at the Group's registered office.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession, and the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have implemented a quality control system including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Third party assurance report

It is our role, based on our work:

- To attest whether the required CSR Information is present in the Management Report or, in the case of its omission, that an appropriate explanation has been provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code and Decree No. 2012-557 of April 24, 2012 (Attestation of presence of CSR information);
- To express a limited assurance on whether the CSR information is presented, in all material aspects, in accordance with the Reporting Criteria.

Attestation of presence of CSR information

We conducted the following procedures in accordance with professional standards applicable in France:

- We compared the Information presented in the Management Report with the list as provided for in Article R. 225 -105-1 of the French Commercial Code;
- We verified that the Information covers the consolidated perimeter, namely the Company and its subsidiaries as aligned with the meaning of Article L. 233-1 and the entities which it controls as aligned with the meaning of Article L. 233 -3 of the French Commercial Code;
- In the absence of certain consolidated information, we have verified that explanations were provided in accordance with the provisions of Decree No. 2012-557 of April 24, 2012.

Based on this work, and given limitations mentioned above, we confirm the presence in the Management Report of the required CSR information.

Opinion stating reasons on the accuracy and fairness of the CSR information

Nature and scope of our work

Our work was carried out by a team of two people between February 12, 2016 and March 14, 2016, for a period of about seven person-days.

We conducted the work in accordance with the standards of professional practice applicable in France, with ISAE 3000 and with the decree of May 13, 2013 stating how the third-party independent organization is to carry out the assignment.

We conducted ten interviews with the persons responsible for preparing the CSR information in the departments in charge of the process of gathering the information and, when necessary, those responsible for the internal control and risk management procedures, so as to:

- Assess the appropriateness of the Guidelines in terms of their relevance, completeness, neutrality, comprehensibility and reliability, taking into consideration best practices, if any, in the sector;
- Verify the implementation within the Group of a process for collecting, compiling, processing and checking the CSR Information with regard to its completeness and consistency. We reviewed the internal control and risk management procedures relating to the preparation of the CSR Information.

We identified consolidated information to test and determined the nature and extent of tests, taking into account the importance of the information in question in relation to the social, societal and environmental consequences of the activity and the characteristics of the Group, its CSR objectives and best practices in its sector.

For the CSR Information we judged to be most important at the level of the consolidating entity:

- We consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.);
- We carried out analytical procedures on the quantitative information and, based on sampling, verified the calculations and the consolidation of the data;
- We carried out detailed tests based on sampling that consisted of verifying the calculations made and comparing them with the data in the supporting documents, and we verified their consistency with the other information contained in the management report.

For the other consolidated CSR information, we judged its consistency in light of our knowledge of the Company.

Finally, we judged the validity of any explanations given as to the total or partial absence of certain information.

It is our belief that the sampling methods and sample sizes we used in exercising our professional judgment allow us to draw a conclusion of moderate assurance. A higher level of assurance would have required a more extensive review.

Our work covered on average 50 % of the consolidated value of the numerical indicators in the employment portion and 50 % of the consolidated value of the numerical indicators in the environmental portion.

Due to the use of sampling techniques as well as to the limitations inherent in the operation of any information and internal control system, the risk of not detecting a material irregularity in the CSR information cannot be totally ruled out.

Conclusion

Based on our work; we have not identified any significant misstatement that causes us to believe that CSR information, taken together, have not been fairly presented, in accordance with the Reporting criteria.

Lyon, April 7, 2016

FINEXFI

French original signed by

Isabelle Lhoste
Associée

4. Annual statements

4.1 Consolidated financial statements

4.1.1 FINANCIAL STATEMENTS

4.1.1.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2015	2014
Sales	22	607,803	609,748
Other sales revenue	22	159	236
Industrial production costs		(118,984)	(117,563)
Preparation and distribution costs		(139,523)	(138,215)
Marketing costs		(136,538)	(129,838)
Research costs	25	(4,205)	(5,403)
Regulatory affairs costs		(7,399)	(6,275)
Support function costs		(75,519)	(75,164)
Other operating revenue	26	4,796	8,085
Other operating expenses	26	(4,042)	(1,434)
OPERATING INCOME		126,548	144,177
Cash revenue and financing expenses		196	208
Cash revenue		1,395	1,430
Financing expenses		(1,199)	(1,222)
Other financial revenue and expenses	27	(3,293)	(3,062)
Other financial revenue		447	903
Other financial expenses		(3,740)	(3,965)
Share in net earnings (losses) of companies at equity		0	0
Income before tax		123,451	141,323
Income tax	28	(49,537)	(52,265)
Consolidated net income		73,914	89,058
Net income (minority share)		(18)	9
NET INCOME (GROUP SHARE)	29	73,932	89,049
Earnings per share ⁽¹⁾	29	4.01 €	4.62 €

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

4.1.1.2 STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2015	2014
Consolidated net income		73,914	89,058
Other items of comprehensive income that will be reclassified subsequently to profit or loss		1,888	(10,675)
Currency translation adjustments		1,907	(10,450)
Other movements		(19)	(225)
Changes in the fair value of financial instruments	21	0	0
Other items of comprehensive income that will not be reclassified subsequently to profit or loss		6,066	(12,717)
Actuarial differences related with post-employment benefits	17	6,066	(12,717)
Other items of comprehensive income⁽¹⁾		7,954	(23,392)
Consolidated comprehensive income		81,868	65,666
Comprehensive income (minority share)		(18)	11
COMPREHENSIVE INCOME (GROUP SHARE)		81,886	65,655

(1) Including - €3,185 thousand of tax effect as of December 31, 2015 (versus €6,675 thousand as of December 31, 2014) on other items of comprehensive income, only concerning actuarial differences related with post-employment benefits.

4.1.1.3 CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	Notes	12/31/2015	12/31/2014
Non-current assets		314,067	319,683
Goodwill	6	87,858	87,732
Intangible fixed assets	7	35,463	36,324
Tangible fixed assets	8	143,451	146,054
Investments	9	2,792	3,204
Other non-current assets	12	37	80
Deferred tax assets	28	44,466	46,289
Current assets		381,380	349,867
Inventories and work in progress	10	59,721	52,733
Accounts receivable	11	100,286	111,004
Income tax receivable	12	3,281	3,441
Other current assets	12	22,683	21,655
Cash and cash equivalents	14	195,409	161,034
TOTAL ASSETS		695,447	669,550

LIABILITIES (in thousands of euros)	Notes	12/31/2015	12/31/2014
Shareholders equity (group share)		415,947	379,727
Share capital	15	19,442	19,442
Additional paid-in-capital		79,876	79,876
Retained earnings		316,629	280,409
Minority interests		97	153
Total Shareholders equity		416,044	379,880
Non-current liabilities		124,779	132,711
Non-current borrowings and financial debts	16	4,677	4,199
Social benefits	17	118,015	125,619
Non-current provisions	18	364	476
Other non-current liabilities	20	1,696	1,780
Deferred taxes liabilities	28	27	637
Current liabilities		154,624	156,959
Current borrowings and financial debts	16	4,109	5,657
Current provisions	18	8,811	8,337
Accounts payable	19	38,563	38,282
Income tax	20	4,783	5,062
Other current liabilities	20	98,358	99,621
TOTAL LIABILITIES		695,447	669,550

4.1.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	2015	2014
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	103,164	96,156
Net income - group share	73,932	89,049
Amortization and provisions (excluding current assets)	29,431	18,374
Other items (including income on asset disposals)	502	(962)
Cash-flows from consolidated companies after cash revenue, financing expenses and tax	103,865	106,461
Cash revenue and financing expenses	(196)	(208)
Tax charge (including deferred taxes)	49,537	52,265
Consolidated cash-flow before cash revenue, financing expenses and tax	153,206	158,518
Tax paid / tax repayment	(51,250)	(59,941)
Changes in working capital requirements, including:	1,208	(2,421)
Changes in inventories and work-in-progress	(7,585)	(1,919)
Changes in current operating receivables	8,159	(5,378)
Changes in current operating debts	634	4,876
NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES	(26,448)	(22,075)
Acquisitions of tangible fixed assets	(16,903)	(16,004)
Acquisitions of intangible assets	(9,148)	(7,042)
Disposals of tangible fixed assets	131	1,298
Disposals of intangible assets	0	43
Investment grants received	0	0
Acquisitions of investments	(599)	(457)
Disposals of investments	71	87
Acquisitions of current financial assets	0	0
Disposals of current financial assets	0	0
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(44,629)	(77,132)
Dividends paid to parent company shareholders	(27,656)	(23,328)
Reduction in capital, additional paid-in capital and reserves	(243)	(217)
Buyback of treasury shares (excluding the liquidity contract)	(17,172)	(54,665)
Disposals of treasury shares	0	0
Loans issues	1,377	1,761
Repayment of loans	(1,131)	(891)
Paid interests	(1,199)	(1,222)
Cash revenue	1,395	1,430
CHANGE IN CASH POSITION	32,087	(3,051)
Impact of exchange rate fluctuations	3,605	(551)
Net cash position 1 st January	156,173	159,775
Net cash position 31 st December	191,865	156,173
Consolidated cash-flow before cash revenue, financing expenses and tax:		
- per share	€8.31	€8.23
- as a % of sales	25.2 %	26.0 %

4.1.1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Before allocation of net income (in thousands of euros)	Number of shares ⁽¹⁾	Capital	Share premium
12/31/2013	19,416,697	19,442	79,876
Purchases and sales of treasury shares	(765,493)		
Treasury shares cancellation			
Dividends paid			
Transactions with shareholders	(765,493)	0	0
Net income			
Other comprehensive income			
Comprehensive Income			
12/31/2014	18,651,204	19,442	79,876
Purchases and sales of treasury shares	(231,058)		
Treasury shares cancellation			
Dividends paid			
Transactions with shareholders	(231,058)	0	0
Net income			
Other comprehensive income			
Comprehensive income			
12/31/2015	18,420,146	19,442	79,876

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

(2) Including €281,379 thousand of retained earnings and €2,201 thousand of legal reserve in social accounts of BOIRON parent company at December 31, 2015.

Consolidated reserves ⁽²⁾	Treasury shares	Currency translation adjustment	Shareholders' equity group share	Minority interests	Shareholders' equity total
300,261	(1,215)	(6,660)	391,704	152	391,856
181	(54,485)		(54,304)		(54,304)
			0		0
(23,328)			(23,328)	(10)	(23,338)
(23,147)	(54,485)	0	(77,632)	(10)	(77,642)
89,049			89,049	9	89,058
(12,944)		(10,450)	(23,394)	2	(23,392)
76,105	0	(10,450)	65,655	11	65,666
353,219	(55,700)	(17,110)	379,727	153	379,880
(173)	(17,837)		(18,010)		(18,010)
			0		0
(27,656)			(27,656)	(38)	(27,694)
(27,829)	(17,837)	0	(45,666)	(38)	(45,704)
73,932			73,932	(18)	73,914
6,047		1,907	7,954	0	7,954
79,979	0	1,907	81,886	(18)	81,868
405,369	(73,537)	(15,203)	415,947	97	416,044

4.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of the consolidated financial statements for the year ended December 31, 2015. The consolidated financial statements were approved by the Board of Directors on March 16, 2016.

These financial statements will be submitted for the approval of the Shareholders' General Meeting of May 19, 2016.

PRESENTATION OF THE COMPANY

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

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

At December 31, 2015, BOIRON parent company and its subsidiaries have 3,711 employees (actual workforce) in France and abroad, compared to 3,681 on December 31, 2014. The BOIRON stock is listed on Euronext Paris.

NOTE 1: MAIN EVENTS OF THE YEAR

Consolidated sales amount to €607,803 thousand, down €1,945 thousand. Within the context of the economic instability that Russia experienced in 2015, group sales in the country experienced a decrease of €27,677 thousand compared to 2014, of which €8,096 thousand was due to the impact of unfavorable currency exchange rates. That decrease mainly impacted the second half and was offset by an increase in sales of €18,597 thousand in mainland France and €11,401 thousand in the United States (of which, €8,745 thousand was due to a favorable exchange rate impact).

During the first quarter, BOIRON proceeded with the repurchase of 222,958 shares for a total amount of €17,172 thousand, within the framework of the share repurchase program approved by the Shareholders' meeting on May 22, 2014. In 2014, 776,084 shares were been purchased for the amount of €54,655 thousand.

BOIRON announced plans to relocate its future logistics center in the town of Les Olmes, near Tarare, west of Lyon, France. Meanwhile, work on the Messimy site expansion project began.

On January 19, 2015, the Superior Court of Montreal rejected the request for a class action lawsuit initiated against our Canadian subsidiary on April 13, 2012. That verdict is subject to appeal at the Court of Appeals of Quebec which should render its decision during 2016 (see note 31.2.2).

On February 24, 2015, the Los Angeles, California (USA) Court of Appeals provided their final approval of a legal settlement signed on March 6, 2012 intended to put an end to the class action lawsuits in process against our US subsidiary. That subsidiary is facing a new class action suit in the state of California related to the medication Oscillocoquinum® for which the sales are allegedly not covered by the settlement agreement (see note 31.2.1).

The UNDA products distributor in Italy, Ce.M.O.N., took the initiative of prematurely terminating its distribution contracts and production license that tied it to our Belgian subsidiary 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 (see note 31.2.3).

A new BOIRON subsidiary was created on December 22, 2015 in India. The first step will be to obtain marketing authorizations for our medicines.

The other items in comprehensive income statement amount to €7,954 thousand (versus - €23,392 thousand in 2014) integrate:

- a decrease in the actuarial loss on employee commitments of €6,066 thousand net of the tax impact (versus - €12,717 thousand in 2014),
- favorable exchange rate differences of €1,907 thousand (versus - €10,450 thousand in 2014).

NOTE 2: VALUATION METHODS AND CONSOLIDATION PRINCIPLES

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

BOIRON group financial statements as of December 31, 2015 were prepared in line with the standards, amendments and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union. This framework, available on the European Commission website (http://ec.europa.eu/finance/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 standards and interpretations applicable as of January 1, 2015, particularly the standards and amendments relating to the 2011-2013 cycle of annual improvements, the IFRIC 21 interpretation entitled «taxes» and the clarifications provided by the IFRIC on the classification of a partnership based on other facts and circumstances, did not have an impact on the BOIRON group financial statements.

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, 2015. This mainly concerns certain improvements to standards for the 2010-2012 and 2012-2014 cycles. Judging from the analysis, which is currently in process, the group does not expect there to be any material impact on its financial statements.

In addition, BOIRON group does not expect that the standards, amendments and interpretations published by the IASB, for which application is mandatory in 2015, however which have not yet been approved at the European level [and for which early application is thus not possible] will have a material impact on the financial statements in the upcoming periods.

Furthermore, the group has not analyzed the impact of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", adopted by the IASB for which the

first application is scheduled for the periods beginning on or after January 1, 2018. Those standards have not yet been adopted by the European Union.

2.1 Use of estimates and assumptions

The group regularly makes estimates and establishes assumptions which affect the carrying amount of some assets and liabilities, revenue and expenses and the information disclosed in the notes to the financial statements. The main areas in which estimates and assumptions are used are:

- impairment tests on assets (note 6),
- employee benefits (note 17),
- provisions (note 18).

Such estimates and assumptions are the subject of regular revision and analysis which take account of historical data and those forecast data regarded as the most likely to prove to be accurate. A divergent trend in the estimates and assumptions used could affect the amounts recognized in the financial statements.

The group did not report material changes in the level of uncertainties associated with these estimates and assumptions, excluding volatility of discount rate used for employee benefits and exchange rates (especially US dollar and Russian rouble), which remains very high for several years. However, changes in exchange rates do not lead to identify additional risk of depreciation on assets.

Employee benefits sensitivity of rate changes and group sensitivity of currency changes are described in notes 17 and 21.

Risks analysis (especially risks related to changes in market settings and country risks) is presented in note 21.

2.2 Consolidation methods

The companies under the exclusive control of the group are fully consolidated.

The analysis performed according to the criteria defined by IFRS 10 (rights on relevant activities, exposure to variable returns and the ability to use its powers to affect the returns) confirmed the existence of full control over the subsidiaries included in the BOIRON group consolidation scope with no changes compared to 2014. For information, the group holds more than 50 % of the voting rights, directly or indirectly, in the all of the subsidiaries for which it holds full control.

The analysis of the criteria defined by the new IFRS 10 and IFRS 11 standards did not result in the identification of joint ventures and joint activities for the periods reported.

The companies over which the group has neither material influence nor control are not consolidated.

The list of the companies included in the scope of consolidation is provided in note 3 to the financial statements.

2.3 Foreign currency translation methods

2.3.1 Translation of foreign currency transactions

Foreign currency transactions are translated into euro at the average exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the closing date are translated at the closing rate. Exchange rate adjustments are recognized as revenue or expenses, in operating income or in other financial expenses and revenue on the basis of the nature of the transaction concerned. The value of non-monetary assets and liabilities denominated in foreign currency is fixed at the exchange of the transaction date.

These measures apply to all foreign currency transactions, whether or not they are hedged. The accounting standards for hedging transactions are described in note 2.10.

2.3.2 Translation of the financial statements of foreign companies

Balance sheet items (other than shareholders' equity items) of consolidated companies for which the functional currency is not the euro, have been translated at the closing rate. Revenue and expenses and cash flows are translated at the average rate for the fiscal year. Shareholders' equity items other than net income of the year are translated at the historical rate.

The exchange rate adjustments resulting from this approach are included under the "currency translation adjustments" heading. The exchange rate adjustments of the year are recognized in other items of comprehensive income. Those will be recycled through the income statement in the case that the subsidiary is sold.

The goodwill resulting from the acquisition of a foreign company are regarded as assets and liabilities of this company. Therefore, they are denominated in the functional currency of the company and translated at the closing rate.

2.4 Non-current assets

2.4.1 Goodwill

The revised standard IFRS 3 related to business combinations was implemented on a prospective basis as of January 1, 2010, the existing goodwill on that date were reported in the consolidated balance sheet as according to the previously applicable standards. The group had taken the option of locking the goodwill outstanding when IFRS were first applied and netting its gross value and accumulated amortization.

The group didn't have any combination operations since January 1, 2010, that's why the revised IFRS 3 was not yet applied.

2.4.2 Intangible assets

The standard IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance. It

may be separable or stem from a contractual or legal right. When the intangible asset has a finite useful life, it may be amortized. It does not exist in the group any intangible asset with indefinite useful life.

The standard IAS 23 «Borrowing costs» has not led to the capitalization of interest, as the group debt is no material.

An impairment test is performed at the closing date each time any evidence of impairment is identified; this situation has, to date, only concerned some acquired brands for which the marketing of certain medications was discontinued and for which the write-off was estimated on the basis of future sales projections. In the case of ERP projects in progress, the evidence of impairment was the discontinuation of the project. No evidence of impairment has been identified on development projects in process as of the closing dates of the periods reported.

Intangible assets recognized by the group are therefore valued at acquisition cost. These are mostly IT software that is amortized on a straight-line basis over its estimated useful life:

- integrated management software of an ERP nature is amortized over an 8 years period given their operational importance and their estimated useful life,
- other software is amortized over a period ranging from 1 to 5 years.

Patents acquired by the group are amortized over the legal protection period, that is 20 years, except when a shorter economical useful life is identified.

Internally-generated brands are recognized as expenses. The fees paid to exploit them and OTC family medication specialties formulas are not-recognized as intangible assets, since they do not meet the criteria for capitalization. In practice, the brands recognized as intangible assets consist therefore exclusively of brands acquired during corporate acquisitions.

The expenses of research and development essentially consist of:

- On one hand, costs of pharmacological, clinical and fundamental research which do not answer the criteria for capitalization of the standard IAS 38. They are recognized as expenses of the fiscal year in which they are incurred. The group choose to present the research tax credit associated with these research expenses, which can be considered as a research grant, is presented in other operating revenue (see note 2.6).
- On the other hand, for software acquired or developed: the expenses for software are capitalized when associated with large IT projects.

For software, only the following internal and external development expenses are capitalised:

- expenses for organic analysis,
- programming expenses, sample kits and tests,
- expenses related to end-user documentation.

These expenses are capitalised in accordance with the six criteria provided by the standard IAS 38:

- the technical feasibility necessary to complete programs,
- the intention to complete and use them,
- the capability to use them,
- the capability of these programs to generate probable future economic benefits,
- the availability of technical resources to complete them,
- and eventually the capability to reliably determine the expenses attributable to these assets.

IT projects capitalised are amortized based on the start-up date of the various modules.

The expenses related to Market Authorizations, unless acquired, are not capitalized since they do not represent an asset.

2.4.3 Tangible fixed assets

2.4.3.1 Recognition

Under the standard IAS 16 “Property, Plant and Equipment”, the gross value of tangible fixed assets is their acquisition cost including incidentals. It is not revalued. Tangible fixed assets are recognized using the component method.

Maintenance and repair costs are recognized as expenses when incurred, except where they are incurred to increase productivity or to extend an asset useful life, in which case they are capitalized.

The standard IAS 23 «Borrowing costs» has not led to the capitalization of interest, as the group debt is no material.

Leases are classified as finance leases when they transfer substantially all the risks and rewards incident to ownership to the lessee. In this case, they are included in assets at the discounted present value of future payments or at market value if lower. The corresponding debt is recognized in financial debts. Lease payments should be apportioned between the finance charge and the repayment of the liability. The debt is secured by the assets that are the legal property of the lessee during the period of the lease.

Leases which do not comply with the definition of finance leases are operating leases. They are not capitalized.

The group does not own any investment property.

2.4.3.2 Depreciation

Tangible fixed assets (excluding lands) are depreciated on a straight-line basis over the period in which they are expected to be used, as estimated by the group.

The residual value is taken into account in the calculation of the depreciable amount, when it is deemed to be material.

The standard periods over which fixed assets are generally expected to be used are as follows:

- 3 to 5 years for office equipment, IT equipment,
- 8 to 12 years for industrial equipment and tooling, furniture, lands improvements, general facilities and sundry fixtures and fittings,
- 30 years for buildings.

Assets financed by capital leases are depreciated on the basis of the depreciation rules applicable to the corresponding asset category, or over the shorter of the asset useful life and the term of the lease, if the group believes that it will not become the owner upon expiry of the lease.

2.4.4 Investments and other non-current financial assets

This item mainly includes the “restricted cash” part of liquidity contract related to the repurchase of treasury shares (notes 2.8 and 9), as well as non-current loans and real estate collateral.

Those financial assets are recognized at acquisition cost. A provision is recorded when their value in use or the expected repayment are lower than their carrying amount, according to the procedures set out in note 2.9.3.

The non-current financial assets refer to assets with a life of more than one year.

2.5 Monitoring the value of fixed assets

- Under the standard IAS 36 “Impairment of Assets”, the recoverable amount of tangible and intangible fixed assets, with finite useful lives, is tested whenever there are indications of impairment, reviewed at each annual closing date or more frequently if this be justified by internal or external events.

Impairment losses on depreciable tangible and intangible fixed assets are booked in operating income and give rise to a prospective change to the amortization plan; they may be subsequently reversed if the recoverable amount once again rise above the carrying amount (up to the amount of the impairment loss initially recognized).

- Goodwill and other intangible assets, for which the expected useful lives are not defined or have not been amortized as they remain under development (mainly ERP development projects in progress), are tested when impairment index appears and at least once a year.

The tests are performed based on the assets, either at the individual asset level, or at the level of Cash Generating Units (CGU). A CGU is a set of assets of which the continuing use generates cash inflows, for the most part independently of the cash inflows generated by other asset groups. CGU correspond to countries and represent operating activities, uniting product groups which are homogeneous with respect to strategic, marketing and industrial plans. That segmentation is in-line with the business sector information. CGU scope was not modified in 2015.

In order to carry out impairment tests on the CGUs, the fixed assets (including goodwill) and items of working capital requirement are assigned to CGUs. Impairment tests are carried out by comparing the carrying amount of the assets of the CGU with their recoverable amount. The recoverable value is the higher of their value in use or fair market value minus disposal costs. In practice, impairment tests on goodwill are currently performed as compared to their value in use. In this way, the implementation of the standard IFRS 13 "Fair value measurement" had no impact since 2013. The value in use is calculated using the discounted future cash flows over a 5 year period and an ending value.

The main terms to implement this method are presented in note 6.2.

When the recoverable value is less than the carrying amount of the CGU, the difference is recognized as an impairment loss in the income statement. The impairment loss is preferably written-off against existing goodwill. Impairment losses related to goodwill, reported as other operating expenses, cannot be reversed, excluding for goodwill outflow (for instance: transfer of a subsidiary).

Tests are conducted to assess the sensitivity of the values determined to the change in certain actuarial and operational key assumptions.

2.6 Deferred taxes

In accordance with the standard IAS 12 "Income taxes", deferred taxes are recognized on the temporary differences between the carrying amount of assets and liabilities and their tax base, and also on tax losses, using the liability method. Similarly, deferred taxes are recognized in the entries reconciling the individual company financial statements with the consolidated financial statements.

Deferred tax assets related to tax losses that may be carried forward are only recognized where it is reasonably likely that they will be realized or collected, with regard to known forecasts. They are no material for the group.

To assess the group ability to recover these assets, the following items are in particular taken into account:

- temporary differences in liabilities, taken into account a 5 year windows,
- forecasts of future taxable income, generally assessed over 5 years, taking into account local constraints related to losses carried forward,
- records of taxable income for previous years and the origin of losses (material and non-recurring expenses...),
- and, where applicable, tax strategy such as the planned disposal of undervalued assets, the merging of subsidiaries or the waiver of receivables, when the decision depends on the group.

The amount of deferred tax assets not recognized by the application of these principles is reported in note 28.

The net position set out in the balance sheet is the result of offsetting deferred tax receivables and debts of the same tax company pursuant to the terms and conditions of the standard IAS 12. Deferred taxes in the balance sheet are not discounted.

A deferred tax liability is recorded in the case that a planned distribution of reserves generates a tax impact, whenever that impact is material.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied during the fiscal year in which the asset will be realized or the liability settled, on the basis of the tax rates (and tax regimes) that have been adopted or almost adopted at the closing date.

Deferred tax assets and liabilities may be recognized by compensation in the income statement or in other comprehensive income depending on the manner in which the items to which they relate have been recognized.

The group recognizes the tax on company value added (Cotisation sur la Valeur Ajoutée des Entreprises or "C.V.A.E" in French) as operating expenses and not as a corporate income tax.

The group opted to book the research tax credits (French "CIR") and the "Tax credit competitiveness employment" (French "CICE") in other operating income.

2.7 Current assets

2.7.1 Assets held for sale and discontinued operations

As per the standard IFRS 5, fixed assets that are immediately available for sale, for which a sale plan and the necessary customer-canvassing work have been carried out and the disposal of which is highly likely within a year, are classed as being held for sale. These assets are valued at the lower of their carrying amount and their fair value net of sale fees.

Assets are no longer depreciated once they have been classified within this category.

There are no such assets in the periods reported.

2.7.2 Inventories

Under the standard IAS 2 "Inventories", inventories are valued at the lower of their cost and net realizable value. Now, all inventories are valued according to the weighted average price method, which is in practice close to the method of the FIFO (first in first out), applied previously to raw materials and finished goods.

The cost of inventories includes the following items:

- the gross value of raw materials and supplies includes the acquisition price and incidental acquisition costs,
- manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production,
- inter-company profits included in inventories are eliminated.

Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and necessary to make the sale. A provision for impairment loss is recognized when the realizable value of an item of inventory falls below its cost. In the case where the realizable value cannot be determined from directly observable data, it's estimated based on evidence of impairment, such as the rates of inventory turnover on products or their obsolescence.

2.7.3 Current financial assets

These assets include accounts receivable, other current assets and cash and cash equivalents.

Given the company operating cycle, the term "current assets" refers to assets with a life of less than one year.

2.7.3.1 Trade receivables (accounts receivable and other current assets)

Trade receivables are initially recognized at their fair value which most often corresponds to their nominal value. This fair value could be discounted where the trade receivables are over one year old.

An impairment loss is recognized when cash flows estimated at closing date is lower than the booked value. Risk analysis is carried out on a case-by-case basis taking into account criteria such as the customer's financial position, the age of the receivable, the existence of litigation, of a hedge or of a guarantee.

2.7.3.2 Cash and cash equivalents

This item comprises current account balances, the negotiable debt instruments and cash fund units (French "OPCVM") in euros, which are marketable or may be disposed of quickly, without material penalties to pay and are not at material risk of impairment loss should interest rates fluctuate. The latter are valued at their fair value, namely the net asset value at the closing date. Fair value changes are recognized as income.

Investments not meeting this definition are recognized in other current or non-current financial assets, as appropriate. There is no investment in this situation as of the closing dates reported.

2.8 Consolidated shareholders' equity and treasury shares

The group treasury shares, in line with the share buyback program and the liquidity agreement, are recognized at their acquisition cost and deducted from shareholders' equity. Income from the sale of treasury shares is allocated to shareholders' equity for the amount after income tax.

2.9 Non-current and current liabilities

2.9.1 Employee benefits

The group staff receive employee benefits in line with applicable legislation in the countries where its companies operate or under local agreements signed with the social partners.

The group staff has:

- short-term benefits: paid leave, end-of-year bonuses, profit-sharing or entitlement to recover working time under agreements on the reduction of working hours, etc...,
- post-employment benefits: internal agreement on preparation for retirement, retirement indemnities under the social security and supplementary pension plans,
- other long-term benefits: long-service bonuses, bonuses granted and prepension.

The group offers these benefits either through defined contribution plans, or defined benefit plans.

2.9.1.1 Short-term benefits

Short-term benefits are booked for in the debts of the various group companies that grant them and are included in other current liabilities.

2.9.1.2 Post-employment benefits

2.9.1.2.1 Defined contributions plans

Defined contributions plans are characterized by payments to organizations that free the employer from any subsequent obligation with the organization being responsible for paying the amounts due to staff. Given their nature, defined contributions plans do not give rise to the recognition of provisions in the group financial statements, as the contributions are recognized as expenses when they are due.

2.9.1.2.2 Defined benefit plans

Under the standard IAS 19 revised "Employee benefits", within the context of defined benefit plans, post-employment benefits are measured on a yearly basis by independent actuaries, in line with the projected unit credit method, according to the scale provided in the collective labour convention or the company agreement. The estimate of retirement indemnities is performed based upon voluntary departures, after taking the social charges into account.

Under this method, each period of service gives rise to an additional unit in terms of benefit entitlement and each unit is assessed separately so as to calculate the final obligation. This final obligation is then discounted.

The main items taken into account in these calculations are:

- the estimated date of payment of the benefit,
- a financial discount rate that is specific to the country where the benefits are located,
- assumptions on salary increases, staff turnover and mortality rates.

The main actuarial assumptions retained at the closing date are described in note 17.

Tests are conducted to assess the sensitivity of the commitment to a change in the discount rate.

The cost of services rendered is recorded against operating income while the financial cost, net of the return on the related outsourced investments, is recorded as other financial revenue and expenses.

The expected rate of return on the outsourced fund assets corresponds to the discount rate used to estimate the global employee benefit liability for the previous period.

When benefits are pre-financed via outsourced funds, assets held through funds are measured at their fair value.

The positive or negative actuarial differences include the effects on the benefit of the change of the assumptions of calculation, the adjustments of the obligation to the experience as well as the differences on outsourced fund

return in case of prefinancing. Pursuant to the IAS 19 standard revised, those differences are recognized as a non-recyclable component of other comprehensive income, for their after tax value.

Past service cost and settlements of plans

The past service cost associated with plan changes or in reductions in benefits and gains or losses on settlements of plans, are recorded in operating income on the date of occurrence, since the adoption of the IAS 19 revised.

No change plan and no winding-up plan have been occurred in 2014 and 2015, other than the one relating to agreement on preparation for retirement which impact is described in note 17.2.3.

Post-employment benefits of French companies

Retirement indemnities

These indemnities affect BOIRON parent company, BOIRON Caribbean and BOIRON Indian Ocean.

Agreement on Preparation for Retirement

That agreement was renegotiated in March 2015.

The key terms are as follows:

- The retirement preparation scheme provides for free time and the gradual reduction of working time, facilitating the transition from work to retirement without loss of salary.
- The employees who benefit from that agreement includes those employees finishing their career with BOIRON parent company, who leave the workforce within the framework of a departure or retirement and have at least 10 years' seniority on the retirement date as administratively recorded.
- The employees who benefit have the option of participating in the retirement preparation program a maximum of 4 years prior to the age at which they will be entitled to collect their old age pension under the general pension scheme and at a minimum of 3 years before that date.
- The accrued retirement preparation time amounts to 1,638 hours or 468 half-days for a full-time employee with at least 25 years of seniority. For part-time employees with less than 25 years of seniority, the hours or half days are prorated.

- This reduction in working hours applies on the working hours in effect at the moment the retirement preparation program begins.
- Predetermined scales of reduction choices are available for employees to organize their reduction of working time, taking into account the various requirements.

In the event that the French Social Security Funding or the supplementary pension plans were to materially change the conditions for receiving a full-rate pension, the parties would meet to, if necessary, adapt the terms and conditions of these arrangements.

Post-employment benefits of BOIRON Italy

Liabilities related to the TFR in Italy (payment of a retirement indemnity to Italian staff) are, because of the fact that they are certain accrued expenses, recognized in other non-current liabilities. Advances paid to employees are recognized in less of other non-current liabilities. The annual charge related to the change in these rights is included on the personnel expenses lines in the consolidated income statement.

2.9.1.3 Other long term benefits

These benefits relate to long-service bonuses (rights to training leave) paid by the French companies, bonuses granted by BOIRON Spain as well as prepension and bonuses granted by Belgian subsidiaries.

At the closing date of each fiscal year, an independent actuary calculates the discounted value of the employer's future obligations related to these benefits.

Once the discounted value has been calculated, a non-current provision is recorded as a liability in the balance sheet.

The group does not outsource the financing of these benefits.

Actuarial differences and the impact of changes, reductions or liquidations affecting the other long-term benefit plans (long-services and other bonuses) are recognized as operating income, like the other components of the change.

2.9.2 Borrowings and financial debts

Non-current borrowings and financial debts include the portion at over one year of borrowings and other financings, in particular staff profit-sharing reserve.

Current borrowings and financial debts include:

- the portion at less than one year of loans and other financings,
- bank overdrafts.

Borrowings and financial debts are valued at amortized cost, in accordance with the effective interest rate method.

2.9.3 Provisions and contingent liabilities

Under the standard IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognized when the group has an effective, legal or implicit obligation towards a third party, it is probable that this will lead to an outflow of resources to this third party, without at least equivalent consideration being expected from the latter and where the amount can be reliably measured. The portion of the provision at less than one year is recognized as current, with the balance being recognized as non-current.

These provisions mainly cover:

- provisions for corporate and commercial lawsuits, in particular provisions for returned goods. The latter are firstly calculated on statistical bases using records of returns during previous fiscal years and, secondly, on the basis of knowledge of events giving rise to the assumption that there will be exceptional returns,
- provisions to cover ongoing lawsuits involving tax risks and other proceedings,
- provisions for reorganizations.

In the case of reorganizations, a liability is recognized as soon as the reorganization has been disclosed, a detailed plan exists or its implementation has been launched along with a completion calendar making any material changes to the restructuring plan unlikely.

Provisions are discounted when actualization impact is material.

Contingent assets and liabilities are mentioned in note 31.2.

2.9.4 Accounts payable and other liabilities

Other non-current liabilities include the portion of other liabilities payable in more than one year.

Other current liabilities include the portion of other liabilities payable in less than one year.

2.10 Financial instruments

Financial instruments consist of financial assets, financial liabilities and derivatives.

Financial instruments are presented in various headings of the balance sheet (non-current financial assets, accounts receivable, accounts payable, financial debts...).

In accordance with the standard IAS 39, financial instruments are allocated to 5 categories, which do not correspond to the sections identified in the IFRS balance sheet. The allocation determines the applicable accounting and valuation rules, described below:

- **Held-to-maturity investments:** at this time, the group does not hold any instruments that meet this definition.
- **Assets designated to be «at fair value through profit or loss»:** in the BOIRON group case, this heading involves cash investments (see note 2.7), for which changes in fair value are recognized as income.
- **Assets and liabilities recorded at depreciated cost:** this heading essentially includes deposits and security deposits, loans to staff, accounts receivable (see note 2.7), accounts payable and financial debts. These financial assets and liabilities are initially recognized on the balance sheet at their fair value, which is in practice close to the contractual face value. They are valued at the closing date at original cost, or at depreciated cost (see note 2.9.2) and if necessary adjusted by impairments in the event of impairment loss.
- **Assets available for sale:** this heading includes financial assets not allocated to one of the preceding categories, in practice, shares of non-consolidated and non-listed

companies, the fair value of which cannot be determined in a reliable manner (see note 2.4.4). These securities are recognized at acquisition cost. A provision is recorded when their value in use, estimated at the closing date based on financial criteria adapted to each company, is less than their carrying value. Impairment provisions are recognized as income. They cannot be recovered until the shares are sold.

- **Derivative instruments:** the group uses risk-hedging financial instruments to limit its risks exposure. These are essentially foreign exchange hedges such as foreign currency options and currency futures contracts, set up for a maximum time of 12 months.

Currency derivatives are essentially futures and options transactions, which are within level 2 of the hierarchy defined by the standard 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).

Currency derivatives are valued at fair market value at each closing date and reported in the balance sheet as other current 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 counter entry for the fair value depends on the derivative and the hedging relationship: as the derivatives are primarily related to fair value hedges, changes in the fair value of derivatives are reported as other operating income and expense or financial income and expenses (see notes 2.11.2 and 2.11.3), depending on whether or not they qualify as hedges.

In line with the standard IFRS 13, financial instruments are allocated to 3 categories, according to a hierarchy of methods to determine fair value:

- **Level 1:** fair value as measured by reference to market prices (unadjusted), linked to identical assets and liabilities, on active markets.
- **Level 2:** fair value as measured by reference to the observed level 1 quoted price for the asset or liability concerned, either directly (derived from the prices) or indirectly (based on data derived from the prices).

- **Level 3:** fair value as measured by reference to data related to the asset or liability that are not based on observable market data.

A summary table of the assets by category and by levels, at the closing date, is provided in note 21.

2.11 Consolidated income statement

The group follows the recommendation ANC N°2013-R-03 of November 7, 2013 on the income statement presentation and has opted not to present a level corresponding to current operating income: only operating income is itemized.

2.11.1 Operating revenue

In line with the standard IAS 18, operating revenue is recognized net of:

- discounts,
- credits,
- rebates,
- services compensation provided by customers.

Revenue is recognized in this way once:

- it is likely that future economic advantages will benefit to the company,
- it can be reliably estimated,
- it is likely, at the transaction date, that the amount of the sale will be collected.

Revenue related to the sale of goods is recognized provided that risks and benefits were actually transferred.

Revenue related to the sale of services is recognized as and when the services are provided. This revenue, recognized as other operating revenue, remains marginal.

The carrying amount of recognized revenue is its fair value.

Foreign exchange gains and losses on operating transactions are included in other operating revenue and expenses, for the effective portion, and when the impact is material, in other financial income and expenses, for the ineffective portion.

2.11.2 Operating Income

The performance indicator used by the group is Operating Income. It corresponds to income of the consolidated group prior to taking account of:

- the cost of net long-term debt,
- other financial revenue and expenses,
- the group share of the net income or loss of companies accounted for under the equity method,
- income from activities held for sale,
- income tax.

It includes income of group activities and other operating revenue and expenses.

The other operating revenue and expenses include:

- On one hand, unusual items which are non-recurring and material, most notably:
 - gains and losses on the disposal of tangible and intangible fixed assets and of shares in consolidated companies,
 - provisions, impairment of goodwill and tangible and intangible fixed assets, which, by nature, fulfil this definition (buildings closing...).
- On the other hand, exchange gains and losses on operating transactions, the income on derivative instruments on trade transactions as well as the research tax credit and the tax credit competitiveness employment.

2.11.3 Revenue on cash and financing expenses, other financial revenue and expenses

Revenue on cash and financial expenses include:

- interest expenses on the consolidated financial debt (cost of gross long-term debt including financial expenses, issue costs, foreign exchange gains and losses on financial debts and the impact of hedges operations) comprised of borrowings and other financial debts (in particular, overdrafts),
- less revenue on cash and cash equivalents.

Other financial revenue and expenses include:

- the impact of discounting assets and liabilities, which is mainly based on the financial cost of the employee benefits, net of the return on outsourced fund,
- other expenses paid to banks on financial transactions,
- the impact on the income of non-consolidated equity interests (dividends, impairment losses, gains and losses on disposal),
- exchange gains and losses on current accounts not eliminated in consolidation,
- the income recognized on derivative instruments of change related to financial transactions, non-qualified of hedges contracts.

2.11.4 Earnings per share

Under the standard IAS 33, basic earning per share is calculated by dividing the group share of net income by the weighted average number of ordinary shares in circulation during the period, after deduction of treasury shares.

There are no dilutive instruments.

2.12 Statement of cash flows

The statement of cash flows is drawn up pursuant to the standard IAS 7, using the indirect method, the starting point being consolidated net income. It separates out flows from operating activities from those from investment and financing activities.

Cash flows from operating activities generate revenue and do not satisfy the criteria for investment and financing flows. The group has elected to classify dividends received from non-consolidated companies in this category. Changes in provisions associated with working capital requirements are allocated to the corresponding flows.

Cash flows related to investment activities stem from acquisitions and disposals of long-term assets and other assets not classed as cash equivalents. The impact of changes in scope during the fiscal year is also clearly identified in these flows. Flows related to acquisitions and disposals are presented net of the changes in assets liabilities and in assets disposals receivables.

Financing activities are those that result in a change in the amount or nature of shareholders' equity or the company debts. Capital increases for the full-year period and paid dividends, movements in treasury shares excluding the liquidity contract, increases in or repayments of borrowings are included in this category. The group has also elected to include paid interests and collected cash revenue.

The group cash position, in which the change is analyzed in the statement of cash flows, is defined as being the net balance of the following balance sheet headings:

- cash and cash equivalents,
- bank account overdrafts and bank account credit balances.

2.13 Segment informations

In line with the standard IFRS 8, segment reporting is provided in note 5 of these financial statements.

The reporting segment level elected by the group is the geographical area. Indeed, management takes decisions on this strategic basis using reporting by geographic area as a primary analysis tool. The geographical segment also corresponds to the group functional organization.

The various geographic areas were defined grouping countries with similar economical features, considering their similarities in terms of risks, strategy, regulatory and profitability requirements.

The analysis led to consider the following areas, without any change compared to previous periods:

- France area: mainland France and French overseas departments (French DOM-TOM),
- North America area: only the United States and Canada,
- Europe area: all European countries excluding France,
- other countries area: all the countries not satisfying the criteria from none of the three areas above.

Income by segment is determined based on consolidated figures, on a comparable basis as for prior years.

The criterion for allocation to a geographic area is the location of the assets used to generate sales. This criterion is different from that used for the information concerning sales released on a quarterly basis which uses an allocation by geographic destination of sales (market).

There is only one material sector of activity which is the manufacture and marketing of homeopathic medicines. Revenues derived from ancillary activities are no material.

NOTE 3: SCOPE OF CONSOLIDATION

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

Country law	Name	Scope movements		% interest at 12/31/2015	% interest at 12/31/2014	% control at 12/31/2015	% control at 12/31/2014
		Type of movement	Date				
Belgium	UNDA			98.38 %	98.38 %	98.38 %	98.38 %
Italy	LABORATOIRES BOIRON			99.91 %	99.91 %	99.97 %	99.97 %
United-States	BOIRON USA ⁽³⁾			100.00 %	100.00 %	100.00 %	100.00 %
United-States	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 ⁽¹⁾			100.00 %	100.00 %	100.00 %	100.00 %
France	BOIRON CARAIBES			99.04 %	99.04 %	99.04 %	99.04 %
Czech Republic	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 %
Hungary	BOIRON HUNGARY			99.80 %	99.80 %	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 ⁽¹⁾			99.99 %	99.99 %	100.00 %	100.00 %
France	LES EDITIONS SIMILIA ⁽²⁾			97.52 %	97.52 %	97.54 %	97.54 %
Italy	LABORATOIRES DOLISOS ITALIA ⁽¹⁾			100.00 %	100.00 %	100.00 %	100.00 %
Switzerland	BOIRON			100.00 %	100.00 %	100.00 %	100.00 %
France	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 ⁽¹⁾			100.00 %	100.00 %	100.00 %	100.00 %
Belgium	BOIRON			100.00 %	100.00 %	100.00 %	100.00 %
India	BOIRON LABORATORIES ⁽¹⁾	Creation	12/22/2015	99.99 %	0.00 %	99.99 %	0.00 %

(1) Company without activity.

(2) Company whose the main activity is the edition.

(3) Holding company detaining 100.00 % of BOIRON Inc., company development.

The year end for all companies in activity is December 31.

Non-consolidated companies are recognized as investments (see note 9).

NOTE 4: CURRENCY TRANSLATION METHOD

The following table sets out the euro conversion rates compared to the currencies used for consolidation for the main companies in foreign currencies:

	Average rate 2015	Average rate 2014	Closing rate 2015	Closing rate 2014
US dollar	1.109	1.329	1.089	1.214
Canadian dollar	1.417	1.467	1.512	1.406
Polish zloty	4.182	4.184	4.264	4.273
Russian rouble	67.986	51.012	80.674	72.337
Czech koruna	27.284	27.536	27.023	27.735

NOTE 5: SEGMENT INFORMATION

The following table presents 2015 data:

DATA CONCERNING INCOME STATEMENT	France	Europe (excluding France)	North America	Other Countries	Elimi- nations ⁽¹⁾	2015
External SALES	382,318	161,137	61,747	2,602		607,804
Inter-sector SALES	98,058	2,744	3	1,624	(102,430)	(1)
TOTAL SALES	480,376	163,881	61,750	4,226	(102,430)	607,803
OPERATING INCOME	114,955	10,934	8,093	(1,044)	(6,390)	126,548
<i>included Allowances to amortization and impairments on intangible and tangible assets</i>	(24,800)	(2,174)	(609)	(35)	0	(27,618)
<i>included Net changes in depreciation of assets, provisions and social benefits</i>	678	(1,613)	1,180	(25)	0	220
Cash revenue and financing expenses	887	(495)	(19)	(177)	0	196
Income tax	(42,102)	(4,423)	(2,985)	(27)		(49,537)
NET INCOME (GROUP SHARE)	70,663	6,043	4,903	(1,287)	(6,390)	73,932
DATA CONCERNING BALANCE SHEET	France	Europe (excluding France)	North America	Other Countries	Elimi- nations ⁽¹⁾	12/31/2015
Total Assets	733,991	130,668	41,570	2,395	(213,177)	695,447
Net tangible fixed assets and intangible assets	158,972	14,453	5,405	76	8	178,914
Deferred taxes assets	37,672	3,096	3,698	0		44,466
Working Capital Requirements	14,814	44,522	7,360	1,153	(19,538)	48,311
DATA CONCERNING CASH FLOWS	France	Europe (excluding France)	North America	Other Countries	Elimi- nations ⁽¹⁾	2015
Acquisition of intangible and tangible assets	24,565	1,258	204	24	0	26,051

(1) Included eliminations of internal incomes.

The following table presents 2014 data:

DATA CONCERNING INCOME STATEMENT	France	Europe (excluding France)	North America	Other Countries	Elimi- nations⁽¹⁾	2014
External SALES	363,496	192,227	51,158	2,867		609,748
Inter-sector SALES	93,209	2,378		1,213	(96,800)	0
TOTAL SALES	456,705	194,605	51,158	4,080	(96,800)	609,748
OPERATING INCOME	107,316	32,515	7,048	(668)	(2,034)	144,177
<i>included Allowances to amortization and impairments on intangible and tangible assets</i>	(23,661)	(2,154)	(670)	(40)		(26,525)
<i>included Net changes in depreciation of assets, provisions and social benefits</i>	3,190	9,164	(152)	(78)	1	12,125
Cash revenue and financing expenses	1,051	(665)	(8)	(168)	(2)	208
Income tax	(41,529)	(8,234)	(2,487)	(15)		(52,265)
NET INCOME (GROUP SHARE)	67,123	20,299	4,553	(892)	(2,034)	89,049
DATA CONCERNING BALANCE SHEET	France	Europe (excluding France)	North America	Other Countries	Elimi- nations⁽¹⁾	12/31/2014
Total Assets	668,009	137,703	35,683	3,045	(174,890)	669,550
Net tangible fixed assets and intangible assets	161,046	15,528	5,676	120	8	182,378
Deferred taxes assets	39,175	3,627	3,487			46,289
Working Capital Requirements	7,748	48,238	6,615	1,052	(13,114)	50,539
DATA CONCERNING CASH FLOWS	France	Europe (excluding France)	North America	Other Countries	Elimi- nations⁽¹⁾	2014
Acquisition of intangible and tangible assets	21,599	1,251	170	26		23,046

(1) Included eliminations of internal incomes.

The consolidated turnover 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 2015 and 2014:

	2015	2014
France	361,765	343,891
Europe excluding France	167,714	198,918
North America	63,858	52,813
Other countries	14,466	14,126
TOTAL GROUP	607,803	609,748

The breakdown of sales by line of products is given in note 22.

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

NOTE 6: GOODWILL

6.1 QUANTIFIED DATA

	12/31/2014	Increases / (Decreases)	Currency transla- tion adjustments	12/31/2015
TOTAL "FRANCE" ⁽¹⁾	83,489	0	0	83,489
Belgium ⁽²⁾	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		6	227
United-States	1,197		120	1,317
TOTAL "NORTH AMERICA"	1,418	0	126	1,544
TOTAL "OTHER COUNTRIES"	0			0
TOTAL GROSS GOODWILL	90,019	0	126	90,145
Switzerland impairment	(55)			(55)
Belgium impairment ⁽²⁾	(2,232)			(2,232)
TOTAL NET GOODWILL	87,732	0	126	87,858

(1) BOIRON parent company goodwill comes from DOLISOS (€70,657 thousand), from LHF (€7,735 thousand), from SIBOURG (€1,268 thousand), from DSA (€1,381 thousand), from HERBAXT (€1,785 thousand) and from LES EDITIONS SIMILIA (€663 thousand). 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). Since 2012, it has been totally depreciated ; there was not necessary to depreciate additional assets.

The change of gross goodwill in 2014 and 2015 are only concerned currency translation adjustments on the "North America" area.

6.2 Impairment tests

As noted in note 2.5, impairment tests are realized determining the utility value of CGU, using the discounted future cash-flow method, implementing according to the following principles:

- The cash-flows stem from medium-term budgets and forecasts (5 years) drawn up by the group management control department and approved by Executive Management.
- The growth rate assumptions used on the projected future may vary depending on the specificities of various markets.
- Free cash-flows do not take account of any financial items.
- The discount rate is determined by including the OAT rate, the market risk premium, a beta coefficient and if necessary, a specific risk premium, related to a country specific risk. Specific risk premiums are adjusted so as not to include the risk already taken into account in the forecasts. The rates calculated accordingly have been reconciled with the rates taken into account by some analysts.
- The discount rate elected for France (95 % of net goodwill) amounts to 8.8 % in 2015, compared to 9.2 % in 2014. The rates elected for other CGU are included between 8.8 % and 11.0 % in 2015 (between 9.2 % and 11.9 % in 2014).
- The ending value is calculated by discounting a normative cash flow to infinity, which is usually calculated using the cash flow amount for the last period of the given time frame, based on a perpetual growth rate in-line with industry standards and the assumptions used by the analysts. As in 2014, the rate applied for France amounts to 1.5 % in 2015 and the rates applied for the other CGU were between 0.5 % and 2.5 % in 2015.
- The sales growth chosen by CGU is in line with the organisational structure, current investments and historical evolutions. So it only takes account of reorganizations carried out as of the date of the test and is based on renewal investments and not on those related to growth.

The group conducted tests to assess the sensitivity of the values determined accordingly to a possible change of:

- the discounted rate (more or less 0.5 point),
- the growth rate to infinity (more or less 0.5 point),
- the operating margin rate (more or less 1 point).

The group did not identify any reasonably possible changes in key assumptions which might lead to the recognition of impairment.

NOTE 7: INTANGIBLE ASSETS

	12/31/2014	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2015
		Acquisitions	Annual amortization				
Brands	2,113	2					2,115
Software	73,222	3,820		(208)		6,195	83,029
Licenses and ownership rights	108			(69)		6	45
Patents and formulas	12	10					22
Intangible assets in progress ⁽¹⁾	7,460	5,093				(6,575)	5,978
Other intangible assets	3,125	4		(385)		23	2,767
GROSS AMOUNT	86,040	8,929	0	(662)	0	(351)	93,956
Amortization and provisions brands	(2,110)					(1)	(2,111)
Amortization and provisions software	(46,265)		(9,022)	206		(15)	(55,096)
Amortization and provisions licenses and ownership rights	(106)		(1)	69		(6)	(44)
Amortization and provisions patents and formulas	(6)		(6)				(12)
Amortization and provisions other intangible assets	(1,229)		(363)	385		(23)	(1,230)
AMOUNT OF AMORTIZATION AND PROVISIONS	(49,716)	0	(9,392)	660	0	(45)	(58,493)
NET INTANGIBLE ASSETS	36,324	8,929	(9,392)	(2)	0	(396)	35,463

(1) This refers to the capitalisation of IT projects in process based upon their implementation, mainly amortized over 8 years. Portions of the modules related to various IT programs in France were completed in 2015 (see the "Currency translation adjustments and other movements" column); the remainder should be completed primarily in 2016.

The group has not identified sign of impairment loss on intangible assets in progress related to ERP. The implementation of impairment tests as of December 31, 2015 does not lead to depreciate intangible assets, as of December 31, 2014.

Movements in intangible assets in 2014 were as follows:

	12/31/2013	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2014
		Acquisitions	Annual amortization				
Gross amount	81,121	7,920	0	(1,395)	0	(1,606)	86,040
Amount of amortization and provisions	(43,589)	0	(8,355)	1,370	0	858	(49,716)
Net intangible assets	37,532	7,920	(8,355)	(25)	0	(748)	36,324

As at December 31, 2015 and December 31, 2014 no intangible asset was subject to a pledge, guarantee or collateral. Research costs are recognized as expenses as showed in note 25.

NOTE 8: TANGIBLE FIXED ASSETS

	12/31/2014	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2015
		Acquisitions	Annual amortization				
Land and fixtures	33,030	212				99	33,341
Buildings	167,292	1,900		(309)		226	169,109
Equipment	111,152	5,412		(4,072)		4,232	116,724
Tangible fixed assets in progress	4,655	6,705		0		(4,313)	7,047
Other fixed assets	34,900	2,476		(2,526)		541	35,391
Real estate leasing	854					(854)	0
GROSS AMOUNT	351,883	16,705	0	(6,907)	0	(69)	361,612
Amortization and provisions land and fixtures	(11,186)		(873)			(1)	(12,060)
Amortization and provisions buildings	(94,034)		(7,986)	296		(195)	(101,919)
Amortization and provisions equipment	(71,695)		(6,914)	3,642		(801)	(75,768)
Amortization and provisions tangible fixed assets in progress	(28,063)		(2,451)	2,370		(270)	(28,414)
Amortization and provisions other fixed assets	(851)		(2)			853	0
AMOUNT OF TOTAL AMORTIZATION	(205,829)	0	(18,226)	6,308	0	(414)	(218,161)
NET TANGIBLE FIXED ASSETS	146,054	16,705	(18,226)	(599)	0	(483)	143,451

Movements in tangible fixed assets in 2014 were as follows:

	12/31/2013	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2014
		Acquisitions	Annual amortization				
Land and fixtures	31,555	1,321		(141)		295	33,030
Buildings	163,434	4,216		(1,598)		1,240	167,292
Equipment	107,299	5,094		(2,252)		1,011	111,152
Tangible fixed assets in progress	4,085	4,403				(3,833)	4,655
Other fixed assets	34,663	1,708		(1,328)		(143)	34,900
Real estate leasing	854						854
GROSS AMOUNT	341,890	16,742	0	(5,319)	0	(1,430)	351,883
Amortization and provisions land and fixtures	(10,405)		(898)	117			(11,186)
Amortization and provisions buildings	(88,211)		(8,223)	1,485		915	(94,034)
Amortization and provisions equipment	(67,237)		(6,620)	2,050		112	(71,695)
Amortization and provisions other fixed assets	(27,585)		(2,416)	1,285		653	(28,063)
Amortization and provisions real estate leasing	(838)		(13)				(851)
AMOUNT OF TOTAL AMORTIZATION	(194,276)	0	(18,170)	4,937	0	1,680	(205,829)
NET TANGIBLE FIXED ASSETS	147,614	16,742	(18,170)	(382)	0	250	146,054

As at December 31, 2015 and December 31, 2014, no tangible fixed asset was subject to a pledge, guarantee or collateral.

NOTE 9: INVESTMENTS

	12/31/2015			12/31/2014		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Financial assets held for sale valued at cost	778	(205)	573	213	(205)	8
Non consolidated investments ⁽¹⁾	778	(205)	573	213	(205)	8
Financial assets valued at depreciated cost	2,219	0	2,219	3,196	0	3,196
Loans ⁽²⁾	406		406	406		406
Guarantees and other receivables ⁽³⁾	432		432	483		483
Other investments ⁽⁴⁾	1,381		1,381	2,307		2,307
TOTAL	2,997	(205)	2,792	3,409	(205)	3,204

(1) Including €566 thousand of investments related to the CEDH acquisition by BOIRON parent company in 2015, non consolidated entity with regard to its no material nature.

(2) Including €406 thousand in subsidized home loans (French 1 % logement) taken over from DOLISOS S.A. by BOIRON parent company under the merger agreement, revalued in 2012.

(3) Including €432 thousand for real estate guarantees on various laboratories in France (€155 thousand), Russia (€128 thousand), Swiss (€ 36 thousand) and in Romania (€36 thousand) mainly.

(4) Including €1,161 thousand corresponding to the "restricted cash" portion of the liquidity agreements (see note 2.4.4).

As at December 31, 2015 and December 31, 2014, no investment was subject to a pledge, guarantee or collateral.

There is no indicator of risk or lawsuit on non-consolidated companies which shares are not depreciated.

NOTE 10: INVENTORIES

	12/31/2015	12/31/2014
Raw materials and supplies	13,104	13,053
Semi-finished goods and finished goods	48,069	40,565
Goods	1,035	1,092
TOTAL GROSS INVENTORIES	62,208	54,710
TOTAL DEPRECIATIONS ON INVENTORIES	(2,487)	(1,977)
TOTAL NET INVENTORIES	59,721	52,733

As at December 31, 2015 and December 31, 2014, no inventory has been pledged to guarantee liabilities.

The depreciation on inventories are constituted on the basis of criteria defined in note 2.7.2.

NOTE 11: ACCOUNTS RECEIVABLE

	12/31/2015			12/31/2014		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Net accounts receivable denominated in euros	70,167	(2,643)	67,524	72,449	(1,203)	71,246
Net accounts receivable denominated in other currencies	33,359	(597)	32,762	40,307	(549)	39,758
TOTAL	103,526	(3,240)	100,286	112,756	(1,752)	111,004

No outstanding receivables had been sold as at December 31, 2015 and December 31, 2014.

Depreciations on trade receivables are recognized among the principles detailed in note 2.7.3.1.

The credit risk is treated in note 21 "Financial instruments".

Accounts receivable denominated in currencies mainly concern Russia, the United States, Poland, Romania and Canada (see note 21).

NOTE 12: INCOME TAX RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS

	12/31/2015		12/31/2014	
	Current	Non-current	Current	Non-current
State - Income tax receivable (non financial assets)	3,281		3,441	
Other assets excluded income tax receivable				
Non financial assets	15,641	37	14,512	80
State and local government, excluding income tax	11,931		10,679	
Staff	589	37	228	80
Accrued expenses	3,121		3,605	
Financial assets valued at cost	7,001	0	7,110	0
Other debtors	7,001		7,110	
Derivative instruments ⁽¹⁾	41	0	33	0
TOTAL	22,683	37	21,655	80

(1) See note 21.

NOTE 13: DETAIL OF DEPRECIATIONS ON TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	12/31/2014	Annual depreciations	Reversal for the period (unused depreciation)	Reversal for the period (used depreciation)	Currency translation adjustments and other movements	12/31/2015
Accounts receivable	1,752	2,138	(425)	(276)	51	3,240
Sundry debtors	1,994	16	(29)	(1,200)	102	883
TOTAL	3,746	2,154	(454)	(1,476)	153	4,123

Depreciations on trade receivables are determined according to the age of receivables and the detailed information of customer risks.

NOTE 14: CASH AND CASH EQUIVALENTS

	12/31/2015			12/31/2014		
	Euros	Other currencies (euro equivalents)	Total	Euros	Other currencies (euro equivalents)	Total
Cash equivalents	35,579	548	36,127	44,327	920	45,247
Cash	154,305	4,977	159,282	109,128	6,659	115,787
TOTAL	189,884	5,525	195,409	153,455	7,579	161,034

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

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 equivalent for the group (example: exchange controls) is no material.

NOTE 15: SHAREHOLDERS' EQUITY

As at December 31, 2015, the share capital is comprised of 19,441,713 fully paid-up shares, each with a par value of €1. There are no preference share.

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 which are integrated into the consolidated shareholders' equity.

The credit lines for €80,000 thousand subscribed by BOIRON parent company at the end of 2011 for an initial period of five years have never been used and have been terminated in advance during 2015 first half year.

15.1 Treasury shares

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

	12/31/2015	12/31/2014
Total number of shares	19,441,713	19,441,713
Treasury shares	(1,021,567)	(790,509)
Number of shares excluded treasury shares	18,420,146	18,651,204

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.

As at December 31, 2015, the value of treasury shares held amounts to €73,537 thousand, taking into account acquisitions net of disposals executed during this year for an amount of €17,837 thousand (included €699 thousand through the liquidity contract and €17,138 thousand excluding the liquidity contract). The latent gain on that portfolio was €4,995 thousand (on the basis of average price of December 2015).

22,525 shares are held through the liquidity contract subscribed with the French bank "Natixis" and 972,085 shares were acquired excluding the liquidity contract, included 26,957 shares in view of cancellation.

15.2 Dividend per share

Dividend per share in euro

Dividend 2014 paid in 2015	1.50
Dividend 2015 recommended to SM	1.50

15.3 Minority interests

Given the no material impact of associates, the group does not report their contribution to the main line items on the balance sheet and income statement, with the exception of their contribution regarding net income and shareholders' equity.

NOTE 16: CURRENT AND NON-CURRENT BORROWINGS AND FINANCIAL DEBTS

	12/31/2014	Increases	Decreases	Currency translation adjustments and other movements	12/31/2015
Total treasury liabilities	4,861	44	(1,360)	0	3,545
Financial borrowings	33				33
Profit-sharing reserve	4,962	1,377	(1,131)		5,208
Total borrowings and financial debts	4,995	1,377	(1,131)	0	5,241
TOTAL	9,856	1,421	(2,491)	0	8,786
<i>Included non-current</i>	4,199	1,376	(334)	(564)	4,677
<i>Included current</i>	5,657	45	(2,157)	564	4,109

The change in current and non-current borrowings and financial debts during 2014 was as follows:

	12/31/2013	Increases	Decreases	Currency translation adjustments and other movements	12/31/2014
Total treasury liabilities	1,175	82	(3,606)	(2)	4,861
Total borrowings and financial debts	4,126	1,761	(891)	(1)	4,995
TOTAL	5,301	1,843	2,715	(3)	9,856
<i>Included non-current</i>	3,407	1,761	(172)	(797)	4,199
<i>Included current</i>	1,894	82	2,887	794	5,657

As at December 31, 2015 and December 31, 2014, the whole of financial debts is denominated in euro.

The schedule of repayment of the financial liabilities is described in note 21.

The interest rate risk is discussed in note 21.3.1.

Bank loans taken over by the group do not include any financial covenant or "trigger event".

NOTE 17: NON-CURRENT EMPLOYEE BENEFITS
17.1 Group quantified data

	12/31/2014	Operating income impact	Financial income impact	Other item of comprehensive income impact		12/31/2015
				Actuarial differences	Currency translation adjustments and other movements	
Retirement indemnities - BOIRON parent company	31,563	(1,081)	692	(1,746)		29,428
Retirement indemnities - BOIRON Caribbean	56	(6)	1	7		58
Retirement indemnities - BOIRON (Indian Ocean)	26	2	1	(2)		27
Agreement on Preparation for Retirement - BOIRON parent company	86,050	115	1,681	(7,510)		80,336
Retirement benefits - BOIRON Poland	2					2
Total post-employment benefits (defined contribution plans)	117,697	(970)	2,375	(9,251)	0	109,851
Long-services bonuses - BOIRON parent company	6,917	215				7,132
Long-services bonuses - BOIRON Caribbean	54	6				60
Bonuses granted - BOIRON Spain	574	52				626
Bonuses granted - UNDA	132	(10)				122
Bonuses granted - BOIRON Sprl Belgium	177	12				189
Pre pension UNDA	68	(33)				35
Total other long-term benefits	7,922	242	0	0	0	8,164
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES	125,619	(728)	2,375	(9,251)	0	118,015

The change in post-employment benefits in 2014 was the following one:

	12/31/2013	Operating income impact	Financial income impact	Other item of comprehensive income impact		12/31/2014
				Actuarial differences	Currency translation adjustments and other movements	
Total post-employment benefits (defined contribution plans)	97,167	(2,079)	3,217	19,391	1	117,697
Total other long-term benefits	7,445	477	0	0	0	7,922
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES	104,612	(1,602)	3,217	19,391	1	125,619

17.2 Employee benefits in BOIRON parent company

17.2.1 Main actuarial assumptions

Actuarial assumptions France	2015	2014	2013
Discount rate	2.20 %	2.00 %	3.30 %
Annual salary revaluation ⁽¹⁾	2.00 %	2.00 %	2.00 %
Social charges rate	49.94 %	49.79 %	49.60 %

(1) Except differentiated increases by age bracket.

Since several years, net actuarial differences knew a material change: - €9,251 thousand in 2015, + €19,391 thousand in 2014, - €7,631 thousand in 2013 and + € 21,471 thousand in 2012. The main part, as indicated in note 2.1, is linked with the volatility discount rate, evaluated at closing date, according to IAS 19 revised dispositions.

The group analyzed, as in 2014, the various rates existing on the market and selected the most relevant benchmark as defined in the standard IAS 19 revised, namely, a market yield based on high-quality corporate bond issuances conservative regarding the group employee commitments (15 years) and observed on an adequately liquid market.

A 0.5 point increase in the discount rate, the annual salary revaluation or turnover rate would have an impact of less than 5.9 % on retirement indemnities and agreement on preparation for retirement; this impact would be recognized in "other comprehensive income".

The sensitivity of outsourced fund performance is no material.

17.2.2 Retirement indemnities

The provision related to BOIRON parent company retirement indemnity provision has changed as follows between 2014 and 2015:

	12/31/2014	Operating income impact			Financial income impact	Other item of comprehensive income impact	12/31/2015
		Service costs	Payments	Plans changes	Interest cost net of estimated return on investment	Actuarial differences ⁽¹⁾	
Actual value of liabilities	57,478	1,919	(1,844)		1,131	(1,523)	57,161
Investments value	(25,915)		(1,156)		(439)	(223)	(27,733)
Retirement indemnity provision BOIRON parent company	31,563	1,919	(3,000)	0	692	(1,746)	29,428

(1) Included - €1,260 thousand of actuarial differences linked to the discount rate increase.

The change in BOIRON parent company retirement indemnity provision was the following between 2013 and 2014:

	12/31/2013	Operating income impact			Financial income impact	Other item of comprehensive income impact	12/31/2014
		Service costs	Payments	Plans changes	Interest cost net of estimated return on investment	Actuarial differences ⁽¹⁾	
Actual value of liabilities	47,478	1,981	(1,491)		1,547	7,963	57,478
Investments value	(22,778)		(2,509)		(683)	55	(25,915)
Retirement indemnity provision BOIRON parent company	24,700	1,981	(4,000)	0	864	8,018	31,563

(1) Included + €7,734 thousand of actuarial differences linked to the discount rate decrease.

Payments consist of contributions paid to the outsourced fund and refunds obtained from the fund following employees' departures. Those refunds cover service paid to employees.

Net expense for the fiscal year recognized in income before tax, taking into account the payments reported in income (service costs and interest cost net of estimated return on investment) amounts to €2,611 thousand versus €2,845 thousand in 2014 (see notes 24 and 27).

The average period of that employee benefit liability in 2015 is 15.92 years (versus 15.70 years in 2014).

The allocation of this employee benefit liability over time is, coherent with 2014, as follows:

- 4 % less than one year,
- 22 % between 1 and 5 years,
- 74 % more than 5 years.

Cash flows are limited to the payments made to the outsourced fund. The group is not in a position to determine the amount of payments that will be made to the fund in 2016, as this amount is subject to arbitrage during the year.

Outsourced fund:

The investments made to this outsourced fund are only carried out in the general assets of the insurance company.

The composition of these general assets is as follows:

	12/31/2015	12/31/2014
Bonds	81.7 %	80.0 %
Equities	10.0 %	8.9 %
Money market	2.4 %	5.6 %
Other	6.0 %	5.5 %

For all listed assets, fair value is determined according to the level 1 of IFRS standards, that is the market value of assets, as per FININFO, being understood that the return provided to the group cannot be less than the minimum annual amount guaranteed.

Most of these investments are made in the euro area.

The actual return of this fund in 2015 was 2.45 % (2.65 % in 2014).

17.2.3 Agreement on preparation for retirement

As indicated in note 2.9.1.2, BOIRON parent company employees benefit from an agreement on preparation for retirement (APR).

Between 2014 and 2015, the change in the provision in respect of this agreement is as follows:

	12/31/2014	Operating income impact			Financial income impact	Other item of comprehensive income impact	12/31/2015
		Service costs	Payments	Plans changes	Interest cost	Actuarial differences ⁽¹⁾	
Agreement on Preparation for Retirement provision - BOIRON parent company (Actual value of liability)	86,050	2,373	(3,590)	1,332	1,681	(7,510)	80,336

(1) Included - €1,826 thousand of actuarial differences linked to the discount rate increase.

Between 2013 and 2014, the change in the provision in respect of this agreement is as follows:

	12/31/2013	Operating income impact			Financial income impact	Other item of comprehensive income impact	12/31/2014
		Service costs	Payments	Plans changes	Interest cost	Actuarial differences ⁽¹⁾	
Agreement on Preparation for Retirement provision - BOIRON parent company (Actual value of liability)	72,390	2,764	(2,830)		2,350	11,376	86,050

(1) Included + €11,136 thousand of actuarial differences linked to the discount rate decrease.

Payments consist of paid services, there is no investment in an outsourced fund.

Net expense for the fiscal year taking into account the payments reported in income (service costs, interest cost and plans changes impact) amounts to €5,386 thousand versus €5,114 thousand in 2014 (see notes 24 and 27).

The average period of that employee benefit liability in 2015 is 14.39 years (versus 13.68 years in 2014).

The estimated cash flows on this employee benefit liability are allocated, coherent with 2014, as follows:

- 5 % less than one year,
- 17 % between 1 and 5 years,
- 78 % more than 5 years.

17.2.4 Long-services bonuses

As indicated in note 2.9.1.3, the change in the long-services bonuses is wholly recognized in operating income.

The actuarial debt in respect of long-service bonuses at BOIRON parent company changed between 2014 and 2015 as follows:

	12/31/2014	2015 cost	Actuarial changes	Plans changes	Payments	12/31/2015
Long-services bonuses provision - BOIRON parent company	6,917	599	145		(529)	7,132

Actuarial changes are in linked with change in discount rate.

The actuarial debt in respect of long-service bonuses at BOIRON parent company changed between 2013 and 2014 as follows:

	12/31/2013	2014 cost	Actuarial changes	Plans changes	Payments	12/31/2014
Long-services bonuses provision - BOIRON parent company	6,418	659	375		(535)	6,917

The cost breakdown between service cost and interest cost for 2015 and 2014 is as follows:

	2015	2014
Service cost	467	458
Interest cost	132	201
TOTAL COST IN OPERATING INCOME	599	659

NOTE 18: CURRENT AND NON-CURRENT PROVISIONS

	12/31/2014	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	12/31/2015
Current						
Provisions for returned goods	5,866	6,721	(515)	(5,639)	215	6,648
Provisions for contingencies and lawsuits	1,216	728	(321)	(216)	(18)	1,389
Provisions for reorganizations	1,040		(165)	(131)		744
Other provisions for other expenses	215		(35)	(150)		30
TOTAL CURRENT PROVISIONS	8,337	7,449	(1,036)	(6,136)	197	8,811
Non-current						
Provisions for contingencies and lawsuits	476	106	(217)	(1)		364
TOTAL NON-CURRENT PROVISIONS	476	106	(217)	(1)	0	364

The change in current and non-current provisions during 2014 was as follows:

	12/31/2013	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	12/31/2014
Current						
Provisions for returned goods	5,939	5,581	(951)	(4,941)	238	5,866
Provisions for contingencies and lawsuits	2,659	581	(1,481)	(577)	34	1,216
Provisions for reorganizations	9,142	78	(656)	(7,526)	2	1,040
Other provisions for other expenses	66	149				215
TOTAL CURRENT PROVISIONS	17,806	6,389	(3,088)	(13,044)	274	8,337
Non-current						
Provisions for contingencies and lawsuits	532	227	(210)	(40)	(33)	476
TOTAL NON-CURRENT PROVISIONS	532	227	(210)	(40)	(33)	476

As a reminder, the main changes in provisions in 2014 concerned mainly reversal of provisions for reorganization in Belgium and Italy, which net impact is recorded as operating income.

Contingent assets and liabilities are mentioned in note 31.2.

NOTE 19: ACCOUNTS PAYABLE

	12/31/2015	12/31/2014
Accounts payable denominated in euros	28,328	30,814
Accounts payable denominated in other currencies	10,235	7,468
TOTAL	38,563	38,282

NOTE 20: INCOME TAX PAYABLE AND OTHER CURRENT AND NON-CURRENT LIABILITIES

	12/31/2015		12/31/2014	
	Current	Non current	Current	Non current
Income tax payable (non financial liabilities)	4,783		5,062	
Other liabilities except income tax payable				
Non financial liabilities	85,325	1,696	86,450	1,780
State and local government, excluding income tax	9,624		10,147	
Personnel and social security organizations	74,941	1,696	75,421	1,780
Deferred revenue	760		882	
Financial liabilities valued at cost	13,033	0	13,171	0
Fixed asset suppliers	4,319		4,736	
Other creditors	8,714		8,435	
Derivative instruments⁽¹⁾	0	0	0	0
TOTAL	98,358	1,696	99,621	1,780

(1) See note 21.

Other non-current liabilities correspond to the debt in respect of the Italian TFR.

NOTE 21: FINANCIAL INSTRUMENTS

21.1 Information on balance sheet

With regard to the financial assets and liabilities the following tables show:

- Their breakdown into the categories provided for in the standard IAS 39 and reminded in note 2.10:
 - A: available-for-sale assets measured at cost. This primarily relates to non-consolidated non-traded securities.
 - B: assets and liabilities at fair value through income. This primarily relates to short-term investments; their valuation is conducted by an external service provider.
 - C: assets and liabilities measured at cost or amortized cost.
 - D: held-to-maturity investments. No asset met this definition during the presented fiscal years.
 - E: derivative instruments at fair value in income.
- Their breakdown into the levels provided for amendments to the standard IFRS 7 and reminded in note 2.10.
- The comparison between carrying amounts and fair values.
- Their breakdown by maturity.

12/31/2015	Notes	Name of financial instruments	Levels required by amendments to IFRS 7 ⁽¹⁾	Net Book Value	Fair value
FINANCIAL ASSETS				305,529	305,529
Non consolidated securities	Note 9	A	N/A	573	573
Other financial investments	Note 9	C	N/A	2,219	2,219
Other non-current financial assets	Note 12	C	N/A		
Accounts receivable	Note 11	C	N/A	100,286	100,286
Derivative instruments	Note 12	E	2	41	41
Other current financial assets	Note 12	C	N/A	7,001	7,001
Cash and cash equivalents	Note 14	B	1 or 2	195,409	195,409
FINANCIAL LIABILITIES				60,382	60,382
Cash liabilities	Note 16	B	N/A	3,545	3,545
Borrowings and financial debts except treasury liabilities	Note 16	C	N/A	5,241	5,241
Other non-current financial liabilities	Note 20	C	N/A		
Accounts payable	Note 19	C	N/A	38,563	38,563
Derivative instruments	Note 20	E	2		
Other current financial liabilities	Note 20	C	N/A	13,033	13,033

(1) See definition in note 2.10.

Data on December 31, 2014 was as follows:

12/31/2014	Notes	Name of financial instruments	Levels required by amendments to IFRS 7 ⁽¹⁾	Net Book Value	Fair value
FINANCIAL ASSETS				282,385	282,385
Non consolidated securities	Note 9	A	N/A	8	8
Other financial investments	Note 9	C	N/A	3,196	3,196
Other non-current financial assets	Note 12	C	N/A		
Accounts receivable	Note 11	C	N/A	111,004	111,004
Derivative instruments	Note 12	E	2	33	33
Other current financial assets	Note 12	C	N/A	7,110	7,110
Cash and cash equivalents	Note 14	B	1 or 2	161,034	161,034
FINANCIAL LIABILITIES				61,309	61,309
Cash liabilities	Note 16	B	N/A	4,861	4,861
Borrowings and financial debts except treasury liabilities	Note 16	C	N/A	4,995	4,995
Other non-current financial liabilities	Note 20	C	N/A		
Accounts payable	Note 19	C	N/A	38,282	38,282
Derivative instruments	Note 20	E	2		
Other current financial liabilities	Note 20	C	N/A	13,171	13,171

(1) See definition in note 2.10.

	Schedule		
	Less than one year	Between one to five years	More than five years
	302,737	0	0
	N/A	N/A	N/A
	N/A	N/A	N/A
	100,286		
	41		
	7,001		
	195,409		
	55,705	4,677	0
	3,545		
	564	4,677	
	38,563		
	13,033		

	Schedule		
	Less than one year	Between one to five years	More than five years
	279,181	0	0
	N/A	N/A	N/A
	N/A	N/A	N/A
	111,004		
	33		
	7,110		
	161,034		
	57,110	4,199	0
	4,861		
	796	4,199	
	38,282		
	13,171		

This table does not integrate outsourced fund related to employment benefits, treated in note 17.

The net booking value represents a reasonable estimate of the fair value for the categories A and C.

No financial instrument were reclassified in another category, or sold to a third party, in 2014 and 2015.

There are no discounted loan and financial liabilities. Furthermore, non accrued interests have not been taken into account in schedules, considering its no material impact.

The only financial instruments valued at fair value are marketable securities and derivative instruments (see table against), corresponding to levels 1 and 2 of the hierarchy defined in the standard IFRS 13 (see note 2.10). 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).

Implementation of IFRS 7 standard not led to reveal any adjustment about non-performance risk (counterpart risk and own fund risk).

Derivative instruments

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

On December 31, 2015, the current derivative instruments of change only correspond to hedges of fair value and no cash flows. Consequently, changes in fair value related to derivative instruments were totally recognized as income.

The following table presents these instruments by type of contract and for the main currencies impacted, for 2015 and 2014:

Currency	Type of contract	12/31/2015		12/31/2014	
		Notional (in thousand of currency)	Fair value (in thousand of €)	Notionnel (in thousand of currency)	Fair value (in thousand of €)
Russian Rouble	Currency options				
	Futures contracts	(25,511)	41	(14,134)	40
	TOTAL	(25,511)	41	(14,134)	40
US Dollar	Currency options				
	Futures contracts	(500)	(2)	(1,400)	(9)
	TOTAL	(500)	(2)	(1,400)	(9)
Canadian Dollar	Currency options				
	Futures contracts	(350)	1	(180)	(1)
	TOTAL	(350)	1	(180)	(1)
Polish Zloty	Currency options				
	Futures contracts	(350)	(1)	(1,100)	(1)
	TOTAL	(350)	(1)	(1,100)	(1)
Czech Koruna	Currency options				
	Futures contracts			(8,400)	2
	TOTAL	0	0	(8,400)	2
Romanian Leu	Currency options				
	Futures contracts	(2,000)	2	(2,100)	1
	TOTAL	(2,000)	2	(2,100)	1
Other currencies	Currency options				
	Futures contracts				1
	TOTAL		0		1
GLOBAL TOTAL			41		33

At the closing date, the fair value of these instruments, determined by an external consultant and including all currencies, amounts to + €41 thousand compared to + €33 thousand at December 31, 2014. Those amounts were recorded in other current assets (see note 12).

In the income statement, their change between 2014 and 2015 was recognized as other operating revenue and expenses insofar as they concern fair value hedges, considered as effective.

21.2 Impact in income statement

The impact of revenue and expenses related to financial assets and liabilities is disclosed:

- for revenue and expenses recognized in operating income: in note 13 (impairment of trade receivables and other receivables) and in note 26 (foreign exchange gains and losses on commercial transactions and gains and losses on derivative instruments related to the hedging of commercial transactions),
- for income and expenses recognized in financial income: in note 27 (gains and losses on derivatives related to financial hedges).

21.3 Market risk management

Here are the main features of the group market risk management policy:

- a centralization of risks within BOIRON parent company,
- a hedging target,
- a risk-assessment using detailed forecasts over a one-year timeframe,
- a detail of differences between forecasts and actual figures,
- a separation of decision-making, execution and control responsibilities between: General Management which sets out and approves the annual market risk management policy proposed by the financial department; the group treasury department which assesses risks and puts in place and monitors hedging transactions; the treasury committee which checks the transactions carried out by the group treasury department.

21.3.1 Interest rate risk

Cash surpluses and financing requirements of group companies are centralized in line with a cashpooling process, managed by the group treasury department. Over the year 2015, the group consolidated cash was constantly excess, as in 2014.

The choice of the supports of investment of cash surpluses is made by the group treasury department in the frame defined by the policy of management which privileges the criteria of liquidity and security. Rules are the following ones:

- use of monetary and assimilated products,
- product selection according to their liquidity,
- allocation of risk by diversifying the types of financial instruments and the counterparties,
- selection of issuers and counterparties based on their creditworthiness.

On December 31, 2015, the interest rate risk can be analyzed as follows, considering the terms of the rates applied to the position of assets/liabilities:

	Daily - 1 year	1 - 5 years	> 5 years
ASSETS - short-term investments and cash equivalents	195,409		
LIABILITIES - cash liabilities, borrowings and financial debts	(4,109)	(4,677)	
NET CASH POSITION	191,300	(4,677)	0

This table does not integrate outsourced fund related to employment benefits, treated in note 17.

An immediate increase of one point in short-term interest rates, applied to the closing net cash balance, would have an impact (before tax effect) of €1,913 thousand on financial revenue.

21.3.2 Counterparty risk

The BOIRON group risk exposure regarding its financial counterparties is notably related to its surplus cash and cash equivalents held by top-quality counterparties. The treasury function monitors their external ratings and ensures that the corresponding amounts are split among an appropriate number of counterparties.

21.3.3 Foreign exchange risk

The BOIRON group faces two types of foreign exchange risk:

- a foreign exchange risk on assets related to interests held by BOIRON parent company in its foreign subsidiaries. This risk is assessed but is not subject to specific management as these interests are held for the foreseeable future,
- a foreign exchange risk on transactions stemming from commercial and financial transactions carried out in currencies different from the euro, which is the reference currency of the group.

The foreign exchange risk on transactions is centralized in BOIRON parent company and mainly stems from:

- sales in local currencies in Russia, in the United States, in Canada, in Poland, in Hungary, in Czech Republic, in Romania, in Mexico, in Brazil and in Switzerland,
- financing needs of Russian, Romanian and Brazilian subsidiaries,
- dividends in currencies paid out by the subsidiaries.

The foreign exchange risk on transactions is hedged to protect the group earnings from unfavorable exchange rate fluctuations as compared to the euro. Nonetheless, these hedges are flexible and gradually put in place in order to also take advantage of favourable trends.

The permitted hedging transactions are: foreign currency loans and borrowings, cash or forward currency translation, currency options, over a maximum 12-months term.

On December 31, 2015, the breakdown of main assets and liabilities in currencies, in the accounts of BOIRON parent company, decompose as follows:

		Russian Rouble	US Dollar	Romanian Leu	Polish Zloty	Canadian Dollar	Other currencies	TOTAL
Cash and cash equivalents	Thousand of currency							
Other financial assets	Thousand of currency	89,301	3,026	6,621	1,962	1,105		
Cash liabilities	Thousand of currency	(50,257)	(513)	(18)	(354)	(349)		
Other financial liabilities	Thousand of currency		(115)	(57)				
Net position before management	Thousand of currency	39,044	2,398	6,546	1,608	756		
Fair value hedges	Thousand of currency	(25,511)	(500)	(2,000)	(350)	(350)		
Net position after management	Thousand of currency	13,533	1,898	4,546	1,258	406		
NET POSITION AFTER MANAGEMENT (EURO EQUIVALENTS)	Thousand of euro	168	1,743	1,005	295	269	124	3,604

The net positions before and after management was converted at the closing rates presented in note 4. Only fair value hedges are presented in this table, in so far as hedges on future cash flows do not cover assets and liabilities recorded in 2015. In addition, there were no hedges or future cash flows outstanding as of December 31, 2015.

The impact of an immediate evolution of + 10 % of the exchange rates (decrease of currencies compared to the euro) would be as follows on December 31, 2015 (considering the changes recorded this year, the sensitivity test is increased from + 1 % to + 10 %):

		Russian Rouble	US Dollar	Romanian Leu	Polish Zloty	Canadian Dollar	Other currencies	TOTAL
On net position after management at closing date	Thousand of euro	(15)	(159)	(91)	(27)	(24)	(12)	(328)
On sales	Thousand of euro	(2,212)	(4,816)	(842)	(523)	(798)	(1,842)	(11,033)
On income before tax of subsidiaries	Thousand of euro	274	(688)	(97)	143	(29)	(72)	(469)
On shareholders' equity	Thousand of euro	(932)	(1,916)	(235)	(282)	(157)	(720)	(4,242)

21.3.4 Credit risk

The group BOIRON pays a particular attention to debt collection and continues to develop its credit risk management tools, in the current economic context.

Every group entity has its own units responsible for managing customer dunning and collection. The group average days of sales outstanding is 54 days (- 1 day compared to 2014).

Hedging mechanisms (credit insurance, bank guarantees, letters of credit) are put in place where clients are overly concentrated or where there is a high loss exposure in a particular country or geographic area. This is the case for BOIRON parent company and UNDA export sales as well as for the sales realized in Poland, Russia, Brazil, Portugal, Slovakia, the Czech Republic, Hungary, Romania, and lastly, Spain and Italy (for a part of their sales).

The guarantees benefiting to the group as of December 31, 2015 amount to €83,258 thousand (compared to €90,157 thousand in 2014).

As of December 31, 2015, due and not depreciated accounts receivable amount to €4,217 thousand, namely 4.1 % of accounts receivable (compared to €5,501 thousand, namely 5 % of accounts receivable as of December 31, 2014). Accounts receivable overdue for less than a month account for 71 % of this amount. The remainder was overdue for less than a year. There was no major change in the structure of the aged trial balance between 2014 and 2015.

There was no major accounts receivable restructuring agreement or offsetting agreement as of December 31, 2015.

Losses on bad debts, net of amortizations and reversal on depreciations for bad debts amount to - €1,934 thousand, namely 0.3 % of consolidated sales, compared to - €316 thousand in 2014 (namely 0.1 % of consolidated sales). This increase is mainly due to the depreciation recorded in Belgium (commercial litigation with a customer, see note 31.2.3).

The BOIRON group did not notice any material failure in 2015, as in 2014.

21.3.5 Liquidity risk

The company conducted a specific review of its liquidity risk and is confident in its ability to meet the upcoming maturities.

Historically, short-term assets of the BOIRON group were always superior to its short-term liabilities and its cash position is structurally in excess. There was no change in the group financial structure in 2015. For that reason, the terms were not detailed for the part one-year-old subordinate.

21.3.6 Equity risk

The group does not hold a portfolio of shares.

21.3.7 Country risk

As indicated in note 1, Russia (which represents 4 % of group sales in 2015, compared to 8.5 % in 2014) is facing a period of political instability and economic recession.

The assets held by that subsidiary, as well as the other assets associated with that business, are not material in value.

The group has not identified other additional specific risks associated with Russian trade receivables.

The sensitivity of income with respect to fluctuations of the rouble is provided in note 21.3.3.

NOTE 22: OPERATING REVENUE

	2015	%	2014	%
Non-proprietary homeopathic medicines	310,555	51.1	305,501	50.1
OTC family medication specialties	296,954	48.9	303,549	49.8
Other ⁽¹⁾	294	0.0	698	0.1
TOTAL SALES	607,803	100.0	609,748	100.0
Other operating revenue (fees)	159		236	

(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 according to the standard IFRS 8.

NOTE 23: AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS

AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS IN OPERATING INCOME	2015	2014
Allowances to amortization and impairments on intangible assets	(9,392)	(8,355)
Allowances to amortization and impairments on tangible fixed assets	(18,226)	(18,170)
TOTAL ALLOWANCES TO AMORTIZATIONS, DEPRECIATIONS AND IMPAIRMENTS ON ASSETS IN OPERATING INCOME	(27,618)	(26,525)
Depreciations on current assets	(679)	728
Provisions	171	9,795
Employee benefits	728	1,602
TOTAL NET CHANGES IN DEPRECIATIONS AND IMPAIRMENTS ON ASSETS AND PROVISIONS IN OPERATING INCOME	220	12,125
TOTAL AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS IN OPERATING INCOME	(27,398)	(14,400)
AMORTIZATIONS, DEPRECIATIONS AND PROVISIONS IN FINANCIAL INCOME	2015	2014
Depreciation on financial assets		
Provisions		
Employee benefits	(2,375)	(3,217)
TOTAL NET CHANGES IN DEPRECIATIONS ON ASSETS AND PROVISIONS IN FINANCIAL INCOME	(2,375)	(3,217)
TOTAL AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS	(29,773)	(17,617)

Amortizations and provisions (excluding current assets) amount to €29,094 thousand. The amount of €29,431 thousand described in statement of consolidated cash flows includes changes in provisions for exceptional returns recognized as a deduction from sales (€337 thousand).

The net changes in amortizations, depreciations, impairments and provisions (recognized in operating income) by activity are detailed below:

	2015	2014
Industrial production costs	(11,840)	(4,984)
Preparation and distribution costs	(4,405)	(4,263)
Marketing costs	(1,107)	508
Research costs	(215)	(212)
Regulatory affairs costs	(9)	93
Function support costs	(7,265)	(6,879)
Other operating revenue and expenses	(2,557)	1,337
TOTAL	(27,398)	(14,400)

NOTE 24: PERSONNEL EXPENSES IN OPERATING INCOME

	2015	2014
Salaries and social charges	(196,921)	(199,337)
Profit-sharing	(24,150)	(25,774)
Employee benefits (total cost)	(7,172)	(6,536)
Other personnel expenses	(7,459)	(7,179)
TOTAL	(235,702)	(238,826)

The total cost of employee benefits (excluding financial costs), included in personnel expenses, decomposed as follows:

	2015	2014
Retirement indemnities	(1,924)	(1,999)
Agreement on Preparation for Retirement	(3,705)	(2,764)
Italian TFR	(704)	(568)
Belgium prepension	7	(56)
Long-service bonuses and bonuses granted	(846)	(1,149)
TOTAL	(7,172)	(6,536)

Personnel expenses by activity have changed as follows:

	2015	2014
Industrial production costs	(45,899)	(47,203)
Preparation and distribution costs	(74,229)	(76,786)
Marketing costs	(69,328)	(67,413)
Research costs	(1,695)	(1,835)
Regulatory affairs costs	(4,770)	(4,525)
Function support costs	(39,781)	(41,064)
Other operating revenue and expenses	0	0
TOTAL	(235,702)	(238,826)

The amount paid by BOIRON parent company for mandatory and supplemental retirement plans is €16,140 thousand in 2015, compared to €15,860 thousand in 2014.

NOTE 25: RESEARCH COSTS

Research costs, corresponding to costs of pharmacological, clinical and fundamental research (see note 2.4.2), amount to €4,205 thousand in 2015 compared to €5,403 thousand in 2014: they mainly include fees for €1,681 thousand in 2015 (compared to €2,526 thousand in 2014) and personnel expenses (see note 24).

NOTE 26: OTHER OPERATING REVENUE AND EXPENSES

	2015	2014
Income on disposal assets	(334)	935
Tax credit competitiveness employment ⁽¹⁾	3,031	3,072
Other tax credits (included research tax credits) ⁽¹⁾	1,373	1,343
Net changes in provisions	157	797
Gains and losses on derivative instruments (related to operating hedges)	(244)	1,232
Foreign exchange gains and losses on operating transactions	(672)	(1,042)
Belgium commercial litigation costs ⁽²⁾	(2,600)	
Other	43	314
TOTAL	754	6,651
Included Other operating revenue	4,796	8,085
Included Other operating expenses	(4,042)	(1,434)

(1) See note 2.6.

(2) Costs related to commercial litigation in Belgium (described in note 31.2.3) include : impairment on receivables (€1,596 thousand), impairment on inventories (€787 thousand) and provision for legal fees (€217 thousand).

NOTE 27: OTHER FINANCIAL REVENUE AND EXPENSES

	2015	2014
Other financial revenue	447	903
Included net financial return on outsourced investments of employee benefits ⁽¹⁾	439	683
Included gains and losses on cash and financial accounts		74
Included gains and losses on derivative instruments (related to financial hedges)		133
Other financial expenses	(3,740)	(3,965)
Included interest cost of employee benefits ⁽¹⁾	(2,814)	(3,900)
Included gains and losses on cash and financial accounts	(16)	
Included gains and losses on derivative instruments (related to financial hedges)	(682)	

(1) See note 17.

NOTE 28: INCOME TAX

28.1 Breakdown of the tax charge

	2015	2014
Current taxes payable	(51,019)	(51,104)
Deferred taxes	1,482	(1,161)
TOTAL	(49,537)	(52,265)
Effective rate	40.1 %	37.0 %

The difference between the recognized tax charge and the tax that would have been recognized at BOIRON parent company theoretical rate break down as follows for 2014 and 2015:

	2015	%	2014	%
Theoretical tax	(46,911)	38.0	(53,703)	38.0
Impact of subsidiaries tax rates	634	(0.5)	3,472	(2.5)
Impact of reduced tax rates in France	(214)	0.2	78	(0.1)
Permanent differences	(685)	0.6	(2,403)	1.7
Fiscal loss or gain without recognition of income tax	(1,310)	1.1	(153)	0.1
Tax credits, deferred income tax adjustment and other	(1,051)	0.9	444	(0.3)
ACTUAL TAX	(49,537)	40.1	(52,265)	37.0

The group theoretical tax rate (38 %) is calculated on the basis of the rate applicable in France, including the impact of the exceptional contribution (representing €4,047 thousand in 2015).

BOIRON parent company deferred taxes have been calculated at December 31, 2015 with a rate down to 34.43 %, the exceptional contribution of 10.7 % being abolished from 2016.

28.2 Breakdown of deferred taxes in the balance sheet

The position of deferred taxes in the balance sheet has changed as follows:

	12/31/2014	Net result impact	Other item of comprehensive income impact Actuarial differences on employee benefits	Currency translation adjustments and other movements	12/31/2015
Deferred taxes on regulated provisions	(10,285)	(259)			(10,544)
Deferred taxes on capital leases	185	(14)			171
Deferred taxes on losses carry-forwards	148	783			931
Deferred taxes on employee benefits	40,593	508	(3,185)		37,916
Deferred taxes in relation to local taxation	8,655	(1,511)		1,250	8,394
Deferred taxes on other items	6,356	1,975		(760)	7,571
NET DEFERRED TAX	45,652	1,482	(3,185)	490	44,439
Included net deferred tax assets	46,289	874	(3,187)	490	44,466
Included net deferred tax liabilities	(637)	608	2	0	(27)

Deferred tax assets and liabilities are offset within the same company, as taxes are deducted by the same tax authorities.

As at December 31, 2015, deferred taxes not recorded on loss carry-forwards, in accordance with the principles set out in note 2.6, amount to €3,360 thousand, compared to €2,744 thousand in 2014. They are related to Brazil, Russia, Switzerland and Poland.

NOTE 29: EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	2015	2014
Net earnings (in thousand €)	73,932	89,049
Average number of shares for the fiscal year	18,445,391	19,271,034
EARNINGS PER SHARE (IN €)	4.01	4.62

The method for the calculation of the weighted average number of shares is described in note 2.11.4.

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

NOTE 30: STATEMENT OF CASH FLOWS

Group net cash reaches €191,865 thousand at the end of 2015, compared to €156,173 thousand at the end of 2014.

Cash flows from operating activities amount to €103,164 thousand compared to €96,156 thousand in 2014. Such evolution explained namely:

- by a decrease of consolidated cash-flow before cash revenue, financing expenses and tax (€5,312 thousand) mainly impacted by the decrease of profitability. In 2014, it was impacted by reorganizations payment recorded in 2013.
- by a decrease of tax paid in 2015 (€8,691 thousand),
- by a decrease of accounts receivable (€9,663 thousand), mainly in Italy, Romania, Russia and Poland,
- on the other hand, we note an increase in inventories (€7,585 thousand) primarily in France and in Russia.

Net cash flows related to investment activities amount to €26,448 thousand compared to €22,075 thousand in 2014, mainly in France.

Net cash flows related to financing activities amount to €44,629 thousand compared to €77,132 thousand in 2014 mainly impacted by the purchase of treasury shares for €17,172 thousand within the framework of the shares buyback program (compared to €54,665 thousand in 2014) and by dividend paid, amounting to €27,656 thousand compared to €23,328 thousand in 2014.

NOTE 31: OFF-BALANCE SHEET LIABILITIES

31.1 Quantified liabilities

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

The credit lines for €80,000 thousand subscribed by BOIRON parent company at the end of 2011 for an initial period of five years have never been used and have been terminated in advance during 2015 first half year.

Off-balance sheet liabilities related to group operating activities are presented below:

	12/31/2014	12/31/2015	Less than one year	Schedule Between one to five years	More than five years
Received commitments	255	151	52	99	0
• Real estate guarantee	255	151	52	99	
Given commitments	20,533	20,984	6,238	11,580	3,166
• Bank securities	553	496	496		
• Customs and tax deposits	822	822			822
• Operating leases ⁽¹⁾	19,158	19,666	5,742	11,580	2,344

(1) On real estate and cars.

As at December 31, 2015, there was no clause that could lead to additional liabilities other than those set out in note 9.

31.2 Contingent assets and liabilities

31.2.1 Litigation in the United-States

In the United States, BOIRON was the subject of a customer lawsuit filed on August 8, 2011 in the San Diego, California court aimed at opening a class action lawsuit regarding the medication Oscillococcinum® for false advertising based on the accusation that the medication is not effective.

Following that lawsuit, other complaints have been filed against most of the medications marketed by BOIRON in the United States.

In order to limit the costs associated with these various proceedings, on March 6, 2012, BOIRON signed a settlement agreement with the objective of stopping all legal proceedings in process. That agreement involves the payment of a lump sum of 5 million dollars covering all costs, as well as a commitment to modify the packaging and advertising of the medications within 24 months. This settlement agreement obtained the final approval of the San Diego court in its judgment dated October 31, 2012.

That judgment was the subject of an appeal. In its judgement dated February 24, 2015, the Court of Appeals rejected the possibility of an appeal and definitively confirmed its final approval of the settlement agreement.

BOIRON now faces a new class action procedure in the state of California related to Oscillococcinum® for which the sales are allegedly not covered by the settlement agreement.

No amount has been provisioned at December 31, 2015 for this litigation.

31.2.2 Litigation in Canada

BOIRON Canada was the subject of two consumer complaints on March 16, 2012 in Ontario, Canada and on April 13, 2012 in Quebec, Canada aimed at launching class action lawsuits.

In Quebec, the Superior Court of Montreal refused the request in its judgement dated January 19, 2015. That judgement is currently the subject of an appeal before the Quebec Court of Appeals which should provide its opinion during 2016.

In Ontario, the procedure has not evolved since the suit was filed by the plaintiff.

No amount has been provisioned as of December 31, 2015 related to this litigation.

31.2.3 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 terms of the contract.

Accordingly, in 2015, UNDA reported in other operating expenses in the following amounts:

- a write-off of receivables from Ce.M.O.N. of €1,596 thousand,
- a write-off of inventory related to Ce.M.O.N. products of €787 thousand,
- a provision for legal fees of €217 thousand.

31.2.4 Tax audit in France

BOIRON parent company is currently the subject of a tax audit for the years 2012, 2013 and 2014. The control procedures are currently in process. The risk analysis performed by BOIRON did not lead to any provisions being recorded.

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 or the group in the past 12 months.

NOTE 32: RELATED PARTIES

32.1 Related companies

	SODEVA ⁽¹⁾		CDFH ⁽²⁾		IFCH ⁽²⁾		CEDH ⁽²⁾		ARCHIBEL	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Purchases of goods							72		None	None
Disposals of goods									None	None
Services provided	6	17	221	118			66	39	None	None
Services received			6	8	893	787	708	252	None	None
Total receivables		6	102	65			21	1	None	None
Total payables			3	7			468		None	None

(1) BOIRON family holding company. SODEVA and CHR merged at January 1, 2015, 2014 flows include transactions with CHR.

(2) Associations for the development of homeopathy.

32.2 Directors and company officers due gross compensation

Directors and company officers due gross compensation is described as follows:

	Managers	Other directors non managers
Fixed compensation	944	99
Variable compensation linked to employment contract ⁽¹⁾	636	23
Variable compensation linked to corporate manager function ⁽²⁾	506	
Other compensation		
Fees		68
Attendance fees	36	166
In kind compensation ⁽³⁾	48	
TOTAL DUE GROSS COMPENSATION 2015	2,170	356
Total due gross compensation 2014 (reminder)⁽⁴⁾	3,402	350
Post-employment benefits (retirement indemnities and Agreement on Preparation for Retirement)	1,063	154
Other long-term benefits (Long-Services Bonuses)	38	

(1) The variable compensation linked to employment contract included Senior Management bonus on the income, profit-sharing, matching savings plan, end-career indemnity, perk retirement and social insurance.

(2) The variable compensation linked to corporate manager function consists on Senior Management bonus on the income, for corporate manager function without employment contract.

(3) It consists on retirement and insurance premium contribution (€22 thousand) and benefits car (€26 thousand).

(4) As at December 31, 2014, gross compensation included the compensation and severance pay concerning Philippe Montant who left the company in June 2014. These items amounted to €1,135 thousand at December, 31, 2014.

NOTE 33: STATUTORY AUDITORS FEES

Statutory Auditors fees recognized as expenses in 2015 and 2014 are presented below :

	EY		Mazars	
	2015	2014	2015	2014
AUDIT				
Audit, certification of individual and consolidated financial statements⁽¹⁾				
• Issuer ⁽²⁾	138	136	138	136
• Full integrated companies	153	136	159	159
Other diligence and services directly linked to the audit mission⁽³⁾				
• Issuer		5		12
• Full integrated companies				
Subtotal	291	277	297	307
OTHER SERVICES CARRIED OUT BY THE NETWORK FOR FULL INTEGRATED COMPANIES⁽⁴⁾				
• Legal, fiscal, social	6	6	18	18
• Other (to be detailed if >10 % of audit fees)	12			
Subtotal	18	6	18	18
TOTAL	309	283	315	325

(1) Including the services of the independent experts or members of auditor's network, to which this one has recourse within the framework of the certification of the accounts.

(2) The issuer is the parent company.

(3) This heading takes diligence and services directly dependent carried out for the issuer or its subsidiaries:

- by the auditor in the respect of the provisions of article 10 of the code of ethics.
- by a member of the network in the respect of the provisions of articles 23 and 24 of the code of ethics.

(4) It concerns the returned services except Audit, in the respect of the provisions of article 24 of the code of ethics, by a member of the network to the subsidiary companies of the issuer whose accounts are certified.

The company believes that the information set out in article 222-8 of the AMF General Regulation and instruction no. 2006-10 is likely to meet the provisions introduced by decree no. 2008-1487 of December 30, 2008.

NOTE 34: SUBSEQUENT EVENTS

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

4.2 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

MAZARS

Le Premium
131, boulevard Stalingrad
69624 Villeurbanne Cedex

Statutory auditors
Registered with the Compagnie régionale
des commissaires aux comptes de Lyon

ERNST & YOUNG et Autres

Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03

S.A.S. à capital variable
Statutory auditors
Registered with the Compagnie régionale
des commissaires aux comptes de Versailles

For the year ended December 31, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Boiron;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- At each year-end, your company performs impairment tests on cash generating units (CGUs) and also assesses whether there is any indicator of impairment of non-current assets, as described in notes 2.5 and 6 to the consolidated financial statements. We have examined how these impairment tests were performed as well as the cash flow forecasts and assumptions used, and we have verified that notes 2.5 and 6 to the consolidated financial statements provide appropriate information. As part of our assessment of the estimates retained for the year-end closing, we have verified the reasonableness of these estimates.
- Your group accounts for provisions to cover risks and contingencies and social commitments as described in notes 2.9.1, 2.9.3, 17 and 18 to the consolidated financial statements. Based on available information at this date, we have assessed the approaches retained by the group and have implemented procedures, on a test basis, to ensure that these methods were applied. We carried out the assessment of the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Villeurbanne and Lyon, April 7, 2016

The statutory auditors

French original signed by

MAZARS
Frédéric Maurel

ERNST & YOUNG et Autres
Nicolas Perlier

4.3 Subsidiaries and interest on December 31, 2015

(Article R 123-197 of the French Commercial Code)

Country	Subsidiaries and interests	Local currency	Share capital	Shareholder's equities except share capital, including result before profits distribution	Share of the held capital	Book of the held Gross
		in thousand of local currency		in thousand of local currency	in %	in thousand of €
Subsidiaries (> 50 % of the share capital held by the company)						
Italy	LABORATOIRES BOIRON	1,000 Euro	2,500	20,959	99.91	624
USA	BOIRON USA consolidated owns 100 % of BOIRON (USA)	1,000 USD	3,588	16,209	100.00	3,452
Spain	BOIRON SOCIEDAD IBERICA DE HOMEOPATIA	1,000 Euro	1,099	4,519	99.99	2,295
Canada	BOIRON CANADA	1,000 CAD	2,395	347	100.00	1,614
Germany	BOIRON	1,000 Euro	511	- 634	100.00	517
Belgium	UNDA	1,000 Euro	2,850	1,196	61.07	4,627
France	BOIRON CARAIBES	1,000 Euro	1,660	553	99.04	1,898
France	C.D.F.H.	1,000 Euro	8	324	100.00	8
Czech republic	BOIRON CZ	1,000 CZK	3,600	74,504	100.00	99
Slovakia	BOIRON SK	1,000 Euro	406	711	100.00	390
Poland	BOIRON SP	1,000 PLN	10,099	3,134	100.00	2,624
Romania	BOIRON RO	1,000 RON	80	11,725	100.00	43
Tunisia	BOIRON TN	1,000 TND	105	897	99.90	84
Hungary	BOIRON	1,000 HUF	49,000	406,459	99.80	187
Bulgaria	BOIRON BG	1,000 BGN	650	913	100.00	332
Russia	BOIRON	1,000 RUB	127,000	700,270	100.00	3,521
Brazil	BOIRON MEDICAMENTOS HOMEOPATICOS	1,000 BRL	37,812	- 32,723	99.99	13,198
Belgium	BOIRON BELGIUM	1,000 Euro	3,650	- 317	99.99	3,650
France	BOIRON	1,000 Euro	555	436	100.00	555
Italy	LABORATOIRES DOLISOS ITALIA	1,000 Euro	1,000	- 97	100.00	3,214
Switzerland	BOIRON	1,000 CHF	1,900	- 490	100.00	2,505
France	LES EDITIONS SIMILIA	1,000 Euro	43	192	97.52	752
Netherlands	BOIRON	1,000 Euro	101	- 318	100.00	
Portugal	BOIRON	1,000 Euro	400	536	100.00	400
Belgium	BOIRON	1,000 Euro	11,019	- 767	100.00	11,019
France	C.E.D.H.	1,000 Euro	508	64	100.00	566
India	BOIRON LABORATORIES					
Russia	BOIRON RUS	1,000 RUB	9	- 349	100.00	

value securities	Loans and advances granted	Loans and advances received	Pledges and approvals given	Average rate for the fiscal year	Yearly sales, taxes excluded	Yearly profit and loss	Dividends received during the fiscal year	Comments
Net								
in thousand of €	in thousand of €	in thousand of €	in thousand of €		in thousand of local currency	in thousand of local currency	in thousand of €	
624		12,823			55,116	7,364	7,993	
3,452		4,276		0.90130	59,757	5,381	2,229	
2,295		1,763			24,093	1,920	2,041	
1,614	1,039			0.70494	15,025	342	1,694	
						- 2		No activity
3,602		1,481			7,397	- 2,510	930	
1,898		1,385			8,093	214	586	
8					908	3		
99		1,656		0.03666	171,217	21,929	548	
390	150				3,090	15	300	
2,624	70		67	0.23900	24,070	- 6,727	169	
43		695		0.22495	44,104	4,139		
84				0.45930	3,447	117		
187		355		0.00323	1,332,123	67,806	321	
332				0.51130	3,844	159		
3,521	18,798		2 975	0.01469	1,697,604	- 225,610	2,256	
1,180	247			0.27024	10,086	- 5,022		
3,338		117				- 5		
555		788			5,558	334	200	
903		1,105	310			- 40		Company in liquidation
1,301		452		0.93645	4,371	1,410		
226		180			180	4		
						5		No activity
400		204			4,073	346	200	
11,019	470				14,823	- 39		
566					3,037	15		
								Company created on December 22, 2015
	15					- 337		No activity

4.4 Result of BOIRON parent company during the last five years

[Article R 225-102 of the French Commercial Code]

Data converted in Euros	2011	2012	2013	2014	2015
I - Capital at the end of the fiscal year					
a - Share Capital	21,482,556	21,482,556	19,441,713	19,441,713	19,441,713
b - Number of existing ordinary shares	21,482,556	21,482,556	19,441,713	19,441,713	19,441,713
c - Number of existing preferred shares (without right to vote) existing					
d - Maximal number of future shares to be emitted d1 by conversion of bonds d2 by exercise of application rights					
II - Operations and results of the fiscal year					
a - Sales taxes excluded	396,064,341	423,453,260	455,860,033	448,447,203	470,019,883
b - Result before taxes, employees profit-sharing, allowance to amortizations and provisions	85,387,258	114,846,531	157,447,852	151,622,222	163,839,995
c - Income tax	22,971,914	28,197,215	41,232,723	38,789,835	42,580,449
d - Employee profit-sharing for the fiscal year	5,568,866	6,244,872	7,859,296	6,956,273	7,171,410
e - Result after taxes, employees profit-sharing, allowance to amortizations and provisions	45,550,782	47,291,113	79,225,502	83,150,313	88,676,565
f - Distributed profit	15,037,789	17,497,542	23,330,056	29,162,570	29,162,570
III - Profits by share					
a - Result after taxes, employees profit-sharing, but before allowance to amortizations and provisions	2.65	3.74	5.57	5.45	5.87
b - Result after taxes, employees profit-sharing, allowance to amortizations and provisions	2.12	2.20	4.08	4.28	4.56
c - Dividend distributed by share	0.70	0.90	1.20	1.50	1.50 ⁽¹⁾
IV - Personnel					
a - Average workforce during the fiscal year	2,670	2,568	2,463	2,424	2,409
b - Amount of the payroll for the fiscal year	95,504,190	95,730,880	94,915,812	94,736,377	96,932,750
c - Amount paid during the fiscal year, concerning social benefits (Social Security, charitable works, etc...)	48,693,002	53,046,221	50,961,457	51,080,094	52,443,866

(1) According to the resolutions proposed by the annual Shareholders' Meeting.

5. Legal information on the Company
and its capital

5.1 Share Capital

At February 29, 2016, the share capital is set at NINETEEN MILLION FOUR HUNDRED FORTY ONE THOUSAND SEVEN HUNDRED AND THIRTEEN EUROS (€19,441,713) divided into NINETEEN MILLION FOUR HUNDRED FORTY ONE THOUSAND SEVEN HUNDRED AND THIRTEEN (19,441,713) common shares with a par value of ONE EURO (€1) each, fully paid and to which 31,757,703 theoretical voting rights are associated and 30,748,324 voting rights are exercisable at the Shareholders' meeting.

The difference between the number of shares and voting rights is related to the existence of double voting rights and the difference between the actual voting rights and theoretical voting rights corresponds to the treasury shares held.

5.1.1 CHANGES IN THE SHARE CAPITAL OVER THE PAST FIVE YEARS

Date	Type of transactions	Capital increase (or reduction)	Number of shares	Capital after transactions
	As from January 1, 2013 :			
Board of Directors 12/19/2012	cancellation of 2,040,843 shares acquired by the Company and reduction of the share capital to the amount of €2,040,843 corresponding to the nominal value of the acquired shares	(2,040,843)	19,441,713	€19,441,713

Non-representative shares: none.

Financial instruments potentially providing access to share capital: none.

5.1.2 STATUTORY PROVISIONS

DOUBLE VOTING RIGHTS (ARTICLE 35 OF THE ARTICLES OF ASSOCIATION)

A double voting right compared with that granted to other shares, in respect of the proportion of capital that they represent, is allotted to all fully paid-up shares that are proven to have been registered for at least three years in the name of the same shareholder.

This right is also granted as from their issue in the event of capital increases by incorporating reserves, profits or issue premiums, for registered shares allocated free-of charge to a shareholder as a result of old shares for which he/she/it was entitled to this right.

Registered shares with a double voting right, that are converted to bearer shares for any reason whatsoever, lose the double voting right.

SPLIT OF VOTING RIGHTS BETWEEN USUFRUCTUARY AND BARE OWNERS (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

The voting right associated with a share shall be exercised by the owner of any share pledged as a security. In the case of a division in the ownership of a share, that share shall belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at the Extraordinary Shareholders' Meetings.

In the event of a transfer of shares under the provisions of article 787 B of the French tax code with reserve of usufruct, and by way of derogation with what has been stated above, the voting rights of the usufructuary will then be limited, for shares transferred, only to decisions concerning the distribution of profits.

IDENTIFIABLE BEARER SHARES (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

The Company is entitled to request at any time from the central depository body the information permitted by law concerning the identity of holders of shares conferring, immediately or at a later date, a right to vote at Shareholders' Meetings.

The Company is also entitled to request, under the conditions indicated in the French Commercial Code, the identity of shareholders if it believes that some holders whose identities have been disclosed to it hold shares on behalf of third parties.

The Company may ask any legal entity holding more than 2.5 % of the share capital or voting rights to disclose the identity of persons directly or indirectly holding more than one third of its shares or voting rights at its Shareholders' Meetings.

PERCENTAGE OF SHARE CAPITAL AND VOTING RIGHTS DIRECTLY ⁽¹⁾ HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE CORPORATE OFFICERS (AS OF FEBRUARY 29, 2016)

	% shares	% of voting right exercisable at shareholders' meeting
BOARD OF DIRECTORS		
Christian Boiron (executive director)	1.19	1.48
Thierry Boiron (executive director)	3.93	4.95
Valérie Poinot (executive director)	0.01	0.01
Jacky Abecassis	0.00	0.00
Michèle Boiron	1.42	1.71
Michel Bouissou	0.00	0.00
Christine Boyer-Boiron	1.02	1.29
Jean-Pierre Boyer	0.02	0.02
Stéphanie Chesnot	0.02	0.03
Bruno Grange	0.00	0.00
Virginie Heurtaut	0.02	0.03

(1) It should be noted that certain board members also hold stake in SODEVA and SHB (see paragraph 5.2)

STATUTORY THRESHOLDS (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

Any natural person or legal entity, having a shareholding of over 2 % of the share capital is required to inform the Company of the total number of shares that he/she/it possesses, within fifteen days of the date at which this threshold is exceeded.

The information indicated in the previous paragraph must also be provided within the same timeframe when the shareholding falls below the abovementioned threshold.

When determining the abovementioned shareholding threshold, the following are deemed to be shares held by the person bound to provide the information indicated in the previous paragraph:

1. shares held by other persons on behalf of this person,
2. shares held by the companies that he/she/it controls,
3. shares held by a third party with whom/which he/she/it acts jointly,
4. shares that one of the persons referred to in points 1, 2, and 3 above, is entitled to acquire, at his/her/its own initiative, under an agreement.

FINANCIAL INSTRUMENTS GIVING POSSIBLE RIGHTS OVER THE SHARE CAPITAL

There are no financial instruments that, if implemented or exercised, would result in the creation of new shares.

STOCK-OPTIONS GRANTED TO EACH CORPORATE OFFICER AND OPTIONS EXERCISED BY THEM

The Company has not granted any stock options.

LOANS AND WARRANTS GRANTED OR PROVIDED TO MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

No loans or warrants have been granted or provided to members of the administrative, management or supervisory bodies.

5.1.3 SHARES BUY-BACK PROGRAM

The Company has implemented several successive shares buy-back program. The most recent shares buy-back program was authorized by the combined Shareholders' Meeting on May 21, 2015 and introduced immediately.

This program, limited to 10 % of share capital, if necessary adjusted to take into account possible operations of increase or reduction of the capital which can intervene in the duration of the program, has the following goals:

- support the secondary market or the liquidity of the BOIRON stock through a market maker under a liquidity agreement that complies with the code of ethics of the AMAFI, as recognized by the AMF (French Financial Market Authority),
- possibly cancel the shares bought back, in accordance with the authorization granted in the tenth resolution of the Combined Shareholders' Meeting on May 21, 2015,
- retain shares that are bought back and subsequently put them back on the market or use them as consideration in possible external growth transactions, it being noted that the shares acquired in this regard may not exceed 5 % of the Company's share capital,
- cover investment securities giving rights over shares in the Company in line with applicable regulations.

Share purchases may be made in public offer period in respect of the regulations in force.

These share purchases may be performed by any means, or by mutual agreement including the purchase of blocks of shares, and may take place at any time preferred by the Board of Directors. The Company has no intention of using option mechanisms or derivative instruments.

The maximum purchase price was set at 150 euros per share and the maximum amount of the transaction was fixed at 291,625,650 euros.

5.1.3.1 NUMBER OF SHARES TRADED BY THE COMPANY DURING THE FISCAL YEAR

Pursuant to Article L.225-211 of the French Commercial Code, below is the required information on the implementation of the shares buy-back program during the 2015 fiscal year:

At 12/31/2015:

- Percentage of treasury shares: 5.25 %.
- Number of treasury shares held in portfolio: 1,021,567.
- Number of treasury shares broken down by intended use:
 - Supporting the stock price through an AMAFI liquidity agreement: 22,525
 - External growth transactions: 972,085
 - Coverage of stock purchase options or other employee share ownership system: none
 - Coverage of securities giving the right to the granting of shares: none.
 - Cancellation: 26,957
- Book value of portfolio: €73,537,213.
- Market value of portfolio: €76,106,742 (based on December 31, 2015 closing price)
- Total nominal value: €1,021,567.

From 01/01/15 at 12/31/15		Liquidity agreement	External growth	Cancellation	Total
Purchases	Number of shares	131,223	196,001	26,957	354,181
	Price ⁽¹⁾	€85.26	€76.44	€80.00	€79.97
	Negotiation costs		€35,503	€5,392	€40,895
	Amount	€11,187,447	€15,017,118	€2,161,955	€28,366,520
Sales / Assignments	Number of shares		123,123		123,123
	Price ⁽¹⁾		€85.18		€85.18
	Negotiation costs				
	Amount		€10,488,222		€10,488,222

(1) Average price

5.1.3.2 AUTHORIZATION TO ESTABLISH A NEW SHARES BUY-BACK PROGRAM

The Combined Shareholders' Meeting of May 19, 2016 will be called to approve the introduction of a new share buy-back program, according to articles L.225-209 and seq. of the French Commercial Code, to replace the current program, which would be terminated in advance (see paragraph 5.6).

That plan would be limited to 10 % of the share capital and would allow to pursue the same objectives as those authorized within the framework of the existing program (see paragraph 5.1.3).

The maximum purchase price would be 135 euros per share i.e. a total of 262,463,085 euros for the entire operation.

5.1.4 AUTHORIZATION TO INCREASE OR TO DECREASE THE CAPITAL

There is no delegation or authorization to the Board of Directors to increase capital.

The Combined Shareholders' Meeting of May 21, 2015 adopted the following resolutions:

Tenth resolution - Authorization of authority to the Board of Directors to cancel shares repurchased by the Company within the framework of the provisions of Article L.225-209 of the French Commercial Code.

This authorization was granted to the Board of Directors for a period of 24 months, until May 20, 2017, within the limit of 10 % of share capital, or 1,944,171 shares. As of March 16, 2016, that power had not been used.

Financial authorization	Ceiling	Date of authorization	Period of authorization	Utilisation of authorization	Expiry date
Authorization to cancel shares repurchased by the company within the framework of the provisions of Article L.225-209 of the French Commercial Code	Cancellation of shares within the limits of 10 % of share capital	05/21/2015	24 month	None	05/20/2017

5.1.5 ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Pursuant to Article L.225-100-3 of the French Commercial Code, the Company notes the following:

- the structure of the share capital as well as direct or indirect stockholding of which the Company is aware and all such information is included in paragraph 5.2.,
- there is no agreement providing for compensation for members of the Board or employees if they resign or are dismissed without real and serious ground or if their employment terminates due to a public offer,
- to our knowledge, the shareholders' pacts and commitments are:

Shareholders' agreement:

- **Shareholders' agreement (signed on October 13, 1987 and published by the SBF in notice no.92-1278 dated May 20, 1992):**
Some shareholders granted a preemption right to SODEVA for a portion of their shares.
- **Shareholders' agreement (signed on June 29, 2005 and published by the AMF on July 13, 2005):**
Reciprocal preemption rights between the members of the BOIRON family, the companies SHB and SODEVA in the event of sale of BOIRON shares.

Dutreil Commitments :

	Regime	Signature date	Terms of collective commitment	Contractual period of the commitment	Renewal method	Percentage of share capital covered by the pact or commitment as of the signature date
Dutreil commitments	Art. 885 I bis of French General Tax Code	03/26/2004	03/26/2010	6 years	Tacit renewal for one year periods	40.41 %
Dutreil commitments	Art. 787 B of French General Tax Code	07/29/2005	07/31/2007	6 years	Tacit renewal for two years periods	39.23 %
Dutreil commitments	Art. 885 I bis of French General Tax Code	05/31/2007	06/01/2013	6 years	Tacit renewal for one year periods	26.58 %
Dutreil commitments	Art. 885 I bis of French General Tax Code	12/19/2007	12/19/2013	6 years	Tacit renewal for one year periods	32.40 %
Dutreil commitments	Art. 787 B of French General Tax Code	12/05/2008	12/09/2010	6 years	Tacit renewal for indeterminate periods	29.45 %
Dutreil commitments	Art. 787 B of French General Tax Code Art. 885 I bis of French General Tax Code	12/18/2009	12/28/2011	6 years	Fixed term - no renewal	33.72 %
Termination of the Dutreil commitment dated Dec. 5, 2008	Art. 787 B of French General Tax Code	01/06/2011		6 years		
Dutreil commitments	Art. 787 B of French General Tax Code	06/14/2013	06/19/2015	6 years		20.77 %
Dutreil commitments	Art. 787 B of French General Tax Code Art. 885 I bis of French General Tax Code	09/23/2013	11/21/2015	6 years	Tacit renewal for one year periods	35.39 %
Dutreil commitments	Art. 787 B of French General Tax Code	11/15/2013	11/20/2015	6 years	Fixed term - no renewal	34.11 %
Dutreil commitments	Art. 885 I bis of French General Tax Code	11/15/2013	11/20/2015	6 years	Fixed term - no renewal	34.18 %
Dutreil commitments	Art. 787 B of French General Tax Code	11/15/2013	11/20/2015	6 years	Fixed term - no renewal reconduction	23.34 %
Dutreil commitments	Art. 885 I bis of French General Tax Code	11/15/2013	11/20/2015	6 years	Fixed term - no renewal reconduction	23.34 %

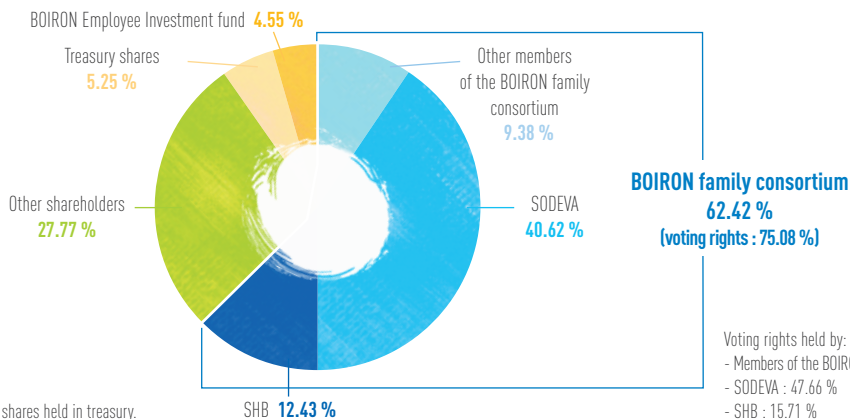
Legal information on the Company and its capital

Percentage of voting rights covered	Name of executive management signatories	Name of signatories with close ties to executive management	Name of signatories holding at least 5 % of capital and/or voting rights of the Company
52.10 %	Christian Boiron	Paola Boiron, Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, Michèle Boiron, Paul Mollin, Fabienne Boiron, Jacqueline Boiron, Hervé Boiron, Laurence Boiron, Thierry Boiron, Dominique Boiron, Christine Boyer-Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
50.33 %	Christian Boiron Thierry Boiron	Jacqueline Boiron, Hervé Boiron, Marcelle-Cécile Boiron, Laurence Boiron, Dominique Boiron, Christine Boyer-Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
35.76 %	Christian Boiron Thierry Boiron	Michèle Boiron, SODEVA	SODEVA
43.95 %	Christian Boiron Thierry Boiron	Christine Boyer-Boiron, Dominique Boiron, Hervé Boiron, SODEVA	SODEVA SHB
33.32 %	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
40.88 %	Christian Boiron Thierry Boiron	Christine Boyer-Boiron, Dominique Boiron, Hervé Boiron, SODEVA	SODEVA SHB
	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
25.64 %	Christian Boiron Thierry Boiron	Fabienne Boiron, Killian Boiron, Félix Boiron, Elliot Boiron, SODEVA	SODEVA
42.95 %	Christian Boiron Thierry Boiron	Christine Boyer-Boiron, Dominique Boiron, Hervé Boiron, Marcelle-Cécile Boiron, Laurence Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
42.05 %	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
42.14 %	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
27.07 %	Christian Boiron, Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA, CHR	SODEVA CHR
27.07 %	Christian Boiron, Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA, CHR	SODEVA CHR

- There is no share with special control rights. Nevertheless, it is specified that a double voting right is assigned to all shares fully paid and which the registration for at least three years in the name of the same shareholder can be proved (Article 35 of the Articles of Association).
- The voting rights of shares held by employees through the FCPE (Employee Investment Fund) with investments, are made in BOIRON shares, are exercised by a proxyholder authorized by the Fund's Supervisory Board for the purposes of representing it at the Shareholders' Meeting.
- The appointment and dismissal of members of the Board of Directors are governed by law and the Articles of Association.
- With regard to powers of the Board of Directors, the Board does not benefit from any delegation or authorization to increase capital.
The powers of the Board to repurchase shares are presented in paragraph 5.1.3.
- Amendments to the Company's Articles of Association are made in line with legal and regulatory provisions.
- There is no statutory restriction to the exercise of voting rights.
- There is no statutory restriction to the transfer of shares.

5.2 Main shareholders

At December 31, 2015, the capital is as follows :



Voting rights are expressed excluding shares held in treasury.

In application of Article L.233-13 of the French Commercial Code, persons holding the percentage of shares or voting rights (excluding treasury shares) provided under Article L.233-7 of the French Commercial Code on December 31, 2015 are, to the company's best knowledge, listed below:

Shareholders	% of capital	% of voting rights
Holding more than 5 %		FCPE BOIRON (Employee Investment Fund)
Holding more than 10 %	SHB ⁽¹⁾	
Holding more than 15 %		SHB ⁽¹⁾
Holding more than 20 %		
Holding more than 25 %		
Holding more than 30 %		
Holding more than 33 1/3 %	SODEVA ⁽²⁾	SODEVA ⁽²⁾
Holding more than 50 %	BOIRON family consortium ⁽³⁾	
Holding more than 66 2/3 %		BOIRON family consortium ⁽³⁾

(1) Corporate entity controlled by the Jean Boiron family branch.

(2) Corporate entity controlled by the Henri Boiron family branch.

(3) The Boiron family consortium includes: SODEVA, SHB and the Jean and Henri Boiron family members.

The Company is controlled by the BOIRON family consortium as indicated above. The measures taken in order to avoid that control is not exercised abusively are the following:

- the presence of independent Board members within the Board and its Audit Committee,
- the separation of the duties of the Chairman and the General Manager.

At December 31, 2015, the BOIRON family consortium held 12,136,462 shares (registered and bearer) representing 62.42 % of share capital and 75.08 % of voting rights (excluding treasury shares).

CHANGES IN SHARE CAPITAL BREAKDOWN

	Number of shares	Shares % of capital	Number of voting rights exercisable at shareholders' meeting	% of voting rights exercisable at shareholders' meeting	Theoretical number of voting rights	Theoretical % number of voting rights
December 31, 2013						
BOIRON family consortium	12,092,206	62.20	22,780,229	72.19	22,780,229	72.14
• of which SODEVA	6,781,343	34.88	13,507,686	42.81	13,507,686	42.78
• of which SHB	2,413,147	12.41	4,611,331	14.61	4,611,331	14.60
• of which CHR	1,074,130	5.53	1,074,130	3.40	1,074,130	3.40
• of which Thierry Boiron	794,760	4.09	1,583,138	5.02	1,583,138	5.01
• of which natural persons	1,028,826	5.29	2,003,944	6.35	2,003,944	6.35
Public	6,318,491	32.50	6,818,038	21.61	6,818,038	21.59
FCPE	1,006,000	5.17	1,956,000	6.20	1,956,000	6.19
Treasury shares	25,016	0.13	0	0	25,016	0.08
TOTAL	19,441,713	100	31,554,267	100	31,579,283	100
December 31, 2014						
BOIRON family consortium	12,085,906	62.16	22,774,079	74.04	22,774,079	72.19
• of which SODEVA	6,781,343	34.88	13,507,686	43.92	13,507,686	42.81
• of which SHB	2,413,147	12.41	4,612,831	15.00	4,612,831	14.62
• of which CHR	1,074,130	5.52	1,074,130	3.49	1,074,130	3.40
• of which Thierry Boiron	764,760	3.93	1,523,138	4.95	1,523,138	4.83
• of which natural persons	1,052,526	5.41	2,056,294	6.68	2,056,294	6.52
Public	5,652,498	29.07	6,158,811	20.02	6,158,811	19.52
FCPE	912,800	4.70	1,825,600	5.94	1,825,600	5.79
Treasury shares	790,509	4.07	0	0	790,509	2.51
TOTAL	19,441,713	100	30,758,490	100	31,548,999	100
December 31, 2015						
BOIRON family consortium	12,136,462	62.42	23,081,954	75.08	23,081,954	72.67
• of which SODEVA	7,896,410	40.62	14,652,753	47.66	14,652,753	46.13
• of which SHB	2,416,647	12.43	4,829,794	15.71	4,829,794	15.20
• of which Thierry Boiron	764,760	3.93	1,523,138	4.95	1,523,138	4.80
• of which natural persons	1,058,645	5.44	2,076,269	6.76	2,076,269	6.54
Public	5,398,684	27.77	5,889,657	19.16	5,889,657	18.54
FCPE	885,000	4.55	1,770,000	5.76	1,770,000	5.57
Treasury shares	1,021,567	5.25	0	0	1,021,567	3.22
TOTAL	19,441,713	100	30,741,611	100	31,763,178	100

Christian Boiron is the General Manager of BOIRON and President/CEO of SODEVA.

The BOIRON family consortium is comprised of two companies (SODEVA and SHB) and 21 individuals.

BOIRON was founded by Jean and Henri Boiron. SODEVA is a limited company controlled by the Jean Boiron family group.

SHB is a limited company controlled by the Henri Boiron family group.

To the Company's knowledge, no other shareholder holds, directly or indirectly, acting alone or jointly, more than 5 % of the capital or voting rights.

No material changes took place in shareholder structure or voting rights since December 31, 2015.

CHANGES IN THE SHAREHOLDER STRUCTURE DURING THE 2015 PERIOD

On March 18, 2015, the company CHR was absorbed by the company SODEVA, which acquired all the BOIRON shares previously held by the company CHR, i.e. 1,074,130 shares.

That transaction was the subject of an AMF (French Financial Market Authority) exemption dated March 17, 2015 related to the requirement to file a takeover bid on the BOIRON shares, the company SODEVA being a member of the Boiron family consortium which held the majority of the voting rights of the company BOIRON prior to the transaction (AMF Notice 215C0320).

5.3 Employee shareholding

Employee shareholding at BOIRON developed in several stages:

- At the end of the seventies, BOIRON benefited from a very favorable economic environment with strong growth in its business. Labor relations were also favorable with new profit sharing agreements put in place for the sharing of growth and profits.
- At the end of 1978, the first request to become BOIRON shareholders was communicated by employees at the central works committee.
- In October of 1984, a BOIRON employee investment fund (referred to as an FCPE in French) was created following a capital increase reserved for employees, permitting them to purchase 2 % of company's share capital.
- In June of 1987 BOIRON was introduced to the stock market.

Employees can invest in the BOIRON employee investment fund via:

- The employee savings plan: On average, 35 % of employee savings are transferred to the BOIRON employee investment fund.
- Profit sharing: On average, 34 % of funds from the profit sharing incentive are transferred into the BOIRON employee investment fund.
- Voluntary contributions: Employees can also make voluntary transfers into the BOIRON employee investment fund. In 2015, 1,588 employees were paid a total of €885 thousand.
- The employer contribution to voluntary payments into the BOIRON employee investment fund is based on a declining scale in 3 tranches providing eligibility for a maximum employer contribution of €1,500 for € 3,000 of annual payments.

At December 31, 2015, the BOIRON employee investment fund's assets amounted to more than €91 million, of which 72 % was composed of BOIRON shares. About 90 % of employees own a portion of the BOIRON employee investment fund.

The portion of BOIRON share capital held by the BOIRON employee investment fund was 4.55 % at December 31, 2015, (4.7 % at December 31, 2014).

The Chairman of the BOIRON employee investment fund's supervisory board serves on the Board of Directors as a representative of employee shareholders.

The BOIRON share is also part of the employee shareholder index Euronext FAS IAS® for which the objective is to track the stock market performance of listed companies with significant employee ownership.

5.4 Incorporation and Articles of Association

5.4.1 LEGAL IDENTITY OF BOIRON

COMPANY NAME:

BOIRON

HEADQUARTERS:

2, avenue de l'Ouest Lyonnais - 69510 Messimy - FRANCE
Phone : +33 (0)4 78 45 61 00

LEGAL FORM:

A public limited liability Company governed by the French Commercial Code and the French Public Health Code.

DATE OF INCORPORATION AND LIFETIME:

The Company's lifetime is set at 99 complete years from June 7, 1932, the date of its registration in the Trade and Companies Register, to June 6, 2031, unless the Company is dissolved before that or its lifetime is extended.

CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION):

BOIRON's corporate purpose in France and abroad is as follows:

- the trading of all products or services designed to improve health, such as:
 - the manufacture, distribution and sale of medicines, in particular homeopathic medicines, dietary products, hygiene and health products, as well as medicines for human or veterinary use,
 - the storage and distribution of pharmaceutical specialties for one or more manufacturers,
 - fundamental and applied research,
 - teaching, training, and awareness campaigns targeted at health professionals and the general public,

- editing, publication, documentation, and communications,
- either directly through incorporation, contribution, merger, spin-off, purchase, management, or by any other means,
- either indirectly through specialized subsidiaries, incorporation, management, merger, spin-off or by any other means,

- and more generally, all commercial, financial, industrial, real estate, or property transactions directly or indirectly relating to the corporate purpose and a similar or related purpose.

The Company may carry out any transactions that are compatible with these objects, relate to them or help achieve them.

TRADE AND COMPANIES REGISTER:

967 504 697 Lyon Trade and Companies Register
(NAF code 2120 Z)

MANAGEMENT NUMBER AT THE LYON COMMERCIAL COURT CLERK:

1967 B 00469

LOCATION WHERE THE LEGAL DOCUMENTATION RELATING TO THE COMPANY MAY BE CONSULTED:

2, avenue de l'Ouest Lyonnais - 69510 Messimy - FRANCE

FISCAL YEAR (ARTICLE 44 OF THE ARTICLES OF ASSOCIATION):

The fiscal year starts on January 1 and ends on December 31.

5.4.2 ARTICLES OF ASSOCIATION

RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES (ARTICLE 13 OF THE ARTICLES OF ASSOCIATION):

Ownership of a share automatically implies acceptance of the Articles of Association and resolutions passed from time to time by all the Company's General Meetings. The rights and obligations attached to the share shall pass with the share however many times it changes hands.

Shareholders shall only be liable for the Company's losses up to the extent of the face value of their shares. No majority decision may increase their liability in this respect. Each share gives its holder the right to a prorated share of the Company's profits and assets.

In the event of a transfer of shares as a result of a merger or spin-off, a reduction in the Company's share capital, consolidation or splitting, or distribution of shares by liquidation of the Company's reserves or in connection with a reduction in its capital, or of the distribution of free shares, the Board of Directors shall be entitled to sell those shares that are not claimed by those entitled to them in accordance with current rules and regulations.

All shares, both old and new, provided they are all of the same type and face value and are paid up to the same extent, shall be treated entirely alike, given that they confer the same rights upon their owners; when it comes to the allocation of dividends just as with the total or partial reimbursement of their nominal share of the Company's capital, each share shall be allocated the same net sum of money and any resulting taxes and duties shall be divided uniformly among them.

PREFERENTIAL ALLOCATION SHARES (ARTICLE 14 OF THE ARTICLES OF ASSOCIATION):

On the decision of the Extraordinary General Meeting, preferential allocation shares may be created, through an increase in capital or by conversion of ordinary shares already issued, which themselves can be converted into ordinary shares or into preferential allocation shares in the same category, all under the conditions and within the limits laid down and current legislative provisions in force. The Company does however have the option to require, by decision of the Extraordinary General Meeting, the purchase or conversion of the totality of its own preferential allocation shares, in accordance with the provisions of the French Commercial Code. It may also delegate this power to the Board of Directors.

DISTRIBUTION OF PROFITS (ARTICLE 46 OF THE ARTICLES OF ASSOCIATION):

The difference between income and expenses for the fiscal year, after deduction of amortization and provisions, represents the profit or loss for the fiscal year.

From the profit less prior losses, where applicable, five percent is deducted for the legal reserve fund.

This deduction stops being mandatory once the reserve fund reaches one tenth of the share capital.

The obligation applies again when, for some reason, the reserve falls below said one tenth.

Distributable income is comprised of the profit for the fiscal year, less prior losses and the abovementioned deduction, plus retained profits.

This income is available to the Shareholders' Meeting that, following a proposal from the Board of Directors, may, fully or partly, carry it forward, or allocate it to general or special reserve funds.

The Meeting may, moreover, decide to pay out the amounts deducted from the reserves that are available to it; in this case, the resolution must expressly identify the reserve line items from which the deductions are to be made. Dividends are, nevertheless, firstly paid out from the distributable income for the fiscal year.

The Meeting approving the financial statements for the fiscal year is entitled to grant each shareholder, for all or part of the dividend being paid out, besides interim dividends, the option to receive payment in cash or in shares.

SHAREHOLDERS' MEETINGS:

Article 29 - Calling body and location meetings

Shareholders' Meetings are convened by the Board of Directors. Failing this, they may be convened by the persons referred to in the French Commercial Code, in particular, the statutory auditors, or by a representative appointed by the Chairman of the Commercial Court, ruling in summary proceedings at the request of shareholders representing at least 5 % of the share capital or, in respect of a Special Meeting, one tenth of the shares of the relevant class.

Shareholders' Meetings are held either at the headquarters or at any place in the same department as the headquarters, or in PARIS.

Article 30 - Ways of calling meetings and deadlines

At least thirty five days prior to the date of the Meeting, the Company has a meeting notice published in the French Journal of Mandatory Legal Notices (BALO, Bulletin des Annonces Légales Obligatoires) which sets out the Meeting agenda and contains the draft resolutions to be submitted to the Meeting by the Board of Directors. It also indicates the deadline by which requests for the inclusion of draft resolutions must be sent in by shareholders.

Invitations are sent by means of notices published in newspapers authorized to carry legal notices in the department in which the headquarters is located and, also, in the French Journal of Mandatory Legal Notices, as prescribed by law.

Persons having held registered shares for at least one month at the date the meeting notice is published are convened to the Meeting in line with the terms and conditions prescribed by law. Co-owners of full shares registered in this respect within the timeframe set out in the previous paragraph have the same rights. In the event of division of share ownership, they belong to the party holding the voting right.

When a Meeting could not lawfully decide, as a result of not having met the required quorum, a second Meeting is called in the same manner as the first and the meeting notice mentions the date thereof. The same applies to calling an adjourned Meeting pursuant to the French Commercial Code.

The timeframe between the publication of the meeting notice and the sending out of letters and the date of the Meeting must be at least fifteen days for the first notice and ten days for the next notice.

Article 31 - Agendas for Shareholders' Meetings

Meeting agendas are drawn up by the party giving notice of the meeting or by judicial order appointing the agent responsible for calling the Meeting. One or more shareholders representing a proportion of the capital laid down by legal and regulatory provisions is/are entitled to request the inclusion of draft resolutions in the Meeting's agenda.

The works council is entitled to request the inclusion of draft resolution in the Meeting's agenda.

The Meeting may not discuss matters that are not on the agenda, and the latter may not be modified in the second notice. It may, in any event, dismiss one or more board members and replace them.

Article 32 - Attendance at Shareholders' Meetings

All shareholders are entitled to participate in Shareholders' Meetings or be represented at such Meetings, regardless of how many shares he/she/it owns, provided said shares are fully paid-up.

Owners of shares who/that are not domiciled in France may be represented by an intermediary who is registered pursuant to applicable legislation and regulations. In the event of division of share ownership, the holder of the voting right may attend or have him/her/itself represented at the Meeting notwithstanding the bare owner's right to attend all Shareholders' Meetings. The owners of joint shares are represented as set out in Article 12.

Nevertheless, the right to participate in Shareholders' Meetings is subject, to the accounting registration of the shares at the name of the shareholder or of the intermediary registered on his/her/it behalf on the second day prior the meeting by 0.00 hour, Paris time, either in the shares registers maintained by the Company, or in the register of bearer shares maintained by the authorized intermediary.

All shareholders owning shares of a given class may participate in Special Meetings of shareholders of that class, in line with the abovementioned terms and conditions.

For the purposes of calculating the quorum and majority, shareholders participating in the Meeting by videoconferencing or via telecommunication methods that allow for their identification, and in accordance with applicable regulations, are deemed to be present, where the Board of Directors decides to use such means of participation, prior to calling the Shareholders' Meeting.

Article 33 - Proxy representation of shareholders and voting by mail

All shareholders may be represented by natural person or legal entity of its choice. The proxy is granted for a single Meeting, but it may be granted for two Meetings, one Ordinary and the other Extraordinary, if they are held on the same day or within fifteen days of each other. This also applies to successive Meetings convened with the same agenda.

All shareholders may vote by correspondence in accordance with the terms and conditions laid down by applicable legislation and regulations.

The Company must enclose the information provided for by applicable legislation with any proxy or correspondence voting form it sends out to shareholders.

There is no specific statutory provision relating to the modification of shareholders' rights or the modification of capital that takes place under the conditions prescribed by the regulations in force.

5.4.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

As according to the deliberation dated March 7, 2007, the BOIRON Board of Directors established an internal regulation which provides the possibility of Board members to participate in Board meetings by videoconference or telecommunications.

In that context, the following methods were approved.

Article 1 - Board of Directors' meetings

Use of video conferencing facilities or telecommunications

The Board members may participate in Board meetings by videoconference or telecommunications. That method of participation is not applicable for decisions related to the approval of the annual financial statements including the consolidated financial statements.

The means used should allow the identification of participants and ensure their effective participation in the Board meeting whose deliberations shall be transmitted live.

The minutes to the deliberation shall refer to the participation of Board members by means of videoconference or telecommunications.

Article 2 - Approval, amendments and disclosure of internal regulations

These internal regulations may be amended or modified by decision of the Board of Directors taken within the guidelines defined by the Articles of Association.

Any new member of the Board of Directors will be requested to ratify it concomitantly to his entrance in the Board.

Where appropriate, all or a portion of these internal regulations may be made disclosed to the public.

5.5 Draft resolutions put to the Ordinary Shareholder's Meeting of May 19, 2016

FIRST RESOLUTION

Approval of the annual financial statements for the period ended on December 31, 2015 Approval of expenditures and tax non-deductible expenses

The Shareholders' Meeting, following its review of the reports issued by the Board of Directors, the Chairman of the Board and the statutory auditors for the period ended December 31, 2015, approves, such as presented, the annual financial statements closed at that date showing a profit of 88,676,565.43 euros.

The Shareholders' Meeting approves, in particular, the total amount, amounting to 159,277.00 euros, of expenditures and expenses specified by item 4 of article 39 of the French General Tax Code, as well as the corresponding tax.

SECOND RESOLUTION

Approval of the consolidated financial statements ended December 31, 2015

The Shareholders' Meeting, following its review of the reports issued by the Board of Directors, the Chairman of the Board and the statutory auditors on the consolidated financial statements as at December 31, 2015, approves these financial statements as presented, showing a profit (group share) of 73,931,851.64 euros.

THIRD RESOLUTION

Allocation of Net Income and dividend-fixing

The Shareholders' Meeting resolves to allocate the profit for the 2015 fiscal year as follows:

Profit for the 2015 fiscal year	€88,676,565.43
+ Profit carried forward	€31,468,129.86
= DISTRIBUTABLE INCOME	€120,144,695.29
- Dividend of €1.50 per share on the basis of 19,441,713 shares	- €29,162,569.50
= Remainder	€90,982,125.79
- Other reserves	- €61,000,000.00
= CARRIED FORWARD	€29,982,125.79

The Shareholders' Meeting records that the total dividend accruing to each share is set at €1.50 the full amount of which thereby distributed being eligible for the 40 % allowance indicated in Article 158-3-2 of the French General Tax Code.

The ex-dividend will be realized on June 1, 2016.

The dividends will be paid out on June 3, 2016.

It should be noted that, if the Company, at the ex-dividend date, holds certain treasury shares, the amounts corresponding to dividends not paid in respect of such shares will be carried forward.

In accordance to the provisions of article 243 bis of the French General Tax Code, the Shareholders' Meeting notes that it was reminded that, during the last three full-year periods, the dividend distributions and incomes were as follows:

Fiscal year	Amount of revenue eligible for the 40 % of the allowance under (Article 158-III-2 of the French General Tax Code)		Amount of revenue not eligible for the 40 % of the allowance
	Dividends ⁽¹⁾	Other distributed income	
2012	€17,497,541.70 / €0.90 per share	-	-
2013	€23,330,055.60 / €1.20 per share	-	-
2014	€29,162,569.50 / €1.50 per share	-	-

(1) Of which carried forward (in respect of dividends not paid out on treasury shares):

- €20,946.60 in 2012
- €1,676.40 in 2013
- €1,506,837.00 in 2014

FOURTH RESOLUTION

Statutory auditors' special report on regulated agreements and approval of these agreements

After having reviewed the statutory auditors' special report on regulated agreements, the Shareholders' Meeting approves the new agreements set out herein.

FIFTH RESOLUTION

Re-appointment of Mr. Christian Boiron as a board member

The Shareholders' Meeting resolves to reappoint Mr. Christian Boiron as a board member, for a three year term, expiring at the end of the Meeting called in 2019 to approve the financial statements for the past fiscal year.

SIXTH RESOLUTION

Re-appointment of Mr. Michel Bouissou as board member

The Shareholders' Meeting resolves to reappoint Mr. Michel Bouissou as a board member, for a three year term, expiring at the end of the Meeting called in 2019 to approve the financial statements for the past fiscal year.

SEVENTH RESOLUTION

Re-appointment of Mrs. Virginie Heurtaut as board member

The Shareholders' Meeting resolves to reappoint Mrs. Virginie Heurtaut as board member, for a three year term, expiring at the end of the Meeting called in 2019 to approve the financial statements for the past fiscal year.

EIGHTH RESOLUTION

Board members' fees

The Shareholders' Meeting sets the total annual amount of board members' fees to be granted to the Board of Directors at 212,046 euros for the 2016 fiscal year.

NINTH RESOLUTION

Authorization to be given to the Board of Directors, to buy back its own shares, within the framework of the provisions of Article L. 225-209 of the French Commercial Code

Having read the Board of Director' report, the Shareholders' Meeting authorizes the latter, for a period of eighteen months, pursuant to Articles L.225-209 and seq. of the French Commercial Code, to buy back, on one or more occasions, and whenever it so decides, Company shares within the limits of 10 % of the shares composing the share capital if necessary adjusted to take into account possible operations of increase or reduction of the capital which can intervene in the duration of the program.

This authorization withdraws the authorization granted to the Board of Directors by the Shareholders' Meeting of May 21, 2015.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of BOIRON shares through a market maker under a liquidity agreement that complies with the code of conduct of the AMAFI agreed by the regulation,
- proceed with the cancellation of the shares acquired, in compliance to the authorization granted by the Shareholders' Meeting dated May 21, 2015 in its tenth resolution of an extraordinary nature,
- retain shares that are bought back and subsequently put them back on the market, or use for external growth transactions,
- ensure coverage for securities granting entitlement to some of the Company's shares pursuant to applicable regulations.

These share acquisitions may be carried out by any means, including by the acquisition of blocks of shares, and whenever decided by the Board of Directors.

The Company does not intend to use option mechanisms or derivative instruments.

The maximum purchase price is set at €135 per share. In the event of a change to the capital, in particular in case of splitting or grouping of shares or free share grants, the mentioned above amount shall be adjusted in the same proportions (multiplier coefficient equal to the ratio of the number of shares in the capital prior to the change and the number of shares following the change).

The maximum amount of the transaction is set at 262,463,085 euros.

The Shareholders' Meeting hereby fully empowers the Board of Directors to carry out these transactions, to decide upon the terms and conditions and means thereof, to enter into any agreement that is necessary and to complete all formalities.

TENTH RESOLUTION

Powers for formalities

The Shareholders' Meeting grants full powers to the bearer of an original, copy or extract of these minutes to accomplish all filing formalities and disclosures as required by law.

b. Other informations

6.1 Person responsible for the Reference Document

Person responsible for the Reference Document

I certify that, having taken all reasonable measures to that effect, the information included in this registration document is, to my knowledge, accurate and does not contain any material omissions which could make it misleading.

I certify that, to my knowledge, the financial statements are prepared in accordance with applicable accounting standards and give a fair view of the assets, the financial position and income of the company and all companies included in the consolidation, and that the management report included in this registration document, for which the concordance table is included in paragraph 6.5, presents a true picture of business developments, income and the financial position of the company and all companies included in the consolidation and a description of the principal risks and uncertainties they face.

I have obtained, from the statutory auditors, a letter advising me of the completion of their audit, in which they state that they have reviewed the information concerning the financial position and financial statements contained in this document and have read the entire document.

The historical financial information presented in this document were the subject of the statutory auditors' reports contained in paragraphs 4.2 and 4.4 of this document, as well as those referenced for the 2013 and 2014 financial periods.

The report on the consolidated financial statements for the year ended December 31, 2013 contains an observation on the impact of the first application, as of January 1, 2013, of IAS 19 revised.

Messimy
April 8, 2016

Christian Boiron
General Manager

According to the article 28 of the European regulation n°809 / 2004, the following information is incorporated by reference in this Reference Document:

- The financial consolidated statements and the statutory auditors' report relative to the 2014 financial year and appearing on pages 146 of the Reference Document 2014 deposited with the French of Financial Markets Authority on April 9, 2015 under N° D.15-0306;
- The financial consolidated statements and the statutory auditors' report relative to the 2013 financial year and appearing on pages 160 of the Reference Document 2013 deposited with the French of Financial Markets Authority on April 7, 2014 under N° D.14-0295.

6.2 Statutory auditors

	DATE OF APPOINTMENT	DURING OF OFFICE	END OF TERM OF OFFICE
PRINCIPAL STATUTORY AUDITORS:			
ERNST & YOUNG et AUTRES (Nicolas Perlier)	CSM 05/19/2011	6 years	OSM 2017
<ul style="list-style-type: none"> • Head office : 1/2, place des Saisons 92400 Courbevoie - Paris La Défense Cedex - FRANCE • Tour Oxygène - 10/12, boulevard Marius Vivier Merle 69393 Lyon Cedex 03 - FRANCE Phone: +33 (0)4 78 63 16 16 			
MAZARS (Frédéric Maurel)	CSM 05/19/2011	6 years	OSM 2017
131, boulevard Stalingrad - 69624 Villeurbanne Cedex - FRANCE Phone: +33 (0)4 26 84 52 52			
SUBSTITUTE STATUTORY AUDITORS:			
AUDITEX	CSM 05/19/2011	6 years	OSM 2017
1/2, place des Saisons 92400 Courbevoie - Paris La Défense Cedex - FRANCE			
Emmanuel Charnavel	CSM 05/19/2011	6 years	OSM 2017
131, boulevard Stalingrad 69624 Villeurbanne Cedex - FRANCE			

6.3 Public informations

During the time of validity of the Reference document, the statutes, the auditors reports and the financial statement of the last three years, as well as any reports, mails and other documents, historic financial information of BOIRON and its subsidiaries of the last three years, the evaluations and the statements did by an expert, when these documents was foreseen by the law and any statutory document, can be consulted in the head office: 2, avenue de l'Ouest Lyonnais - 69510 MESSIMY - FRANCE.

SHAREHOLDER INFORMATION

BOIRON uses all available means to provide a regular information to all of its individual and institutional shareholders and make a detailed information available to them.

News and financial informations concerning the BOIRON group are available at www.boironfinance.com. In particular, in accordance with Article 221-3 of the AMF's General Regulations, all regulated information, within the spirit of Article 221-1 of the AMF's General Regulations, is available on the website www.boironfinance.com.

Information notes are published by analyst firms that regularly follow the share, including: GILBERT DUPONT, ODDO MIDCAP, SOCIETE GENERALE, FINANCIÈRE D'UZÈS, ARKÉON FINANCES.

Articles of Association, financial statements, reports, minutes of General Meetings and all documents made available to shareholders can be viewed at the Company's head office (BOIRON - 2, avenue de l'Ouest Lyonnais - 69510 - MESSIMY - France). In accordance with the AMF recommendation No. 2012-05, BOIRON SA's updated corporate : www.boironfinance.com.

Director of financial information:
Christian Boiron, General Manager

BOIRON
2, avenue de l'Ouest Lyonnais
69510 MESSIMY - FRANCE

Phone: +33 (0)4 78 45 61 00
Fax: +33 (0)4 78 45 62 91
E-mail: boironfinances@boiron.fr

6.4 Concordance table of reference document

1. RESPONSIBLE PERSONS

1.1 Persons responsible for this reference document	6.1
1.2 Statements by persons responsible for this reference document	6.1

2. STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS

2.1 Name and address of the issuer's Statutory Auditors	6.2
2.2 Changes on Statutory Auditors	N/A

3. SELECTED FINANCIAL INFORMATION

3.1 Selected historical financial information Key figures	1.1
3.2 Financial information selected for interim periods	N/A

4. RISK FACTORS

1.5

5. INFORMATION CONCERNING THE ISSUER

5.1 History and development of the Company

5.1.1 Registered name and trade name	5.4.1
5.1.2 Issuer's registration place and number	5.4.1
5.1.3 Founding date and term	5.4.1
5.1.4 Company headquarters and legal form, legislation covering its activities, country of origin, address, and telephone number	5.4.1
5.1.5 Significant events in the development of the activity History	1.4.1

5.2 Investments

5.2.1 Primary investments made by the issuer	1.3.3
	4.1.2 - Notes 7 and 8
5.2.2 Current primary investments	1.3.3
	4.1.2 - Notes 7 and 8
5.2.3 Primary investments that the issuer intends to carry out	1.4.7

6. OVERVIEW OF ACTIVITIES

6.1 Primary activities

6.1.1 Nature of operations carried out and primary activities	1.2.1 / 1.4.2
6.1.2 Significant products or services launched on the market	1.4.1 / 1.4.2

6.2 Main markets

1.3.1

6.3 Events that influenced the information supplied in accordance with points 6.1 and 6.2	4.1.2 - Note 31.2
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6.4 Degree of dependence relative to patents and licenses; industrial, commercial, and financial contracts; and new production procedures

1.3.4

6.5 Factors serving as the basis for all statements from the issuer about its competitive position	1.3.1
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7. ORGANIZATIONAL CHART

7.1 Description of the Group	1.2.2
7.2 List of the subsidiaries	1.2.2 / 4.3

8. REAL ESTATE, PLANT, AND EQUIPMENT

8.1 Major investments in tangible capital assets	1.2.3 4.1.2 - Note 8
8.2 Environmental questions that could influence the use of its tangible capital assets	3.3

9. EXAMINATION OF FINANCIAL POSITION AND EARNINGS

9.1 Financial position	1.4.3
9.2 Operating income	1.4.1 / 1.4.3
9.2.1 Significant factors having a major impact on operating revenue	1.4.1 / 1.4.3
9.2.2 Explanation on financial statements changes	N/A
9.2.3 Strategic, governmental, economic, budgetary, monetary, or political factors that have significantly influenced or could significantly influence the operations	1.5

10. LIQUIDITY AND CAPITAL RESOURCES

10.1 Information on the issuer's short- and long-term capital	1.4.5 / 4.1.1.4
10.2 Sources and amounts of the issuer's cash flows	1.4.5 / 4.1.1.4
10.3 Information concerning the borrowing terms and financing structure	4.1.2 - Note 16
10.4 Information concerning any restriction on the use of capital	4.1.2 - Note 14
10.5 Information concerning financing sources for future investment	1.4.5 / 4.1.1.4

11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

	1.3.2 4.1.2 - Notes 2.4.2, 7 and 25
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12. TRENDS

12.1 Primary trends since the end of the past fiscal year up to the date of the reference Document	1.4.7
12.2 Known trends reasonably likely to significantly influence prospects, at least for the current fiscal year	1.4.7

13. PROFIT FORECAST OR ESTIMATE

13.1 Principal forecast assumptions	N/A
13.2 Independent statutory auditors' report on forecasts	N/A

14. EXECUTIVE, MANAGEMENT, SUPERVISORY, AND GENERAL MANAGEMENT BODIES

14.1 Information concerning the members of the company's administrative and management bodies	2.1.1 / 2.1.2
14.2 Conflicts of interest in executive, management, supervisory, and general management bodies	2.1.2

15. COMPENSATION AND BENEFITS

15.1 Total compensation paid and benefits in kind granted by the issuer	2.2
15.2 Total amounts provisioned or otherwise recognized by the issuer or its subsidiaries for pension, retirement or other benefit payments	2.2

16. FUNCTIONING OF EXECUTIVE AND MANAGEMENT BODIES

16.1 Expiry date of term of office	2.1.1
16.2 Information on service contracts binding members of executive, management, or supervisory bodies of the issuer or binding any of them to one of its subsidiaries	2.1.2 / 5.5
16.3 Committee	2.3
16.4 Compliance with current corporate governance policies	2.4

17. EMPLOYEES

17.1 Number of employees at the end of the period covered by historical financial information	3.2.1
17.2 Shareholdings and stock options	3.2.7 / 2.2.4
17.3 Employee Shareholding	5.3

18. PRIMARY SHAREHOLDERS

18.1 Allocation of share capital	5.1 / 5.2
18.2 Name of any nonmember of an administrative, management, or supervisory body holding directly or indirectly a percentage of the share capital or voting rights that must be declared	5.2
18.3 Voting rights differences of primary shareholders	5.1 / 5.2
18.4 Issuer holding or control and measures taken to ensure that such control is not abused	5.2
18.5 Agreement that, if implemented, could bring about a change of control of the Company	N/A

19. TRANSACTIONS WITH RELATED PARTIES

5.5 / 4.1.2 - Note 32

20. FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION, AND EARNINGS

20.1 Historical financial information	1.1 / 4.1
20.2 Pro-forma financial information	N/A
20.3 Annual financial statements	4.1.1
20.4 Verification of annual historical financial information	4.2
20.5 Date of latest verified financial information	12/31/2015
20.6 Interim and other financial information	N/A
20.7 Dividend payment policy	1.4.9
20.7.1 Dividend per share	1.4.9
20.8 Legal and arbitration proceedings	4.1.2 - Note 31.2
20.9 Significant changes in the financial or business climate transpiring since the end of the prior fiscal year	1.4.7

21. ADDITIONAL INFORMATION

21.1 Share capital	5.1
21.1.1 Total share capital subscribed	5.1
21.1.2 Shares not representative of the capital	N/A
21.1.3 Number, book value, and per value of shares held by the issuer or its subsidiaries	5.1
21.1.4 Securities that are convertible, exchangeable, or coupled with warrants	N/A
21.1.5 Information on the terms regulating all vesting rights and obligations attached to the subscribed (but not paid-up) capital or any venture aimed at increasing the capital	N/A
21.1.6 Information on the share capital of any Group member subject to an option or agreement for putting its capital under option	N/A
21.1.7 Share capital description for the period covered by historical financial information	5.1
21.2 Incorporation and by-laws	
21.2.1 Issuer corporate purpose	5.4
21.2.2 Provisions within the by-laws or a regulation concerning the members of the executive, management, and supervisory bodies	5.4
21.2.3 Rights, privileges, and restrictions attached to each category of existing shares	5.4

21.2.4	Number of shares necessary to modify the rights of shareholders	5.4
21.2.5	Convening of and admission to Annual and Extraordinary Shareholders' General Meetings	5.4
21.2.6	Provisions in the by-laws, a charter, or a regulation of the issuer that could delay, defer, or prevent a change of its control	5.1.5
21.2.7	Provisions in the by-laws, a charter, or a regulation establishing a threshold above which shareholdings must be disclosed	5.4
21.2.8	Terms imposed by the by-laws, a charter, or a regulation governing modifications to the share capital, when the terms are stricter than those stipulated by law	N/A
22.	SIGNIFICANT CONTRACTS	1.3.4
23.	INFORMATION FROM THIRD PARTIES, STATEMENTS OF EXPERTS, AND DECLARATIONS OF INTEREST	
23.1	Identities of experts	N/A
23.2	Attestation concerning information from third parties	N/A
24.	PUBLIC INFORMATION	6.3
25.	INFORMATION ON SHAREHOLDINGS	1.2.2 / 4.3

This reference document was deposited with the French Financial Market Authority (AMF) on April 8, 2016, in accordance with Regulation n°212-13 of the General Regulation of the AMF. It may be used in is supplemented by a transaction memorandum approved by the AMF. This document has been prepared by the issuer and is legally binding on its signatories.

6.5 Concordance table of financial annual report and management report

Sections	Information required for the annual financial statement	
1. Corporate financial statements	•	
2. Consolidated financial statements	•	4.1
3. Management report		
3.1. Information related to the company's business		
Presentation of the parent company, subsidiaries' and group's activities and income		1.4
Analysis of the trend in businesses, incomes, financial position and, particularly, debt	•	1.4
Outlook for the group		1.4.7
Key financial and non-financial indicators	•	1.1
Post-closing events		1.4.7
Information on the use of financial instruments including the financial, price, credit, liquidity and treasury risks	•	1.5
Main risks and uncertainties	•	1.5
Information related to R & D		1.3.2
3.2. Legal, financial and tax information of the company		
Choice made of one of the two procedures by management in the case of a change		2.3.1
Shareholder distribution and trend		5.2
Significant equity investments in companies having their registered office in French territory		N/A
Note of shareholding above 10 % of the share capital of another company; disposals of cross shareholdings		N/A
Purchases and sales of own shares (repurchases of shares)	•	5.1.3
Status of employee shareholdings		5.3

Sections	Information required for the annual financial statement	
Disclosure of factors likely to have an influence in the event of a public offering: <ul style="list-style-type: none"> - Share capital structure of the company, - Statutory restrictions on the exercise of voting rights and transfers of shares or clauses in agreements brought to the attention of the company - Direct or indirect shareholdings in the company's capital - List and description of the holders of any shares providing special control rights, - Control mechanisms foreseen in potential employee shareholdings, when the control rights are not exercised by the latter, - Shareholder agreements that the company is aware of and which may engender restrictions on transfers of shares and the exercise of voting rights, - Rules applicable for the appointment and replacement of board members or senior management and amendments to the company's statutes, - Powers of the board of directors or senior management, particularly the issuance or repurchase of shares, - Agreements made by the company which are amended or end in the event of a change in company control, except if this disclosure, excluding legally required disclosures, would seriously undermine its interests, - Agreements providing indemnities for board members or senior management or employees in the case of resignation or termination without just cause or if their employment is ended because of a public offering 		5.1.5 5.2 5.1.5 5.2 N/A 5.3 5.1.5 2.3.2 5.1.4 N/A 2.2.2
Summary table of powers granted by the shareholders' meeting regarding capital increases	•	5.1.4
Note of potential adjustments: <ul style="list-style-type: none"> - for instruments providing access to capital and stock-options in the event of share repurchases - for instruments providing access to capital in the event of financial transactions 		5.1.2
Amount of dividends paid related to the three preceding full-year periods		1.4.9
Amount of expenses and fiscally non-deductible expenses per Art.223-4 of the French general tax code.		1.4.4.1
Terms of payment and aging of accounts payable and receivable per due date		1.5.3.4
Injunctions or monetary penalties for anti-competitive practices		N/A
Agreements made between a corporate officer or shareholder holding over 10 % of voting rights and a subsidiary		N/A
Amount of intercompany loans		4.3

Sections	Information required for the annual financial statement
3.3 Information relating to corporate officers	
List of corporate officers and functions exercised in any company by each officer during the period	2.1.1
Compensation and benefits of any nature paid by the company, companies it controls or companies which control it, to each corporate officer during the period	2.2
Commitments related to the appointment, termination or change of functions	2.2
Granting of stock-options	N/A
Summary of transactions made by executives and related persons on company shares	2.2.5
Granting of free shares	2.2
3.4. The company's CSR information	
Consideration of the employee and environmental impacts of corporate commitments to sustainable development, the circular economy and favoring the fight against discrimination and the promotion of diversity.	3
Information on dangerous activities	N/A
4. Declaration of the persons responsible for the annual financial statements	• 6.1
5. Statutory auditors' report on the corporate financial statements	•
6. Statutory auditors' report on the consolidated financial statements	• 4.2
7. Description of share repurchase plan	5.1.3
8. Statutory auditor fees	4.1.2 - Note 33
9. The chairman's report on the company's governance, internal control procedures and risk management	2.3
10. Statutory auditors' report on the chairman's report on the company's governance, internal control procedures and risk management	2.4

6.6 Concordance table of employee, environmental and societal information

EMPLOYEE INFORMATION	
Employment	
Total number of employees and their distribution by gender, age and region	3.2.1 & 3.2.2
Hiring and terminations	3.2.3
Compensation and its trend	3.2.7
Workforce organization	
Working arrangements and work time	3.2.4
Absenteeism	3.2.6
Labor relations	
Organization of employee dialogue including procedures for information, consultation and negotiations with staff	3.2.8
Overview of collective bargaining agreements	3.2.8
Health and safety	
Health and safety conditions at work	3.3.5
Review of agreements with trade unions or employee representatives on health and safety at work	3.3.5
Workplace accidents, including their frequency and severity, as well as occupational diseases	3.2.6
Training	
Training policy implemented	3.2.5
Total number of training hours	3.2.5
Equality	
Measures taken to promote gender equality	3.2.2
Measures taken to promote employment and the hiring of handicapped	3.2.2
Policy towards the fight against discrimination	3.2.9
Promotion and enforcement of the provisions of the fundamental conventions of the International Labor Organization concerning:	
- The respect of freedom of association and collective bargaining	3.2.9
- The elimination of discrimination in employment and occupation	3.2.9
- The elimination of forced or compulsory labor	3.1.4
- The effective abolition of child labor	3.1.4

ENVIRONMENTAL INFORMATION

General environmental policy

Organization of the company for the consideration of environmental issues and, where appropriate, the assessment and certification procedures regarding the environment	3.3.1
Initiatives taken relating to training and information for employees regarding environmental protection	3.3.1
Resources devoted to the prevention of environmental risks and pollution	3.3.2
Amount of provisions and guarantees for risks to the environment, provided that such information is not likely to cause serious harm to the company for litigation in-process	3.3.2

Pollution and waste management

Measures taken for the prevention, reduction or repair of emissions to the air, water and soil seriously affecting the environment	3.3.3.2
Prevention, recycling and elimination of waste	3.3.3.3
Consideration of noise and any other form of pollution specific to an activity	3.3.3.4

The use of sustainable resources

Water use and water supply based on local constraints	3.3.3.1
Consumption of raw materials and measures taken to improve the efficiency of their use	3.3.3.1
Energy consumption and the measures taken to improve energy efficiency and the use of renewable energy	3.3.3.1
Land use	3.3.3.1

Climate change

Greenhouse gas emissions	3.3.4
Adaptation to the consequences of climate change	3.3.4

The protection of biodiversity

Measures taken to preserve or promote biodiversity	3.3.3.2
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INFORMATION RELATING TO CORPORATE COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

Regional, economic and social impact of the company's business

Regarding employment and regional development	3.4.1
On surrounding or local populations	3.4.1

Relationships with persons or organizations having an interest in the company's business, including associations combatting social exclusion, educational institutions, environmental protection associations, consumer associations and surrounding populations

Conditions for dialogue with those persons or organizations	3.4.2
Partnership or sponsorship initiatives	3.4.2

Sub-contracting and suppliers

Employment and environmental considerations taken into consideration in the purchasing policy	3.4.2
Importance of sub-contracting and the consideration of the environmental and social responsibilities of suppliers and subcontractors	3.4.2

Fair practices

Initiatives taken to prevent corruption	3.4.3
Measures taken to promote the health and safety of consumers	3.4.4

Other initiatives taken to promote human rights	3.1.4
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6.7 Glossary

Agreement on Preparation for Retirement (APR)

Company agreement which provides for all BOIRON parent company, a paid number of days to be taken prior to retirement, to prepare for retirement, on the basis of their seniority.

Other operating revenue and expenses

They include on one hand, unusual items which are non-recurring and material, on the other hand, exchange gains and losses on operating transactions, the income on derivative instruments on trade transactions as well as the research tax credit and the tax credit competitiveness employment.

Income statement by function

Presentation used by the group for the consolidated income statement. Expenses are reported by function (industrial production, preparation and distribution, marketing, research, regulatory affairs, support function, other operating revenue and expenses...).

Industrial production costs

All expenses recorded against production performed by our five production sites including production, production management, quality assurance and control.

Preparation and distribution costs

All expenses attributed to the distribution of products and to the preparation activity in distribution branches.

Marketing costs

All expenses attributed to product promotion (marketing, advertising and sales promotion in particular).

Research costs

Expenses related to research on OTC specialties and non-proprietary homeopathic medicines.

Regulatory affairs costs

All expenses attributed to the regulatory affairs function, in particular, personnel expenses, fees, registration taxes and expenses.

Support function costs

The costs of management and support functions which are not directly attributed to production or any other specific functions such as sales or R&D. Support function costs may include costs related to general management, financial, legal, IT and human resource departments.

Employee benefits

Employee benefits are provided to employees pursuant to laws applicable in the countries where the companies which employ them are located or to agreements signed with local authorities or stakeholders.

BOIRON group employee benefits include, in particular, in France, the agreement on preparation for retirement, the retirement indemnities and the bonuses granted.

Homeopathic Registration (HR) and marketing authorization (MA)

In order to be marketed, homeopathic medicines must have been the subject of a registration process or, have obtained a marketing authorization.

Homeopathic Registration (HR) authorizes, for a given homeopathic strain, medicines meeting the following criteria: the absence of any therapeutic indication, a controlled level of dilution, oral or external administration, the production performed at authorized pharmaceutical production sites.

The marketing authorization (MA) concerns homeopathic specialties which claim a therapeutic indication or which cannot fulfill the three criteria provided above for registration.

Evolution at current exchange rates / evolution at constant exchange rates

The “variance at current exchange rates” provides the change, in euros, of a financial indicator between two periods, which results following each period’s respective exchange rate being used for the conversion of that indicator. That variance therefore also takes into account the impact of changes in exchange rates on that indicator.

A “variance at constant exchange rates” is estimated by the group (especially for sales) by using the same exchange rate for the current year as for the period under comparison. That permits the elimination of any impact related to changes in exchange rates.

Retirement indemnities

Compensation paid to an employee when he leaves in retirement, governed in France by pharmaceutical industry collective agreement.

Bonuses granted - Seniority awards

Bonus paid to an employee at an anniversary date, aimed at rewarding his professional seniority.

Non-proprietary homeopathic medicines

These are generic products that any laboratory or pharmacy can produce and/or sell to the general public. They do not refer to any therapeutic indication and are based on the know-how of what's called the "international field of homeopathic medicine", which is taught in specialized courses targeted towards professionals and described in certain books, written by doctors and targeted towards the general public. These medicines are used throughout the world and permit individualized treatments which are the prerogative of qualified homeopathic doctors and the pharmacists.

OTC specialties

The drugs with "invented names" which are referred to as "specialties" represent about half of our worldwide sales revenues. In general, they're the first resort in the field of homeopathy. Recommended by the pharmacist or a friend, they are provided in tablet form, in globule doses, bottled to use as drops, as syrups or as ointments.

Operating Income

Performance indicator used by the group. It corresponds to income of the consolidated group prior to taking account of:

- the cost of net long-term debt,
- other financial revenue and expenses,
- the group's share of the net income or loss of companies accounted for under the equity method,
- income from activities held for sale,
- income and deferred taxes.

It includes the result of group activities and other operating revenue and expenses.



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