STALLERGENES

2010 CONSOLIDATED FINANCIAL STATEMENTS

(AUDIT PROCEDURES ARE ONGOING)

CONTENTS

1. CONSOLIDATED FINANCIAL STATEMENTS 3

1.1 Balance sheet 3

1.2 Income statement and statement of comprehensive income 4

1.3 Statement of changes in equity....5

1.4 Cash flow statement 6

2. GENERAL INFORMATION 7

2.1 Accounting framework 7

2.2 Major accounting policies....8

2.3 Changes in group structure.... 16

2.4 Risks and estimates.... 16

2.5 Segment reporting 17

2.6 Highlights and post-closing events 18

3. NOTES TO THE BALANCE SHEET 19

3.1 Goodwill 19

3.2 Intangible assets 20

3.3 Property, plant and equipment.... 20

3.4 Financial assets 21

3.5 Deferred tax assets and liabilities 21

3.6 Inventories.... 22

3.7 Trade and other receivables 22

3.8 Net cash position 23

3.9 Other non-current liabilities 24
3.10 Provisions 24
3.11 Trade and other payables 25

4. NOTES TO THE INCOME STATEMENT 26
4.1 Other general expenses 26
4.2 Income from research and development 26
4.3 Operating income statement by nature of expense 27
4.4 Workforce size and personnel costs 27
4.5 Income tax 28
4.6 Earnings per share 29

5. OTHER NOTES 30
5.1 Working capital requirements and other information on cash flows 30
5.2 Commitments 32
5.3 Contingent assets and liabilities 32
5.4 Related parties 33
5.5 Analysis of stock option and free share plans in effect 34

1. CONSOLIDATED FINANCIAL STATEMENTS

The notes included in sections 2, 3, 4 and 5 are an integral part of the consolidated financial statements presented hereafter.

1.1 CONSOLIDATED BALANCE SHEET

€ thousands	*Notes*	**31 December 2008**	**31 December 2009**	**31 December 2010**
Goodwill	*3.1*	28 295	33 447	33 710
Intangible assets	*3.2*	8 065	6 682	7 702
Property, plant and equipment	*3.3*	51 657	56 382	64 985
Non-current financial assets	*3.4*	423	462	523
Deferred tax assets	*3.5*	2 412	2 330	2 904
Non-current assets		**90 852**	**99 303**	**109 824**
Inventories	*3.6*	15 154	18 923	21 239
Trade and other receivables	*3.7*	35 830	34 863	36 956
Cash and cash equivalents	*3.8*	9 410	22 448	67 329
Current assets		**60 394**	**76 234**	**125 524**
Total assets		**151 246**	**175 537**	**235 348**

€ thousands	*Notes*	**31 December 2008**	**31 December 2009**	**31 December 2010**
Equity - Group share		82 622	102 670	131 233
Minority interests		-	-	-
Shareholders' equity	*1.3*	**82 622**	**102 670**	**131 233**
Non-current borrowings	*3.8*	9 860	8 459	6 970
Other non-current liabilities	*3.9*	111	-	138
Non-current employee benefits	*3.10*	1 836	2 112	2 165
Deferred tax liabilities	*3.5*	1 574	2 802	3 355
Non-current liabilities		**13 381**	**13 373**	**12 628**
Current borrowings	*3.8*	9 103	9 092	1 701
Current provisions	*3.10*	2 088	1 491	2 694
Trade and other payables	*3.11*	44 052	48 911	87 092
Current liabilities		**55 243**	**59 494**	**91 487**
Shareholders' equity and liabilities		**151 246**	**175 537**	**235 348**

1.2 CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

€ thousands	Notes	2009		09/08	2010		10/09
			as % of sales	% change		as % of sales	% change
Sales	2.5	**192 830**	100,0	**12,8**	**216 275**	100,0	**12,2**
Other operating revenues		195	0,1	(10,6)	211	0,1	8,2
Cost of goods sold		(43 279)	(22,4)	8,1	(48 563)	(22,5)	12,2
Net cost of goods sold		**(43 084)**	**(22,3)**	**8,2**	**(48 352)**	**(22,4)**	**12,2**
Gross profit		**149 746**	**77,7**	**14,3**	**167 923**	**77,6**	**12,1**
Selling expenses		(44 152)	(22,9)	3,8	(49 665)	(23,0)	12,5
Administrative expenses		(23 488)	(12,2)	13,9	(26 067)	(12,1)	11,0
Other general expenses	4.1	(11 238)	(5,8)	14,9	(15 427)	(7,1)	37,3
General, administrative and selling expenses		**(78 878)**	**(40,9)**	**8,1**	**(91 159)**	**(42,1)**	**15,6**
Profit before R&D		**70 868**	**36,8**	**22,0**	**76 764**	**35,5**	**8,3**
Research and development costs		(46 186)	(24,0)	26,2	(41 218)	(19,1)	(10,8)
R&D related income	4.2	7 556	3,9	13,7	9 721	4,5	28,7
R&D		**(38 630)**	**(20,0)**	**28,9**	**(31 497)**	**(14,6)**	**(18,5)**
Operating profit		**32 238**	**16,7**	**14,6**	**45 267**	**20,9**	**40,4**
Financial income		71	0,0	(111,4)	47	0,0	(33,8)
Financial expenses		(756)	(0,4)	12,0	(329)	(0,2)	(56,5)
Net financial income (expense)		**(685)**	**(0,4)**	**(47,3)**	**(282)**	**(0,1)**	**(58,8)**
Profit before tax		**31 553**	**16,4**	**17,6**	**44 985**	**20,8**	**42,6**
Income tax	4.5	(9 373)	(4,9)	19,9	(14 197)	(6,6)	51,5
Average income tax rate	4.5	*29,7%*		2,0	*31,6%*		6,2
Net profit	(A)	**22 180**	**11,5**	**16,6**	**30 788**	**14,2**	**38,8**
Net actuarial gains and losses	3.10	52	0,0	(143,7)	(10)	(0,0)	(119,2)
Gains (losses) on sale of treasury shares		171	0,1	210,9	89	0,0	(48,0)
Impact of interest rate hedges		-	-	ns	(90)	(0,0)	ns
Translation adjustment of foreign operations		14	0,0	ns	178	0,1	ns
Value restatements	(B)	**237**	**0,1**	**(470,3)**	**167**	**0,1**	**(29,5)**
Comprehensive income	(A)+(B)	**22 417**	**11,6**	**18,2**	**30 955**	**14,3**	**38,1**
attributable to: Minority interests		-	-	ns	-	-	ns
Group share		**22 180**	**11,5**	**16,6**	**30 788**	**14,2**	**38,8**
Net earnings per share		*€1,69*		*15,1*	*€2,32*		*37,6*
Diluted earnings per share, net	4.6	*€1,66*		*16,1*	*€2,29*		*37,7*
Dividend (proposed) per share		*€0,55*		*22,2*	*€0,75*		*36,4*
Average distribution rate (on net diluted EPS)		*33,1%*		5,2	*32,8%*		*(1,0)*

1.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Notes	Share capital and related reserves	Treasury shares	Reserves and consolidated net profit	Value restatements	Shareholders' equity *Group share*	Minority interests	Equity
At 31 December 2008		**20,307**	**(2,000)**	**64,791**	**(476)**	**82,622**	**-**	**82,622**
Comprehensive income		**-**	**-**	**22,180**	**237**	**22,417**	**-**	**22,417**
Treasury share transactions		-	1,448	-	-	1,448	-	1,448
Options exercised		1,607	-	-	-	1,607	-	1,607
Dividend distribution		-	-	(5,902)	-	(5,902)	-	(5,902)
Share-based payments		-	-	487	-	487	-	487
Acquisition of minority interests		-	-	(9)	-	(9)	-	(9)
At 31 December 2009		**21,914**	**(552)**	**81,547**	**(239)**	**102,670**	**-**	**102,670**
Comprehensive income		**-**	**-**	**30,788**	**167**	**30,955**	**-**	**30,955**
Treasury share transactions		-	(660)	-	-	(660)	-	(660)
Options exercised	*(1)*	4,669	-	-	-	4,669	-	4,669
Dividend distribution	*(2)*	-	-	(7,273)	-	(7,273)	-	(7,273)
Share-based payments		-	-	873	-	873	-	873
At 31 December 2010		**26,583**	**(1,212)**	**105,935**	**(72)**	**131,233**	**-**	**131,233**

(1) The significant number of options exercised was due to upcoming takeover bid initiated by Ares on Company shares early in 2011.
(2) The provisional dividend for 2010 is € 0.75 per share, i.e. approximately € 10 million.

The number of shares giving access to the share capital changed as follows:

In units	Shares			Free shares *(1)*	Options *(2) (3)*		Total
	Average price treasury shares	Treasury shares	Total		Average exercise price	Number	
At 31 December 2008	*€37.90*	**52,769**	**13,118,971**		*€ 24.76*	**526,585**	**13,645,556**
Options exercised			93,467		*€ 17.19*	(93,467)	
Options granted					*€ 50.55*	49,000	49,000
Free shares granted				15,605			15,605
Options cancelled					*€ 47.12*	(9,000)	(9,000)
Treasury share transactions		(43,364)					
At 31 December 2009	*€58.69*	**9,405**	**13,212,438**	**15,605**	*€ 29.19*	**473,118**	**13,701,161**
Options exercised			209,384		*€ 22.30*	(209,384)	
Options granted					*€ 62.00*	41,000	41,000
Free shares granted				9,395			9,395
Options cancelled					*€ 27.25*	(10,000)	(10,000)
Treasury share transactions		11,151					
At 31 December 2010	*€59.00*	**20,556**	**13,421,822**	**25,000**	*€ 39.00*	**294,734**	**13,741,556**

Details of the current option and free share plans are provided in Note 5.5.

(1) 9,395 free shares were granted to 34 employees on 11 November 2010. 15,605 free shares will be vested at the end of 2011.
(2) The exercise price of certain options is subject to an annual upward review clause.
(3) At 31 December 2010, 134,014 options were exercisable immediately or in less than one year, at an average exercise price of € 26.61, and 160,720 options were exercisable in more than one year at an average exercise price of € 49.32. The latter had a weighted average residual term of 5 years and 2 months.

1.4 CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	2009	09/08 % change	2010	10/09 % change
Operating profit	(1)	**32,238**	**14.6**	**45,267**	**40.4**
Amortisation and depreciation charges	5.1 b	7,827	39.4	9,006	15.1
Change in provisions	3.10	(784)	ns	1,141	(245.5)
Stock option-related income (expenses)	5.5	487	(29.4)	873	79.3
Capital gains (losses) from disposal of assets		23	187.5	27	17.4
Financial income (expenses) unrelated to debt		(121)	2.5	-	(100.0)
Gross operating profit ("EBITDA")	(1)	**39,670**	**15.7**	**56,314**	**42.0**
Current income tax on operating activities	4.5	(8,381)	7.2	(14,374)	71.5
Change in W.C.R. of operating activities	5.1 a	2,191	(162.3)	10,095	360.7
Change in deferred income	5.1 a	-		21,623	ns
Net cash flow from operating activities		**33,480**	**45.8**	**73,658**	**120.0**
Acquisition or increase in non-current assets	5.1 b	(14,403)	(20.7)	(18,311)	27.1
Business combinations	2.3 c	(847)	(80.1)	(405)	(52.2)
Disposal or reduction in non-current assets		12	(86.8)	43	258.3
Change in W.C.R. of investing activities	5.1 a	(763)	(118.7)	1,904	(349.5)
Net cash flow used in investing activities		**(16,001)**	**(12.4)**	**(16,769)**	**4.8**
Free cash flow after investing activities		**17,479**	**271.7**	**56,889**	**225.5**
Share capital increase		1,607	(45.4)	4,669	190.5
Treasury share transactions		1,619	(232.1)	(572)	(135.3)
Cash dividends		(5,902)	14.0	(7,273)	23.2
Cost of net financial debt (after tax)	4.5	(370)	(9.8)	(193)	(47.8)
Net cash flow from (used in) financing activities, excluding borrowings	(a)	**3,046**	**(21.2)**	**(3,369)**	**10.6**
Net increase in cash and cash equivalents	1.4	**14,433**	**ns**	**53,520**	**270.8**
Proceeds from new borrowings		(95)	(246.2)	(479)	404.2
Repayment of borrowings		(1,317)	(83.7)	(8,401)	537.9
Net cash flow from borrowings	(b)	**(1,412)**	**196.6**	**(8,880)**	**528.9**
Net cash flow from (used in) financing activities	(a) + (b)	**(4,458)**	**2.6**	**(12,249)**	**174.8**
Change in cash and cash equivalents		**13,021**	**ns**	**44,640**	**242.8**
+ Cash and cash equivalents - opening balance		*9,410*	*4.0*	*22,448*	*138.6*
+/- Effect of translation adjustment on foreign currency-denominated cash		*17*	*ns*	*241*	
= Cash and cash equivalents - closing balance	3.8	*22,448*	*138.6*	*67,329*	*199.9*

(1) EBITDA is calculated from operating profit. The alternative calculation from net profit is presented in Note 5.1 c.

2. GENERAL INFORMATION

2.1 ACCOUNTING FRAMEWORK

2.1.1. Application of the IFRS framework

Stallergenes Group ("Stallergenes" or "the Group") is a biopharmaceutical laboratory specialising in the treatment by desensitisation of allergy-related respiratory conditions ("allergen immunotherapy"). The parent company, Stallergenes S.A. is a French limited company (société anonyme) listed on the Eurolist segment of the Euronext Paris Stock Exchange. Its head office is located at 6 rue Alexis de Tocqueville, Antony, 92160, France.

The 2010 consolidated financial statements were approved by the Board of Directors on 15 March 2011. They are expressed in thousands of euro and were prepared in accordance with the going concern principle. Pursuant to EC Regulation n°1606/2002 of 19 July 2002, the consolidated financial statements were prepared in accordance with international financial reporting standards (IFRS), as published by the IASB and adopted by the European Union.

2.1.2. Changes in accounting framework

STALLERGENES has applied revised IFRS 3 "Business combinations" from 1 January 2010. Within this framework, acquisition costs measured on the date control was assumed represented the fair value of the acquired entity. Therefore, acquisition-related charges and external costs were not included, but earn-outs measured at fair value were (See 2.3 and 4.1).

The other new IFRS standards were taken into account. However, their application had no significant impact on the financial statements at 31 December 2010.

- Revised IAS 27 Amendment relating to consolidated and separate financial statements
- IFRS 5 Amendments relating to non-current assets held for sale and discontinued operations
- IFRS 2 Amendment relating to group cash-settled share-based payments
- IAS 39 Amendment relating to eligible hedge items
- IFRIC 12 Service concession agreements
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 16 Hedges of a net investment in a foreign operation
- IFRIC 17 Distributions of non-cash assets to owners
- IFRIC 18 Transfers of assets from customers
- As well as the so-called "IFRS improvement" standard, comprising a set of amendments to several 2009 standards.

2.2 MAJOR ACCOUNTING POLICIES

2.2.1. Group structure and consolidation method

The consolidated financial statements include Stallergenes SA and entities (including special purpose entities if applicable) controlled by the Group. Control exists when the Group has the power to govern the entity's financial and operating policies, this power generally deriving from ownership of more than half the voting rights. Potential voting rights are taken into consideration to assess control exercised by the Group on an entity where they result from instruments liable to be exercised or converted at the time of this assessment. Subsidiaries are fully consolidated from the date control is transferred to the Group and minority interests are recognised. They are deconsolidated from the date control ceases to exist.

Order n°	Corporate name and address	Business	Country	Percentage ownership *(1)*	Consolidation method
1	Stallergènes SA 6, rue Alexis de Tocqueville 92160 Antony	Parent company	France	na	Parent company
2	SCI Stallergènes Antony 6, rue Alexis de Tocqueville 92160 Antony	Property	France	100%	Full consolidation
3	Stallergenes Gmbh Carl-Friedrich-Gauss-str. 50 47475 Kamp-Lintfort	Distribution Medical information	Germany	100%	Full consolidation
4	Stallergènes Italia SpA Via M.U. Traiano, 7 20149 Milan	Distribution Medical information	Italy	100%	Full consolidation
5	Stallergènes Ibérica SA Calle Ramon Turro, 91 08005 Barcelona	Distribution Medical information	Spain	100%	Full consolidation
6	Stallergènes Portugal LDA Avenida da Liberdade, 144, 7º E 1250-146 Lisbon	Medical information	Portugal	100%	Full consolidation
7	Stallergènes Belgium SA Chaussée de Louvain, 277 1410 Waterloo	Distribution Medical information	Belgium	100%	Full consolidation
8	Stallergènes CZ, s.r.o Belgicka 276/20 120 00 Prague 2	Medical information	Czech Republic & Slovakia	100%	Full consolidation
9	Stallergènes BV Daluisweg 48 1332 ED Almere	Distribution Medical information	Netherlands	100%	Full consolidation
10	Trimedal AG Fabrikweg 2 CH-8306 Bruttisellen	Distribution Medical information	Switzerland	100%	Full consolidation
11	Stallergenes Österreich GmbH Wipplingerstraße 21 / Top 9 1010 Vienna	Distribution Medical information	Austria	100%	Full consolidation
12	Stallergenes UK Ltd. 173 Curie Avenue Didcot OX110QG	Distribution Medical information	United Kingdom	100%	Full consolidation

(1) Equity percentages are equal to ownership percentages

The Group does not have significant influence over other companies.

Intra-Group transactions and unrealised balances and profits on intra-group transactions are eliminated. Unrealised losses on the disposal of assets are also eliminated, except if they are considered as indications of impairment. The subsidiaries' accounting policies are consistent with those used by the Group.

Investments in insignificant companies are classified as financial assets held for sale.

The 2010 changes in the Group's consolidation scope are commented further in section 2.3.

2.2.2. Translation methods

The functional presentation currency of the Group's consolidated financial statements is the Euro.

a) Foreign currency-denominated transactions

Expenses and revenues denominated in a currency other than the Group entities' functional currency are converted using the exchange rate prevailing at the date of each transaction. Foreign currency-denominated liabilities and receivables are converted at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from these transactions are accounted for in the income statement.

b) Translation of foreign entities' financial statements

The presentation currency of the consolidated financial statements is the Euro. The assets and liabilities of foreign subsidiaries (Czech, Swiss and UK subsidiaries) are translated at the prevailing exchange rate on the balance sheet date and their income statement is translated at the average rate for the period. Translation adjustments resulting from this conversion are directly allocated to a separate item of comprehensive income. The translation differences accumulated under equity are taken to the income statement upon the partial or complete disposal of a foreign subsidiary.

2.2.3. Business combinations

a) Initial recognition method

The purchase method was used for all business combinations carried out by the Group:
- At the acquisition date, the cost of a business combination is the total fair value, on the transaction date, of assets transferred, liabilities incurred or assumed and equity instruments issued by the Group in consideration for control of the acquired entity.
- The cost of the business combination is then allocated by recognising the acquired assets and liabilities that meet IFRS recognition criteria. The portion of the cost of the business combination not allocated to identifiable and distinct assets is recognised as goodwill.

b) Goodwill

Positive goodwill is recognised as an asset. Negative goodwill is directly taken to the income statement for the year.

Following initial recognition, positive goodwill is not amortised but subject to an impairment test. Positive goodwill is posted to the balance sheet at cost less potential accumulated impairment. An impairment test is carried out once a year or more frequently if events or changes in circumstances indicate that goodwill may have been impaired.

For the purpose of the test, goodwill is allocated by Cash Generating Unit (or CGU) on a reasonable and consistent basis.

In case impairment is identified, the recoverable value of the CGU to which goodwill was allocated is assessed. Impairment is recognised when the book value of the CGU to which goodwill was allocated exceeds its recoverable value. Impairment is recognised as an expense in the income statement. Impairment that has been noted and recognised may never be reversed.

c) Minority interests

Minority interests are recognised based on the fair value of net assets acquired. Minority interests are negligible due to the Group's structure.

2.2.4. Intangible assets

Intangible assets are valued at the Group's acquisition cost or production cost. This cost includes all costs directly attributable to commissioning these intangible assets, or is their fair value on the date of the business combination. Accumulated amortisation and writedowns, if applicable, are deducted from this cost.

Intangible assets with a finite value in use are amortised over this period. An impairment test is carried out when there is an internal or external indication of impairment. A provision for writedown is then recognised when the recoverable value of the concerned assets falls below its net book value.

The Group has no intangible assets with an indefinite value in use. The amortisation method and periods of use are reviewed at each closing.

a) Research and development costs

An intangible asset is recognised when it is probable that the future economic benefits expected from the asset will flow to the Group and its cost can be measured reliably. In-house research costs did not meet these conditions and were as a result recognised as expenses at the time they were incurred.

In-house development costs are only recognised as intangible assets if all of the following criteria are met:
(a) technical feasibility necessary to complete the development project,
(b) intention of the Group to complete the project,
(c) ability of the Group to use the intangible asset,
(d) evidence of the likelihood of future economic benefits attached to the asset,
(e) availability of technical, financial and other resources to complete the project, and
(f) reliable estimate of development costs.

Due to the risks and uncertainties relating to regulatory authorisations and the research and development process, capitalisation criteria are not considered fulfilled until regulatory authorisation to market the products has been granted. Marketing authorisation registration fees are capitalised and amortised over 5 years.

The Group did not identify research and development projects in past business combination transactions that had to be recognised separately as assets.

b) Other intangible assets

Other intangible assets include:
- patents,
- marketing licences and other contractual commitments received from non-Group commercial partners, when they have a value in use for the Group,
- brands,
- software, either purchased or designed in-house and software licences.

Patents are capitalised at their acquisition cost and amortised over their period of use, which corresponds to the lower of the legal protection period and the useful economic life.
Marketing licences and other contractual commitments are capitalised based on their acquisition cost, which includes costs directly attributable to their acquisition. They are amortised on a straight-line basis over their useful life.
Software has a finite useful life: they may thus be amortised on a straight-line basis from the time the asset is ready to be commissioned, over a period of three to five years, except for integrated professional management software of the "ERP" category, which, due to their operational significance and probable useful lives are amortised over 8 years.

2.2.5. Property, plant and equipment (PPE)

Property, plant and equipment is recognised at acquisition cost, less, if applicable, accumulated depreciation and writedowns.

The acquisition cost of property, plant and equipment includes all costs directly attributable to its creation or acquisition and its transfer to the location of operation for commissioning as intended by management.

In accordance with revised IAS 23, interest costs are included in asset costs when justified by the significance and timeframe for completion of the non-current assets concerned.

Investment grants relating to property, plant and equipment are posted to balance sheet liabilities under “Grants” and consistently spread over the financial years corresponding to the costs they are supposed to offset in the income statement.

Significant components of property, plant and equipment with different useful lives that have been identified are recognised separately.

Costs relating to the replacement or renewal of a property, plant or equipment component are recognised as separate assets and the replaced asset is disposed of. Other subsequent expenses relating to property, plant and equipment are only recognised under assets when it is likely that future economic benefits associated with these costs will flow to the Group and the costs may be measured reliably. All other subsequent expenses are recognised as an expense in the financial year they are incurred.

Land is not depreciated. Other assets are depreciated, when the asset is ready to be commissioned, on a straight-line basis in order to bring the cost of each asset (or its revalued amount) down to its residual value by recognising a constant annual depreciation charge, based on the following useful lives:

– Buildings	25 years
– Machinery and tools	5 - 10 years
– Motor vehicles	3 - 5 years
– Office furniture, fixtures and equipment	3 - 10 years

Property, plant and equipment is recognised under the various functional captions of the income statement.

An impairment test is carried out when there is an internal or external indication of impairment. A provision for writedown is then recognised if the recoverable value of the asset concerned falls below its net book value.

Capital gains and losses on property, plant and equipment disposals are measured by difference between the disposal price and the net book value. They are recognised in the income statement under “other general expenses”.

2.2.6. Leases

a) Finance leases

A lease is classified as a finance lease when substantially all the risks and rewards incident to ownership of the leased asset are transferred to the Group. This is notably the case for the Antony head office and central production unit (see 3.3 and 3.8).

At the start of the leasing period, finance leases are recorded on the balance sheet under assets and liabilities at the lower of the fair value of leased assets and the present value of minimum payments in respect of the lease, both of which being measured at inception of the lease.

Payments made in respect of the lease are broken down between finance charges and repayment of the outstanding liability.

The depreciation policy of lease-financed assets is similar to that applying to property, plant and equipment (see above § 2.2.5 on property, plant and equipment).

b) Operating leases

Leases for which a substantial portion of the risks and rewards incident to ownership of the assets are in effect retained by the lessor are classified as operating leases. Payments made in respect of contracts of this nature are recognised as an expense for the period in the income statement.

2.2.7. Financial instruments

a) Financial assets

Financial assets are designated and classified on initial recognition. They are reviewed at each balance sheet date.

On initial recognition, the Group recognises financial assets on the date the Group becomes a party to the contractual provisions of these financial assets. These are measured at fair value, increased by direct transaction costs when not classified as financial assets measured at fair value through the income statement.

The Group manages several financial instruments categories. Their classification is dependent on the purpose of each acquisition. These categories are as follows:

i. Deposits held to maturity include financial assets, other than non-derivative financial instruments, featuring determined or determinable instalments and a fixed term, which the Group intends and has the capacity to retain until maturity. They are valued at amortised cost, using the effective interest rate method, and potential impairment is offset against "other financial income and expenses" in the income statement.

ii. Loans and receivables include financial assets, other than non-derivative financial instruments, featuring determined or determinable instalments and which are not listed on an active market. They are valued at amortised cost using the effective interest rate method and potential impairment is offset against "other financial income and expenses" in the income statement.

iii. Financial assets at fair value through the income statement include financial assets which the Group intends from inception to resell in the short term, generally within 12 months. Fair value movements are recognised in the income statement of the period in which they occur under "other financial income and expenses". This category notably includes money market funds (SICAVs) and derivative instruments.

iv. Financial assets held for disposal: include financial assets, other than derivative financial instruments, that do not feature in other categories. Fair value movements are recorded in equity under "profit taken to equity" in the period they occur, except for impairment. When financial assets held for disposal are sold or written down, cumulative fair value movements recognised in equity are transferred to the income statement under "other financial income and expenses".

Impairment is recognised when there is an objective indication that an asset has been impaired. Impairment indicators are examined for all financial assets at each balance sheet date. These indicators include failure to meet contractual payments, significant financial difficulties of the issuer or debtor, probable bankruptcy or a long-lasting or significant fall in the share price.

Impairment is measured and recognised as follows:
- Impairment of loans and receivables and assets held until maturity, which are recognised at amortised cost, is equal to the difference between the book value of the assets and the value of estimated future cash flow, discounted at the original effective interest rate.
- Impairment of financial assets held for disposal corresponds to the difference between the acquisition cost (net of any principal repayments and writedowns) and the fair value at the

impairment date, less any impairment previously recognised in the income statement. Impairment is recognised in the income statement under “other financial income and expenses”, regardless of whether it relates to a debt or an equity instrument. In the event the value of shares classified as assets held for disposal subsequently increases, impairment recognised through profit and loss may not be reversed through the income statement. Conversely, any subsequent increase in the value of debt instruments classified as held for disposal is recognised though profit and loss as a reduction of the corresponding impairment.

b) Financial liabilities

Financial liabilities are initially recognised at the fair value of the counterpart received, less transaction costs directly attributable to the transaction. They are subsequently measured at amortised cost using the effective interest rate method.

c) Financial instrument fair value

The fair value of financial assets and liabilities trading on an active market is established by reference to the share price for listed financial instruments. The fair value of other asset and liability financial instruments, which are not listed on an active market, is based on various measurement methods and assumptions established by the Group based on prevailing market conditions at the balance sheet date. The fair value of current asset and liability financial instruments is deemed equal to their balance sheet value due to their short-term maturity. The fair value of non-current assets and liabilities is measured by discounting future cash flows.

d) Derecognition

The Group derecognises financial assets when the contractual rights to receive the cash flow of these assets ceased or have been transferred or the Group has transferred virtually all the risks and rewards incident to ownership of the assets. Moreover, if the Group neither transfers nor retains virtually all the risks and rewards incident to ownership of the financial assets, the latter are derecognised when control is lost.

Financial liabilities are derecognised when contractual obligations are waived, cancelled or extinguished.

2.2.8. Inventory

Inventory is recognised at the lower of cost and net realisable value. Cost is measured using the weighted average cost method. The cost of finished goods and work-in-progress includes components, raw materials, direct labour costs, other direct costs and general production costs (based on normal operating conditions). The net realisable value represents the estimated selling price under normal business conditions, after deducting selling expenses.

2.2.9. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost, after deducting provisions for bad debts. A provision for bad debts is recognised when there is an objective indication that the Group may be unable to collect receivables in full as per the conditions initially set down for the transaction. Significant financial difficulties encountered by the debtor, probable bankruptcy or financial restructuring of the debtor and a default or failure to pay are considered as indications that a receivable should be written down. The value of the provision represents the difference between the book value of the asset and estimated future cash flows, discounted at the initial effective interest rate. The value of the provision is recognised in the income statement under cost of goods sold.

2.2.10. Cash and cash equivalents

“Cash and cash equivalents” include cash, sight deposits, other highly liquid deposits with initial maturity of 3 months or less. Bank overdrafts are included under current liabilities in the balance sheet under “current borrowings”.

2.2.11. Equity

Stallergenes SA treasury shares, in particular those acquired as part of the share buyback programme, are deducted from equity. Gain or losses are recognised in comprehensive income on the purchase, sale or writedown of treasury shares.

Dividends to be paid by the Group are recognised as a liability in the period they were approved by the shareholders' Annual General Meeting.

2.2.12. Income tax

Current income tax assets and liabilities correspond to tax receivable and payable within 12 months. The deferred tax assets and liabilities of consolidated entities are presented under non-current assets and non-current liabilities, respectively.

Deferred taxation is measured using the liability method for all temporary differences between the tax base and the accounting base of assets and liabilities (balance sheet approach). The tax base depends on applicable tax rules in the various countries where the Group manages its operations. A deferred tax asset or liability is measured at the taxation rates expected to apply in the financial year when the asset will be realised or the liability discharged, based on the taxation rates (or tax regulations) that have been adopted or virtually adopted at the balance sheet date.

Only deferred tax relating to tax losses or eligible capital losses that are likely to be recovered may be capitalised.

Assets and liabilities are offset when income tax is collected by the same tax authority and if it is authorised by local tax authorities.

2.2.13. Provisions

a) Long-term employee benefits

Within the Group, commitments not covered by plan assets and relating to long-term employee benefits include the severance pay and seniority awards of personnel employed in France, a retirement benefit scheme for the CEO in France, compensation payable in case of termination in the Italian subsidiary ("TFR"), pension commitments in Switzerland and seniority awards in Spain. When deemed significant, they are measured using the projected credit unit method, which takes into account the following assumptions: life expectancy, personnel turnover rate and salary increase. Amounts payable are discounted and a financial discounting coefficient is applied to future payments. The selected discount rate is a market rate at the balance sheet date based on first-rate corporate bonds (AA rating), by reference to rates published by the Bloomberg agency. Provisions are recognised for the full value of the commitments or their net value, which only includes accrued benefits not covered by a fund. The Group opted to recognise under equity the actuarial differences relating to the measurement of pension commitments of defined benefit schemes. Movements in pension commitment provisions are classified under "other general expenses".

b) Other provisions

A provision is recognised when the Group has an actual, legal or implicit obligation resulting from a past event, the value of which can be measured reliably and the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits. Forecast outflows likely to occur in more than twelve months are classified as "non-current liabilities". Other provisions are classified as "current liabilities": in case of a doubt, the classification as "current liabilities" is favoured. Charges and reversals relating to the use of other provisions are recognised in the functional items of the income statement. Reversals of lapsed provisions are classified as "other general expenses".

2.2.14. Stock options and free shares

Share subscription and free share option plans are measured at fair value, subject to social contributions, and recognised as an expense in the income statement over the vesting period of the rights associated with these plans. Social contributions are recognised on the allocation date.

The fair value of option plans is measured using the "Black and Scholes" or "binomial" valuation model, taking account of an annual review of options effectively exercised and acquired, as well as the expected number of exercisable options. The corresponding costs are classified as "other general expenses".

Details of option and free share plans in effect and their measurement under IFRS are provided in Note 5.5.

2.2.15. Revenue recognition and accounting by expense allocation

Revenues arising from product sales are recognised as sales when the significant risks and rewards incident to ownership of the products have been transferred to the purchaser. They are measured at the fair value of the consideration received or to be received, net of advantages granted to customers and discounts.

Other revenues arising in particular from licence agreement royalties or from the distribution of products are presented under "other operating revenues" and included in gross profit. Royalty revenues are recognised as they are acquired pursuant to the substance of the agreement in question, unless another systematic and more rational approach proves more appropriate.

R&D income linked to the partnership with Shionogi Ltd and relative to development agreements are accounted for in the income statement based on the percentage of completion of development work, up to instalments received and excluding future instalments subject to the achievement of milestones. Consequently, upfront payments received early in the contract are recognised as deferred income and spread over the duration of the work.

Analytical cost classification complies with the principles of activity-based costing:

- Expenses corresponding to the cost of resources used by the various departments are classified as "cost of goods sold", "selling expenses", "administrative expenses", "research and development costs", based on an analysis of their activities. Due to the significance of nominal preparations ("NPPs") in the Company's business, production and distribution expenses – transport and administrative order processing – directly attributable to the logistic chain of nominal preparations are classified as "cost of goods sold".

- General expenses that cannot be attributed to the operations of the various departments are classified as "other general expenses". They notably include pension, employee profit sharing and employee shareholding costs, share-based personnel payments, translation differences, capital gains and losses on non-current asset disposals and income and charges not directly relating to the activities of operational departments (cost or income from litigations and restructuring costs). Due to its significance, this caption is analysed in greater detail in a specific note (see 4.1).

2.2.16. Research tax credit

Research and development costs incurred by the Group's parent company, Stallergenes S.A., entitle the Group, by right of a support scheme applicable in France, to a government grant calculated on the basis of eligible research costs. The grant received may be deducted from income tax payable in respect of the year in which research costs are incurred. The potential excess tax credit is treated as a receivable from the French State, which can be offset against income tax over the three years that follow the year of recognition. The residual unused portion at the end of this period then has to be repaid. This receivable is offset against the tax liability and recognised as "grants receivable". The grant is classified in the income statement as "R&D related income" (see 4.2).

2.2.17. Net earnings per share

Earnings per share is calculated using two different methods:
- by dividing the Group share of net profit by the average number of shares outstanding over the period,
- by dividing the Group share of net profit by the average number of shares outstanding over the period, increased by the dilutive effect, expressed as the number of outstanding options. The latter is estimated by dividing the total potential capital gain on acquisition of outstanding options, measured by reference to the average share price for the period, by the average share price for the period. The relevant calculations are disclosed in Note 4.6.

2.3 CHANGES IN GROUP STRUCTURE

a) On 27 October 2010, STALLERGENES took control of Medelo Limited ("MEDELO"), its distributor in the UK. The acquired assets and the acquisition price may be analysed as follows:

Acquisition of MEDELO	*Note*	GBP thousands	€ thousands
Intangible assets		360	426
Property, plant and equipment		0	1
Financial assets		6	7
Non-current assets		**366**	**434**
Working capital requirements		(29)	(53)
Cash	*(a)*	42	50
Deferred tax liabilities		(100)	(119)
Net assets acquired (A)		**280**	**312**
2010 payment	*(b)*	252	281
Earn-out		246	289
Acquisition price (B)		**498**	**570**
Goodwill =(B)-(A)	*3.1*	**218**	**259**
2010 net cash impact	*(b) - (a)*	**210**	**231**

Since MEDELO was already STALLERGENES' distributor in the UK, the additional impact on Group sales was limited.

Over the full 2010 year, the cash impact of changes in group structure was a net cash outflow of € 404 thousand: € 173 thousand for TRIMEDAL and € 231 thousand for MEDELO.

2.4 RISKS AND ESTIMATES

a) Market risks

• The foreign exchange risk is low: 92% of sales are denominated in Euro. Certain billing currencies fluctuated favourably in 2010 (AUD, CZK, Zloty, CHF) resulting in an € 1,379 thousand favourable effect on sales, being a 0.7% positive impact on growth. About 3% of purchases and external charges were denominated in US dollars (USD 4.7 million in 2010 and USD 14.4 million in 2009) and 1% in other currencies, for which the Group does not use hedge instruments. The 2010 value of US dollar purchases returned to normal levels compared to 2009. The projected amount of USD purchases for 2011 should not exceed 5%. A 10% upward or downward movement in the US dollar compared to the noted average rate would have had a € 400 thousand impact on 2010 operating profit, representing in the region of 1% of operating

profit. Hedge instruments are used when the risk is deemed significant, especially at times of high market volatility, which was the case in 2010. Net foreign exchange losses for the year were recognised as "other general expenses" (see 4.1) and totalled € 264 thousand. All derivative instrument positions had been closed at the 2010 year-end.

• The credit risk on trade receivables primarily concerns hospitals and distributors. These are long-term partners and no significant default has been noted over the past 10 years. Any significant delay in payment is subject to corrective action and provisions are recognised by the sales department if necessary.

• The credit risk on financial deposits is now managed by only dealing with first-rate banking institutions.

• The Group's liquidity risk is measured using the "net financial debt" to "EBITDA" ratio. The risk is deemed acceptable while this ratio remains below 3. Moreover, due to the Group's buoyant operations, the Group's treasury department strives to maintain financial flexibility by retaining unused credit facilities. Relevant information is provided in Note 3.8 "net financial debt".

• Calyon's € 7 million variable rate loan, maturing in April 2011, was subject to early repayment at the end of July 2010. Outstanding loans have been hedged by fixed rates.

• The interest rate risk was managed as follows: the variable portion of the outstanding balance of the property lease was converted into a fixed rate loan using an interest rate swap.

b) Estimates

During the preparation and presentation of the financial statements, Group Management frequently uses its own judgement to value or estimate certain items presented in the financial statements. The likelihood that future events will occur is also assessed. These valuations and estimates are reviewed at each balance sheet date and compared to actual events, in order to restate the assumptions made if necessary.

The majority of clinical trials are outsourced to CROs (Clinical Research Organisation) and are subject to percentage of completion contracts over several years. Financial information relating to the percentage of completion of these contracts may only be available several months later. Under these conditions, Management is compelled to make its own estimates, based on in-house information collected throughout the trials, in relation to R&D costs and the corresponding value on the balance sheet of invoices pending.

As part of the partnership with Shionogi, Ltd, Stallergènes has received a first instalment of € 24 million. The income from this joint development agreement was accounted for based on the percentage of completion of work. The income recognition schedule was estimated based on business plans.

2.5 Segment reporting

Based on examination of the entity's internal reporting, it became apparent that the Company has a single operating segment, allergen immunotherapy.

Sales were as follows, by product line:

€ thousands	2009	%	09/08 % change	2010	%	10/09 % change
Sublingual route	160,019	83	16.0	183,753	85	14.8
Subcutaneous route	25,875	13	- 1.5	25,881	12	0.0
Products	6,936	4	4.0	6,640	3	- 4.3
Sales	**192,830**	**100**	**12.8**	**216,275**	**100**	**12.2**

The Company's business, allergen immunotherapy, addresses more than 500,000 patients per year. No customer acting as a middleman in the distribution supply chain (distributor, hospitals and pharmacies) accounted for more than 5% of Group sales.

Sales and non-current assets changed as follows, analysed by geographic region:

€ thousands	2009	%	09/08 % change	2010	%	10/09 % change
Southern Europe (1)	138,593	72	11.0	155,095	72	11.9
Other EU	47,552	25	23.6	52,344	24	10.1
Other markets	6,685	3	- 10.7	8,836	4	32.2
Sales	**192,830**	**100**	**12.8**	**216,274**	**100**	**12.2**
Southern Europe	90,594	93	8.2	100,123	94	10.5
Other EU	6,379	7	35.2	6,797	6	6.6
Other markets		-	ns		-	ns
Non-current assets *(2)*	**96,973**	**100**	**9.6**	**106,920**	**100**	**10.3**

(1) Portugal, Spain, France, Italy, Greece
(2) excluding deferred taxation and rights attached to insurance policies

2.6 HIGHLIGHTS AND POST-CLOSING EVENTS

a) On 16 November 2010, WENDEL, a 46% shareholder in STALLERGENES, sold its equity holding to the ARES LIFE SCIENCES investment fund, for an acquisition price of € 59 per share. In accordance with the law, the investment fund launched a public offering in relation to the remainder of the share capital for the same price of € 59. After completion of the public offering on STALLERGENES' share capital, ARES LIFE SCIENCES held 73.18% of STALLERGENES shares.

b) On 6 September 2010, STALLERGENES signed an exclusive partnership agreement with SHIONOGI & Co., Ltd. in relation to the development, registration, promotion and distribution in Japan of two sublingual allergen immunotherapy tablets resulting from the Stalair® program: Actair® house dust mite tablets and Japanese cedar pollen tablets. On 6 October 2010, STALLERGENES received an upfront payment of € 24 million and may receive up to € 46 million in development and regulatory milestone payments, as well as marketing milestone payments and royalties on net sales of products by SHIONOGI. Given the progress in development work, an income of € 2,377 thousand was recognised as "R&D related income" during the financial year (see 4.2). The balance of the upfront payment of € 21,623 thousand was recognised as "Deferred income" (see 3.11). It is planned that such revenue will be accounted for based on the percentage of work completed.

c) In order to ensure the sustainable distribution of its products in the UK, STALLERGENES decided to acquire its distributor in this country, MEDELO. This acquisition was carried out on 27 October 2010, with retroactive effect as of 1 July 2010. The total price was £ 457 thousand, increased by an earn-out of £ 41 thousand subject to the same level of sales being achieved in 2011. Acquisition costs of € 132 thousand were expensed pursuant to the new IFRS 3R standard.

d) Pursuant with the CNC's opinion (Conseil National de la Comptabilité) and in light of respective ratios of added value and profit before tax, STALLERGENES elected to treat the CVAE tax (business added value contribution) as "income tax" from 1 January 2010. Please refer to Notes 4.3 and 4.5 b) for the relevant figures.

e) There were no significant post-closing events to report.

3. NOTES TO THE BALANCE SHEET

3.1 Goodwill

It has evolved as follows:

€ thousands	Notes	Goodwill Spain	Goodwill Switzerland	Goodwill UK	Goodwill France and other countries	Total goodwill
Gross value at end 2008		**6 077**			**22 218**	**28 295**
Accumulated impairment						
Net value at end 2008		**6 077**			**22 218**	**28 295**
Addition to group structure			5 152			5 152
Gross value at end 2009		**6 077**	**5 152**		**22 218**	**33 447**
Accumulated impairment						
Net value at end 2009		**6 077**	**5 152**		**22 218**	**33 447**
Addition to group structure	*2.3*			259		259
Translation adjustment				4		4
Gross value at end 2010		**6 077**	**5 152**	**263**	**22 218**	**33 710**
Accumulated impairment						
Net value at end 2010		**6 077**	**5 152**	**263**	**22 218**	**33 710**

"France and other countries" goodwill originated in the IFRS opening balance sheet at 1 January 2004 and included the following items:
- Stallergenes expertise, acquired in 1993 for € 19,287 thousand (unamortised);
- Goodwill of the DHS company, acquired in 1999 for € 2,931 thousand (net value, cost of € 4,731 thousand.)

The Spanish goodwill originated from the acquisition, taking effect on 10 March 2005, of IPI's allergenic immunotherapy business from Spanish Group ASAC.

The Switzerland goodwill was generated by the acquisition, with effect on 1 January 2009 of "Trimedal", the distributor of Stallergenes products in Switzerland.

The UK goodwill was generated by the acquisition, with effect on 1 July 2010, of "Medelo", the distributor of Stallergenes products in the UK (see 2.3).

The fair value tests carried out during the year were based on the following assumptions:
- cash generating units: Spain, Switzerland, France and other countries (including Germany),
- 5-year business plan based on market modelling,
- 10% annual discount rate after tax.
- infinite growth of 2% per year.

These assumptions confirmed that a reasonably likely change in a critical assumption would not cause any impairment.

3.2 Intangible assets

They have evolved as follows:

€ thousands	Marketing authorisations	Licences, brands and patents	Software	Other intangible assets	In progress	Total intangible assets
Gross value at end 2008		**2,789**	**7,629**	**555**	**4,505**	**15,478**
Accumulated amortisation		(1,285)	(5,763)	(365)		(7,413)
Net value at end 2008		**1,504**	**1,866**	**190**	**4,505**	**8,065**
Addition to group structure				999	(4,261)	(3,262)
Acquisitions	358	244	2,571	2	140	3,315
Amortisation charges	(6)	(250)	(958)	(222)		(1,436)
Gross value at end 2009	**358**	**3,034**	**10,200**	**1,550**	**384**	**15,526**
Accumulated amortisation	(6)	(1,536)	(6,721)	(581)		(8,844)
Net value at end 2009	**352**	**1,498**	**3,479**	**969**	**384**	**6,682**
Addition to group structure				426		426
Acquisitions	115		2,866	101	(384)	2,698
Amortisation charges	(77)	(346)	(1,439)	(242)		(2,104)
Gross value at end 2010	**473**	**3,034**	**13,066**	**2,077**		**18,650**
Accumulated amortisation	(83)	(1,882)	(8,160)	(823)		(10,948)
Net value at end 2010	**391**	**1,152**	**4,906**	**1,254**		**7,702**

(1) Addition to the group structure of Trimedal AG, the distributor in Switzerland. Please refer to Note 2.3 of the 2009 report.

3.3 Property, plant and equipment

They have evolved as follows:

€ thousands	*Notes*	Lease-financed property *(1)*	Other property *(2)*	Machinery and equipment	Others *(3)*	In progress *(2)*	Total property, plant and equipment
Gross value at end 2008		**16,091**	**4,962**	**23,224**	**15,487**	**13,580**	**73,344**
Accumulated depreciation		(3,413)	(262)	(9,767)	(8,245)		(21,687)
Net value at end 2008		**12,678**	**4,700**	**13,457**	**7,242**	**13,580**	**51,657**
Addition to group structure				24	77		101
Acquisitions				3,057	9,921	(1,929)	11,049
Disposals (net)					(34)		(34)
Depreciation charges		(569)	(44)	(3,017)	(2,761)		(6,391)
Gross value at end 2009		**16,091**	**4,961**	**26,301**	**24,173**	**11,651**	**83,177**
Accumulated depreciation		(3,982)	(305)	(12,780)	(9,728)		(26,795)
Net value at end 2009		**12,109**	**4,656**	**13,521**	**14,445**	**11,651**	**56,382**
Addition to group structure	*2.3*				1	(0)	1
Acquisitions	*(2)*			6,220	4,761	4,578	15,559
Disposals (net)					(70)		(70)
Translation adjustments				5	9		14
Depreciation charges		(614)	(41)	(3,572)	(2,674)		(6,901)
Gross value at end 2010		**16,091**	**4,961**	**32,526**	**28,874**	**16,228**	**98,681**
Accumulated depreciation		(4,596)	(346)	(16,352)	(12,402)		(33,696)
Net value at end 2010		**11,495**	**4,615**	**16,174**	**16,472**	**16,228**	**64,985**

(1) Includes the head office and the Antony central production unit. The corresponding liability is specified in Note 3.8 (1). The extension of the central production unit dedicated to the active

principle of allergenic tablets was commissioned in early April 2008 at a cost of € 7.6 million and was subject to additional lease financing (see 3.8).
(2) A € 2.5 million property complex was acquired in July 2008 close to the central site with a view to restoring it. The movement in non-current assets in progress primarily related to the building being restored. This project should be completed in May 2011 at a total cost of € 6.5 million.
(3) Motor vehicles, furniture, fixtures and equipment.

3.4 Financial assets

They have evolved as follows:

€ thousands	Non-current loans and receivables	Current financial assets	Total financial assets
Gross value at end 2008	**423**		**423**
Accumulated writedowns			
Net value at end 2008	**423**	**-**	**423**
Acquisition	39		39
Gross value at end 2009	**462**		**462**
Accumulated writedowns			
Net value at end 2009	**462**	**-**	**462**
Acquisition	54		54
Addition to group structure	7		7
Gross value at end 2010	**523**		**523**
Accumulated writedowns			
Net value at end 2010	**523**	**-**	**523**

3.5 Deferred tax assets and liabilities

They have evolved as follows:

€ thousands	Notes	31/12/08	Income tax credit (charge)	Profit taken to equity (1)	Addition to group structure (2)	31/12/09	Income tax credit (charge)	Profit taken to equity	Addition to group structure	31/12/10
Employee commitments		489	(213)	(28)	114	362	(78)	5		289
Plan asset valuation differences		809	(208)			601	(142)			459
Employee profit sharing		823	1			824	320			1 144
Revenue recognition differences	*(1)*	123	252			375	429			804
Other temporary differences		168				168	(8)	48		207
Total deferred tax assets		**2 412**	**(168)**	**(28)**	**114**	**2 330**	**521**	**52**		**2 904**
Net CVAE tax liability			(441)			(441)	79			(362)
Plan asset valuation differences	*(2)*	(1 443)	(540)		(210)	(2 193)	(644)		(119)	(2 958)
Revenue recognition differences		(131)	9			(122)	122			
Other temporary differences		-	(46)			(46)	11			(35)
Total deferred tax liabilities		**(1 574)**	**(1 018)**		**(210)**	**(2 802)**	**(432)**		**(119)**	**(3 355)**
Net deferred tax assets (liabilities)		**838**	**(1 186)**	**(28)**	**(96)**	**(472)**	**89**	**52**	**(119)**	**(451)**

(1) The growth in Oralair inventories held by subsidiaries generated substantial deferred tax due to the elimination of intra-group margins.
(2) The increase in this caption was due to capital expenditure.

3.6 Inventories

They have evolved as follows:

€ thousands	Notes	Raw materials	Merchandise	In progress	Finished goods	Total inventories
Gross value at end 2008		**7,117**	**1,420**	**6,286**	**1,311**	**16,134**
Writedowns		(280)	(61)	(508)	(131)	(980)
Net value at end 2008		**6,837**	**1,359**	**5,778**	**1,180**	**15,154**
Inventory movements		2,867	436	686	45	4,034
Net writedowns		(30)	(184)	(130)	79	(265)
Gross value at end 2009		**9,984**	**1,856**	**6,972**	**1,356**	**20,168**
Writedowns		(310)	(245)	(638)	(52)	(1,245)
Net value at end 2009		**9,674**	**1,611**	**6,334**	**1,304**	**18,923**
Inventory movements		1,473	246	1,085	579	3,382
Net writedowns	*(1)*	(569)	98	(414)	(182)	(1,067)
Gross value at end 2010		**11,457**	**2,102**	**8,057**	**1,935**	**23,550**
Writedowns		(879)	(147)	(1,052)	(234)	(2,312)
Net value at end 2010		**10,578**	**1,954**	**7,005**	**1,701**	**21,239**

(1) The significance of 2010 writedowns was due to the regulatory reduction in the number of allergens selected for the preparation of nominal preparations in France (NPPs).

3.7 Trade and other receivables

They may be analysed and they have evolved as follows:

€ thousands	Notes	31/12/09	31/12/10
Trade receivables		23,812	25,529
Provisions for bad debts		(1,069)	(1,259)
Net trade receivables		22,743	24,270
Tax subsidy receivable	*(1)*	6,829	7,656
Other receivables		4,439	4,006
Prepaid expenses		852	1,024
Trade and other receivables		**34,863**	**36,956**

(1) Including a research tax credit of € 7,344 thousand at end 2010 (see 4.2).

A trade receivable aged analysis is presented in the following table. Hospitals and Distributors are sometimes public health institutions whose internal payment procedures are long and complex. As a result, contractual payment terms are not always complied with.

Provisions for non payment by patients are established based on the likelihood the receivable will not be collected. Other receivables are subject to provisions when bankruptcy appears likely.

€ thousands	Current	Overdue < 3 months	Overdue > 3 months < 1 year	Overdue > 1 year	Total overdue	Total trade and other receivables	Provision	Net trade receivables
Gross value at end 2009	**19,140**	2,166	1,899	607	**4,672**	**23,812**	(1,069)	22,743
as number of days of sales	*36*	*4*	*4*	*1*	*9*	*44*	*(2)*	*42*
Provision			(462)	(607)	**(1,069)**	**(1,069)**		
Net value at end 2009	**19,140**	2,166	1,437	-	**3,603**	**22,743**		
Gross value at end 2010	**19,538**	3,038	1,454	1,499	**5,991**	**25,529**	(1,259)	24,270
as number of days of sales	*33*	*5*	*2*	*2*	*10*	*42*	*(2)*	*40*
Provision			(59)	(1,200)	**(1,259)**	**(1,259)**		
Net value at end 2010	**19,538**	3,038	1,395	299	**4,732**	**24,270**		

The rise in receivables overdue by more than one year was primarily due to receivables from public export organisations, in relation to which late payments were noted.

3.8 Net cash position

It may be analysed and has evolved as follows:

€ thousands	Notes	Analysis by maturity: More than 5 years	One to five years	Less than one year	At 31 Dec 2010	At 31 Dec 2009	At 31 Dec 2008
Cash equivalents	(1)	-	-	61 641	61 641	**16 811**	**4 603**
Cash	(2)	-	-	5 687	5 687	**5 637**	**4 807**
Cash and cash equivalents (A)	1.4	-	-	67 329	**67 329**	**22 448**	**9 410**
Lease-financed property	(3)	-	6 970	1 489	8 459	**9 860**	**11 177**
€ 45 m syndicated loan (2005)	(4)	-	-	-	-	**7 000**	**7 000**
Bank overdrafts	(5)	-	-	212	212	**691**	**786**
Total borrowings (B)		-	6 970	1 701	**8 671**	**17 551**	**18 963**
Net cash and cash equivalents (A) - (B)		-	(6 970)	65 628	**58 658**	**4 897**	**(9 553)**
Foreign exchange gains and losses					241	17	
Other movements during the year	1.4				53 520	14 443	

(1) Cash equivalents include investment vehicles classified as “Euro Money” in AMF’s definition. They are not subject to a significant risk of change in value.

(2) Cash includes a market stimulation account of € 1,459 thousand.

(3) Includes the discounted lease finance liability, corresponding to the financing through a 12-year lease of the Antony site in September 2002, to which was added the leaseback of the “tablet active principle” production unit in 2008 over the residual duration of the initial lease. The variable portion of this liability was swapped for a fixed rate by setting up a cash flow hedge in 2009. The corresponding hedge instruments (interest rate swap) were measured fair value at year-end (see 3.9). The fair value of this liability and undiscounted future cash flows are presented in Note 5.2.1. No bank covenants apply to this loan.

(4) The “€ 45 million” syndicated loan was repaid early and without penalty at the end of July 2010.

(5) These are simply overdraft facilities that were not subject to confirmation in writing from the banks.

3.9 Other non-current liabilities

At the end of 2010, these included the estimated fair value of the interest rate hedge (rate swap) covering future instalments of the "Real estate finance lease", i.e. a non-current liability (see 3.8).

3.10 Provisions

a) General table

They may be analysed and they have evolved as follows:

€ thousands	31/12/08	Addition to group structure	Net charge	Profit taken to equity	31/12/09	Net charge *(2)*	Profit taken to equity *(1)*	Translation adjustment	31/12/10
Non-current employee benefits	1 789	543	(190)	(80)	2 062	(12)	14	101	2 165
Other employee commitments > 1 year	47		3		50	(50)			
Non-current provisions	**1 836**	**543**	**(187)**	**(80)**	**2 112**	**(62)**	**14**	**101**	**2 165**
Other employee commitments < 1 year	150		50		200	(60)			140
Product returns and deliveries in progress	226		(44)		182	504			686
Tax risk						567			567
Other risks	1 712		(603)		1 109	192			1 301
Current provisions	**2 088**		**(597)**		**1 491**	**1 203**			**2 694**
Total provisions	**3 924**	**543**	**(784)**	**(80)**	**3 603**	**1 141**	**14**	**101**	**4 859**

(1) The amounts involved are variances that are recognised in specific items of comprehensive income. Due to a deferred taxation effect, net values were a net gain of € 52 thousand in 2009 and a net loss of € 10 thousand in 2010.
(2) Net provisions charges for both 2009 and 2010 do not include any significant amount of unutilised provisions.

b) Long-term employee benefits

Movements in the present value of commitments relating to the defined benefit pension plans were as follows:

€ thousands	31/12/09	Reclassification at start of year	Rights acquired	Financial cost	Actuarial gains and losses taken to equity	Financial movements	Translation adjustment	31/12/10
Partially financed commitments	7 731		519	252	650	(20)	502	9 634
Plan assets to be deducted	(6 103)			(153)	(663)	(830)	(405)	(8 154)
Sub-total	**1 628**		**519**	**99**	**(13)**	**(850)**	**97**	**1 480**
Unfinanced commitments	434	251						685
Total commitments	**2 062**	**251**	**519**	**99**	**(13)**	**(850)**	**97**	**2 165**

"Rights acquired" corresponds to employee commitments payable in France over an average of 16 years, i.e. the cost of past services. "Actuarial gains and losses" were due to the change in legal rules for the calculation of benefits, the change of mortality table and the adoption of a slightly lower discount rate (4.75% instead of 5.00%). "Financial movements" corresponds to the setting up of new financing (including risks previously not financed) after deducting benefits received in consideration for contributions paid. The main actuarial assumptions were as follows:
- Rate of salary increase: 3% per year, with underlying inflation of 2% per year (unchanged).
- Discount rate used: 4.75%, a 0.50% change in this rate would result in a € 250 thousand movement in commitments.
- Mortality tables used: TH and TF 00-02 tables in 2009 and in 2010.
- Diminishing turnover based on age, nil after 50 years old (unchanged).

Corresponding charges are recognised (among other captions) as “Other employee benefits” under “other general expenses”, see 4.1.

Translation adjustments relate to the assets and liabilities of the Swiss subsidiary’s pension plan.

3.11 Trade and other payables

They may be analysed and they have evolved as follows:

€ thousands	*Notes*	**31/12/09**	**31/12/10**
Trade payables		19 932	24 939
Liabilities relating to the acquisition of non-current assets	*(1)*	8 036	11 236
Current tax		1 126	4 946
Other tax and social contributions payable		18 299	22 894
Other payables		1 498	1 445
Deferred income	*(2)*		21 623
Accrued expenses		20	10
Trade and other payables		**48 911**	**87 092**

(1) The significance of “Liabilities relating to the acquisition of non-current assets” was mainly due to the major assets under construction, see Note 3.3.
(2) Deferred income relates to the deferred revenues of Shionogi’s upfront payment (see 2.6).

4. NOTES TO THE INCOME STATEMENT

4.1 Other general expenses

They may be analysed and they have evolved as follows:

€ thousands	Notes	FY 2009	09/08 % change	FY 2010	2010/09 %
Employee profit sharing	*(1)*	(6 287)	7,3	(8 573)	36,4
Other personnel commitments	*(2)*	(1 684)	23,6	(2 134)	26,7
Share-based payments to personnel	*(3)*	(639)	(10,9)	(989)	54,7
Central personnel costs	***4.4***	**(8 610)**	**8,4**	**(11 695)**	**35,8**
Capital gains (losses) on disposal of assets		(23)	187,5	(27)	19,5
Exchange gains and losses		(410)	100,0	(264)	(35,5)
Restructuring costs	*(4)*	(1 823)	129,6	(3 000)	64,6
Cost of brands, patents and licences		(468)	123,9	(593)	26,7
Litigations and other risks		96	(115,4)	153	59,4
Other expenses and income	***4.3***	**(2 628)**	**42,8**	**(3 732)**	**42,0**
Other general expenses		**(11 238)**	**14,9**	**(15 427)**	**37,3**

(1) Legal employee profit sharing and shareholding agreement concerning French personnel, which represents about 70% of the Group's workforce.
(2) Charges, not directly attributable to operations, relating to long-term employee benefits, non-competition agreements and cost overruns due to absenteeism.
(3) The costs and calculation assumptions relating to 2010 allocations are detailed in Note 5.5.
(4) The increase in this caption was due to the cost of the change of principal shareholder (€ 300 thousand), the acquisition cost of the Medelo distributor in the UK (€ 132 thousand) and consulting fees relating to the Company's planned establishment in the US.

4.2 Income from research and development

They may be analysed and they have evolved as follows:

€ thousands	Notes	FY 2009	09/08 % change	FY 2010	10/09 % change
Research tax credit		7,005	11.1	7,344	4.8
Income from Shionogi contract	*(1)*			2,377	ns
Other net R&D related income		551	60.6	-	(100.0)
R&D related income		**7,556**	**13.7**	**9,721**	**28.7**

(1) See Note 2.6.b.

4.3 Operating income statement by nature of expense

It may be analysed and it has evolved as follows:

€ thousands	Notes	FY 2009	09/08 % change	FY 2010	10/09 %
Sales		**192 830**	**12,8**	**216 275**	**12,2**
Other operating revenues		7 751	12,9	9 932	28,1
Raw materials consumed		(12 558)	(1,7)	(13 735)	9,4
Personnel costs	*4.4*	(60 564)	13,2	(71 354)	17,8
Taxes and duties	*(1)*	(1 863)	5,7	(937)	(49,7)
External costs		(83 687)	12,9	(81 034)	(3,2)
Amortisation and depreciation charges	*3.2 / 3.3*	(7 827)	39,4	(9 006)	15,1
Provision charges	*3.10 a*	784	ns	(1 141)	(245,5)
Other income and expenses	*4.1*	(2 628)	42,8	(3 732)	42,0
Total expenses		**(160 592)**	**12,5**	**(171 008)**	**6,5**
Operating profit		**32 238**	**14,6**	**45 267**	**40,4**

(1) The 2010 decrease in this caption was due to the replacement of the business tax in France (€ 1,250 thousand in 2009) by the so-called new Contribution Economique Territoriale (CET), the "CVAE" tax component of which is classified as income tax (see 2.6.d).

4.4 Workforce size and personnel costs

Changes in the Group's average workforce size, in full-time equivalents, including temporary workers, may be analysed as follows:

Full time equivalents	2009	09/08 % change	2010	09/08 % change
Logistic chain and production laboratories	318	7.0	355	11.6
Selling	212	3.9	216	2.1
Administration	121	10.2	137	13.0
Research and development	152	20.5	168	10.4
Average operational workforce	**803**	**8.9**	**876**	**9.1**

Changes in the Group's average personnel costs, including temporary workers, may be analysed as follows:

€ thousands	Notes	FY 2009	09/08 % change	FY 2010	10/09 % change
Logistic chain and production laboratories		15,218	11.5	17,466	14.8
Selling		15,932	8.0	17,802	11.7
Administration		10,280	17.6	12,326	19.9
Research and development		10,524	25.2	12,065	14.6
Central costs	*4.1*	8,610	8.4	11,695	35.8
Personnel costs	*4.3*	**60,564**	**13.2**	**71,354**	**17.8**
as % of sales		*31.4*	*0.1*	*33.0*	*1.6*
as % of sales (excl. central costs)		*26.9*	*0.1*	*27.6*	*0.6*

Central personnel costs (employee profit-sharing and shareholding, retirement benefits, stock-options) were not allocated by function since their level bears no relation to the number of working hours. They may be analysed by function as follows:

€ thousands	**FY 2009**	**09/08 % change**	**FY 2010**	**10/09 % change**
Logistic chain and production laboratories	2 522	11,5	3 424	35,8
Selling	2 640	8,0	3 490	32,2
Administration	1 704	17,6	2 416	41,8
Research and development	1 744	25,2	2 365	35,6
Central personnel costs	**8 610**	**13,2**	**11 695**	**35,8**

4.5 Income tax

a) Income tax charge analysis

The income tax charge breaks down as follows:

€ thousands	*Notes*	**Operating profit**	**Net cash position**	**Total**
2009 profit before tax		**32 117**	**(564)**	**31 553**
Current tax		(8 381)	194	(8 187)
Deferred tax	*3.5*	(1 186)	-	(1 186)
Income tax		**(9 567)**	**194**	**(9 373)**
2009 net profit		**22 550**	**(370)**	**22 180**
2010 profit before tax		**45 267**	**(282)**	**44 985**
Current tax		(14 375)	89	(14 286)
Deferred tax	*3.5*	89	-	89
Income tax		**(14 286)**	**89**	**(14 197)**
2010 net profit		**30 981**	**(193)**	**30 788**

b) Tax proof

€ thousands	*Notes*	**2009**	**2010**
Profit before tax		**31 553**	**44 985**
Share-based payments		487	873
Research tax credit		(7 004)	(7 344)
Uncapitalised retained losses		479	357
Capitalised retained losses			(1 925)
Other permanent differences		1 102	1 280
Permanent differences		**(4 936)**	**(6 759)**
Taxable profit		**26 617**	**38 226**
Parent company tax rate		*34,43%*	*34,43%*
Theoretical tax charge on accounting profit		**(10 864)**	**(15 488)**
Permanent differences		1 699	2 327
Tax rate differences between parent company and subsidiaries		233	250
Deferred tax differences	*(1)*	(441)	78
Net CVAE	*(1)*		(976)
Additional tax assessment		-	(416)
Other tax restatements		-	28
Income tax charge		**(9 373)**	**(14 197)**
Effective tax rate on profit before tax		*29,7%*	*31,6%*

(1) The CVAE's classification as income tax had led, in accordance with IAS 12, to the recognition of a net charge of € 441 thousand in 2009. A net charge of € 976 thousand was recognised as income tax in relation to 2010 CVAE.

4.6 Earnings per share

Changes in the number of shares giving access to the share capital are presented in Note 1.3. Averages for the period are measured on a half-year basis.

Dilutive shares were calculated as follows:

Averages for the period	Average number of options = nb	Average exercise price	Average share price	Capital gain (%CG)	Number of diluting shares =nb x CG%
FY 2009	512,802	€28.52	€48.32	40.99%	**210,183**
FY 2010	403,334	€31.64	€58.13	45.57%	**183,787**

From this, the average number of shares for calculating earnings per share was deduced as follows:

Averages for the period	Number of shares	Treasury shares	Number of shares carrying dividend	Number diluting shares (options)	Number of diluting free shares	Number of diluting shares
FY 2009	13,162,254	(16,630)	**13,145,625**	3,901	210,183	**13,359,709**
FY 2010	13,284,973	(23,362)	**13,261,610**	17,954	183,787	**13,463,351**

5. OTHER NOTES

5.1 Working capital requirements and other information on cash flows

a) Changes in working capital requirements were analysed as follows:

€ thousands	Notes	31 December 2009	days of sales	(Inc)/Dec 2009	31 December 2010	days of sales	(Inc)/Dec 2010	Addition to group structure (1)
Inventories		18,923	*35*	(3,592)	21,239	*35*	(2,312)	(4)
Trade receivables	*3.7*	22,743	*42*	632	24,270	*40*	(1,490)	(37)
Other current assets		5,289	*10*	1,130	3,850	*6*	1,441	(2)
Net current tax charge		5,703	*11*	(201)	2,710	*5*	2,993	
Trade payables		(19,931)	*(37)*	797	(24,939)	*(42)*	4,999	9
Other current liabilities		(19,816)	*(37)*	3,424	(24,348)	*(41)*	4,464	68
Operating WCR	*1.4*	**12,911**	***24***	**2,190**	**2,782**	***5***	**10,095**	**34**
Deferred income		-			(21,623)		21,623	
Liabilities to non-current asset providers		(8,036)		(763)	(10,056)		1,904	116
Investing WCR	*1.4*	**(8,036)**		**(763)**	**(31,679)**		**23,527**	**116**
Total WCR		**4,875**		**1,427**	**(28,897)**		**33,622**	**150**
Inventories	*1.1*	18,923		(3,592)	21,239		(2,312)	(4)
Trade and other receivables	*1.1*	34,863		1,276	36,956		(2,054)	(39)
Trade and other payables	*1.1*	(48,911)		3,743	(87,092)		37,988	193
Balance sheet WCR for control		**4,875**		**1,427**	**(28,897)**		**33,622**	**150**

(1) see note 2.3 a.

b) Non-current asset acquisitions and amortisation and depreciation charges may be analysed as follows:

€ thousands	Non-current assets					Total
	Goodwill	Intangible assets	PPE	Financial assets	Deferred tax assets	
Cost at 31 December 2008	**28 295**	**15 478**	**73 344**	**423**	**2 412**	**119 952**
Accumulated amortisation, depreciation and provisions	-	(7 413)	(21 687)	-	-	(29 100)
Net book value at end 2008	**28 295**	**8 065**	**51 657**	**423**	**2 412**	**90 852**
Acquisitions	-	3 315	11 049	39	-	14 403
Addition to group structure	5 152	(3 262)	101	-	114	2 105
Net proceeds from disposal	-	-	(34)	-	-	(34)
Amortisation, depreciation and provision charges	-	(1 436)	(6 391)	-	-	(7 827)
Deferred tax income (expense)	-	-	-	-	(168)	(168)
Value restatements	-	-	-	-	(28)	(28)
Cost at 31 December 2009	**33 447**	**15 526**	**83 177**	**462**	**2 330**	**134 942**
Accumulated amortisation, depreciation and provisions	-	(8 844)	(26 795)	-	-	(35 639)
Net book value at end 2009	**33 447**	**6 682**	**56 382**	**462**	**2 330**	**99 303**
Acquisitions	-	2 698	15 559	54	-	18 311
Addition to group structure	259	426	1	7	-	693
Net proceeds from disposal	-	-	(70)	-	-	(70)
Amortisation, depreciation and provision charges	-	(2 105)	(6 901)	-	-	(9 006)
Deferred tax income (expense)	-	-	-	-	522	522
Value restatements	4	-	15	-	52	71
Cost at 31 December 2010	**33 710**	**18 650**	**98 682**	**523**	**2 904**	**154 469**
Accumulated amortisation, depreciation and provisions	-	(10 949)	(33 696)	-	-	(44 645)
Net book value at end 2010	**33 710**	**7 701**	**64 986**	**523**	**2 904**	**109 824**

c) The alternative calculation of EBITDA from net profit was as follows:

€ thousands	2009	09/08 % change	2010	10/09 % change
Net profit	**22 180**	**16,6**	**30 788**	**38,8**
Amortisation and depreciation charges	7 827	39,4	9 006	15,1
Change in provisions	(784)	ns	1 141	(245,5)
Non cash items relating to stock options	487	(29,4)	873	79,3
Capital gains (losses) from disposal of assets	23	(95,9)	27	17,4
Cost of net financial debt	564	9,6	282	(50,0)
Total income tax	9 373	19,9	14 197	51,5
Gross operating profit (EBITDA)	**39 670**	**15,7**	**56 314**	**42,0**

5.2 Commitments

5.2.1. Leaseback of the Antony building

The Antony industrial building was sold on 5 September 2002 by SCI "Stallergenes Antony" to SOGÉBAIL, a company specialised in leaseback transactions. On the same date, a lease contract was entered into with the same company for a 12-year term. An addendum was added on 31 March 2008 to finance the new industrial unit for the production of the tablet's active principle. The SCI avails of an option to purchase the building, when the lease matures on 5 September 2014, at a price of € 2,500,000. The accounting entries relating to the sale were cancelled in the consolidated financial statements, with a contra entry to financial liabilities, € 8,459 thousand of which was outstanding at 31 December 2010 (see Note 3.8). At 31 December 2010, the net book value of the building (land + facilities) was valued at € 11,495 thousand (see Note 3.3). The total commitment in respect of this contract is as follows:

€ thousands	31/12/10	
	Rent	Fair value
Due within 1 year	1,911	1,773
Due between 1 and 5 years	7,701	6,438
Due in more than 5 years		
Total	**9,612**	**8,211**

The discount rate used was 4.75%. Since this rate is higher than the effective rate of the loan, the discounted net value is less than the value of the loan concerned (€ 8,459 thousand).

5.2.2. Commitments given in respect of individual training rights in France

The cumulative number of training hours corresponding to training rights acquired by personnel in France was 45,180 hours at 31 December 2010.
A total of 6,823 hours of training were used by personnel in France, leaving a balance of 38,357 unused training hours at 31 December 2010.

5.2.3. Other commitments

Group management is not aware of any other significant off-balance sheet commitment.

5.3 Contingent assets and liabilities

The Group had to pay additional tax of € 689 thousand in 2003 in relation to Stallergenes SA's 1996 to 1999 tax audits. After analysis, management had deemed it prudent to recognise this amount as an expense. However, a judicial appeal disputing all back taxes constitutive of the additional tax assessment is ongoing. It is therefore possible (but not probable) that all or part of this amount will be recovered in the future.

At end 2010, € 789 thousand in retained losses did not give rise to deferred tax assets. These losses may be brought forward over 8 years. The local taxation rate being 25%, the subsequent capitalisation of these losses, which is possible but not probable, may lead to the recognition of a € 197 thousand tax asset.

Group management is not aware of any other significant contingent assets or liabilities.

5.4 Related parties

In November 2010, Wendel Group sold its equity holding in the Company to ARES Life Sciences. This company is part of the group of companies controlled by the Bertarelli family, which does not publish consolidated financial statements. Stallergènes does not have any business relations with the Bertarelli family's group of companies.

The support contract with Wendel was terminated on the transfer date.

Movements in remuneration to the Management Board and Supervisory Board were as follows:

(€ thousands)	Notes	2009	09/08 % change	2010	10/09 % change
Fixed remuneration	(2)	732	(0,8)	787	7,5
Variable remuneration	(3)	301	24,9	553	83,7
Severance pay		-	ns	-	ns
Senior executives' gross remuneration (1)		**1 033**	**5,5**	**1 340**	**29,7**
Other Board members' directors' fees		67	63,4	107	59,7
Services rendered	(4)	50	(2,0)	50	-
Salaries and other current benefits		**1 150**	**7,4**	**1 497**	**30,2**
Post-employment benefits	(5)	115	17,3	132	14,8
Estimated value of stock options allocated		-	(100,0)	-	ns
Deferred remuneration		**115**	**(24,3)**	**132**	**14,8**
Total remuneration		**1 265**	**3,4**	**1 629**	**28,8**

(1) Includes the Chairman and Chief Executive Officer, a director who benefited from an employment contract and the Deputy CEO – Head Pharmacist (not a director). The latter was included in this table and 2009 data was restated accordingly.
(2) Including directors' fees and benefits in kind (company car) received during the year.
(3) Variable remuneration includes remuneration received during the year, as well as employee profit-sharing and shareholding provided by law.
(4) Scientific consulting services provided by another member of the Board of Directors.
(5) A provision is included in the balance sheet at 31 December 2010 for the corresponding amount of € 1,438 thousand under pension commitments (see 3.10 b). These are funded by plan assets of € 1,290 thousand. As a result, the provision for the net commitment was € 139 thousand.

5.5 Analysis of stock option and free share plans in effect

The following free shares and stock options still have to be granted:

Date of option allocation:	Performance conditions	Date options lapse	Subscription price	**Allocated but not exercised**	*of which exercisable in 2011*	Fair value of 1 option (1)	Cost - € thousands 2009	Cost - € thousands 2010
16 April 2004	No	17/4/12	€10,14	**21 000**	*21 000*	€3,03		
20 December 2004	Yes	21/12/14	€23,36	**50 875**	*50 875*	€3,97		
14 November 2005	No	14/11/15	€24,83	**26 377**	*2 377*	€7,51	51	
27 September 2006	No	27/9/16	€27,25	**37 682**	*37 682*	€9,12	106	80
4 May 2007	No	3/5/17	€53,96	**41 800**	*12 630*	€18,12	166	136
28 March 2008	No	28/3/18	€42,08	**27 000**	*9 450*	€13,03	90	60
29 May 2009	Yes	29/5/19	€48,00	**39 000**	*0*	€10,72	54	89
15 December 2009	Yes	15/12/19	€60,50	**10 000**	*0*	€15,93	1	32
12 November 2010	Yes	12/11/10	€62,00	**41 000**	*0*	€12,01		10
Stocks options			€39,00	**294 734**	*134 014*		468	407

Date of allocation	Performance conditions	Date options lapse	Date available for sale	**Number of free shares in effect**	*To be vested in 2011*	Fair value of 1 share (1)	Cost - € thousands 2009	Cost - € thousands 2010
15 December 2009	No	15/12/11	15/12/13	**15 605**	*15 605*	€54,78	19	432
12 November 2010	Yes	11/11/12	12/11/14	**9 395**	*0*	€57,67		34
Free shares				**25 000**	*15 605*		19	466

		2009	2010
Total cost calculated	*Note 1.4*	487	873
Social contributions on allocation		152	116
Total cost recognised	***Note 4.1***	**639**	**989**

(1) excluding social contributions. Valued using the Black & Schole model, 2010 assumptions: volatility 30%, risk-free rate 1.88%

The following free shares and stock options still have to be granted:

Date of AGM	Options authorised	Options lapsed	Options exercised	**Allocated but not exercised**	To be allocated:
26 June 2002	160,000	40,000	99,000	**21,000**	-
20 December 2004	600,000	25,000	486,736	**88,264**	-
16 June 2006	120,000	12,400	12,130	**95,470**	-
30 May 2008	75,000	26,000	-	**49,000**	-
29 May 2010	60,000	-	-	**41,000**	19,000
Stocks options				**294,734**	19,000

Date of AGM	Free shares authorised	Free shares lapsed	Free shares issued	**Allocated but not exercised**	To be allocated:
29 May 2009	25,000	-	-	**25,000**	-
29 May 2010	15,000	-	-	**-**	15,000
Free shares				**25,000**	15,000