

HALF-YEAR REPORT 2009

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1. CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

1.1 CONSOLIDATED BALANCE SHEET

(€ thousands)	<i>Notes</i>	30 June 2008	31 December 2008	30 June 2009
Goodwill		28 295	28 295	32 930
Intangible assets		3 074	8 065	4 493
Property, plant and equipment		41 226	51 657	54 558
Non-current financial assets		384	423	564
Deferred tax assets		2 587	2 412	2 465
Non-current assets	2.5	75 566	90 852	95 010
Inventories	2.6	16 319	15 154	15 912
Trade and other receivables	2.6	29 338	35 830	29 420
Current financial assets		130	-	-
Cash and cash equivalents	2.7	14 722	9 410	19 089
Current assets		60 509	60 394	64 421
Total assets		136 075	151 246	159 431
(€ thousands)	<i>Notes</i>	30 June 2008	31 December 2008	30 June 2009
Share capital and related reserves		17 709	20 307	20 881
Treasury shares		(12)	(2 000)	(99)
Retained earnings		57 390	64 791	72 509
Value restatements		276	(476)	(381)
Equity - Group share		75 363	82 622	92 910
Minority interests		-	-	-
Shareholders' equity	1.3	75 363	82 622	92 910
Non-current borrowings	2.7	17 530	9 860	9 170
Other non-current liabilities	2.3	164	111	1 328
Non-current provisions	2.8	1 093	1 836	2 064
Deferred tax liabilities		1 713	1 574	2 274
Non-current liabilities		20 500	13 381	14 836
Current borrowings	2.7	1 423	9 103	8 600
Current provisions	2.8	2 406	2 088	2 716
Trade and other payables	2.6	36 383	44 052	40 369
Current liabilities		40 212	55 243	51 685
Shareholders' equity and liabilities		136 075	151 246	159 431

1.2 INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(€ thousands)		HY1 2008		08/07	HY1 2009		09/08
	Notes	%CA		Var. %	%CA		Var. %
Sales	2.4	87 018	100,0	16,3	97 631	100,0	12,2
Other operating revenues		147	0,2	(12,5)	101	0,1	(31,3)
Cost of goods sold		(20 029)	(23,0)	17,6	(22 625)	(23,2)	13,0
Net cost of goods sold		(19 882)	(22,8)	17,9	(22 524)	(23,1)	13,3
Gross profit		67 136	77,2	15,9	75 107	76,9	11,9
Selling expenses		(19 444)	(22,3)	14,8	(20 952)	(21,5)	7,8
Administrative expenses		(10 074)	(11,6)	4,4	(11 480)	(11,8)	14,0
Other general expenses	2.10	(5 563)	(6,4)	17,0	(5 414)	(5,5)	(2,7)
General, administrative and selling expenses		(35 081)	(40,3)	11,9	(37 846)	(38,8)	7,9
Profit before R&D		32 055	36,8	20,5	37 261	38,2	16,2
Research and development costs		(16 337)	(18,8)	25,8	(21 267)	(21,8)	30,2
R&D related income		2 662	3,1	48,1	3 585	3,7	34,7
R&D		(13 675)	(15,7)	22,2	(17 682)	(18,1)	29,3
Operating profit	2.9	18 380	21,1	19,4	19 579	20,1	6,5
Cost of net financial debt		(197)	(0,2)	(35,0)	(424)	(0,4)	115,2
Other financial income and expenses	2.13	(504)	(0,6)	ns	(51)	(0,1)	(89,9)
Net financial income (expense)		(701)	(0,8)	146,0	(475)	(0,5)	(32,2)
Profit before tax		17 679	20,3	17,0	19 104	19,6	8,1
Income tax		(5 654)	(6,5)	8,2	(5 731)	(5,9)	1,4
Average income tax rate	2.11	32,0%		(7,5)	30,0%		(6,2)
Net profit		12 025	13,8	21,6	13 373	13,7	11,2
Minority interests		-	-	(100,0)	-	-	ns
Group share		12 025	13,8	18,5	13 373	13,7	11,2
Net earnings per share (€)	1.3 (3)	0,93		17,6	1,02		9,8
Diluted net earnings per share (€)		0,90		18,8	1,01		11,3
Statement of Comprehensive Income							
(€ thousands)		HY1 2008		08/07	HY1 2009		09/08
	Notes	%CA		Var. %	%CA		Var. %
Net profit		12 025	13,8	21,6	13 373	13,7	11,2
Net actuarial gains and losses		280	0,3	ns	(6)	(0,0)	(102,1)
Gains (losses) on sale of treasury shares	1.3 (1)	408	0,5	ns	126	0,1	(69,1)
Translation adjustment of foreign operations		-	-	ns	(25)	(0,0)	ns
Comprehensive income		12 713	14,6	28,5	13 468	13,8	5,9

1.3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity may be analysed as follows:

(€ thousands)	Notes	Share capital and related reserves	Treasury shares	Reserves and consolidated net profit	Value restatements	Equity Group share	Minority interests	Shareholders' equity
31 December 2007		18 082	(1 439)	50 204	(412)	66 435	-	66 435
Comprehensive income		-	-	12 433	280	12 713	-	12 713
Treasury share transactions		-	707	-	-	707	-	707
Cancellation of treasury shares		(720)	720	-	-	-	-	-
Options exercised		347	-	-	-	347	-	347
Dividend distribution		-	-	(5 176)	-	(5 176)	-	(5 176)
Share-based payments		-	-	341	-	341	-	341
Commitments to acquire minority interests		-	-	(4)	-	(4)	-	(4)
30 June 2008		17 709	(12)	57 798	(132)	75 363	-	75 363
31 December 2008		20 307	(2 000)	64 846	(531)	82 622	-	82 622
Comprehensive income		-	-	13 474	(6)	13 468	-	13 468
Treasury share transactions	(1)	-	1 901	-	-	1 901	-	1 901
Cancellation of treasury shares		-	-	-	-	-	-	-
Options exercised		574	-	-	-	574	-	574
Dividend distribution		-	-	(5 902)	-	(5 902)	-	(5 902)
Share-based payments		-	-	250	-	250	-	250
Commitments to acquire minority interests		-	-	(3)	-	(3)	-	(3)
30 June 2009		20 881	(99)	72 665	(537)	92 910	-	92 910

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

(In units)	Notes	Number of shares	Treasury shares (1)	Number of options (2)
At 31 December 2007		12 972 490	(60 000)	679 466
Shares cancelled		(30 000)	30 000	-
Treasury share transactions		-	29 775	-
Options exercised		36 235	-	(36 235)
Options granted		-	-	27 000
Options lapsed		-	-	(1 700)
At 30 June 2008		12 978 725	(225)	668 531
At 31 December 2008		13 118 971	(52 769)	526 585
Treasury share transactions	(1)	-	50 597	-
Options exercised		39 833	-	(39 833)
Options granted		-	-	49 000
At 30 June 2009		13 158 804	(2 172)	535 752

(1) 50,597 shares were sold over the period by the investment services provider in charge of the liquidity contract, generating a capital of € 1,901 thousand, a net capital gain of € 126 thousand and € 2,027 thousand in cash.

(2) The average exercise price at 30 June 2009 of outstanding options was € 27.64 (€ 22.89 at 30 June 2008). 249,832 options may be exercised in the coming year (429,296 at 30 June 2008).

(3) The average number of shares used for the calculation of earnings per share, taking account of the dilutive effect of the exercise of options and measured using the "treasury share" method was as follows:

Averages over the period	Number of shares	Treasury shares	Number of shares entitled to dividend	Number of dilutive shares	Diluted number of shares
HY1 2008	12 975 608	(30 113)	12 945 495	354 706	13 300 201
HY1 2009	13 138 888	(27 471)	13 111 417	176 200	13 287 617

1.4 CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	Notes	HY1 2008	08/07 % change	HY1 2009	09/08 % change
Operating profit		18 380	19,4	19 579	6,5
Amortisation and depreciation charges	2.5	2 123	9,9	3 454	62,7
Provision charges	2.8	682	(38,3)	845	23,9
Refundable advances recognised as income		-	ns	-	ns
Income (expense) relating to stock options		341	(22,9)	250	(26,7)
Capital gains (losses) from disposal of assets		12	50,0	3	(75,0)
Financial income (expense) unrelated to debt		-	(100,0)	(51)	ns
Gross operating profit (EBITDA)		21 538	13,9	24 080	11,8
Current income tax on operating activities		(5 757)	3,4	(5 459)	(5,2)
Change in W.C.R. from operating activities	2.6	(924)	352,9	5 222	(665,2)
Net cash flow from operating activities		14 857	13,1	23 843	60,5
Acquisition or increase in non-current assets	2.5	(3 478)	(43,9)	(6 003)	72,6
Business combinations	2.3	-	ns	(390)	ns
Disposal or reduction in non-current assets		7	(50,0)	22	214,3
Change in W.C.R. of investing activities	2.6	(1 385)	ns	(3 020)	118,1
Net cash flow used in investing activities		(4 856)	(21,1)	(9 391)	93,4
Free cash flow after investing activities		10 001	43,3	14 452	44,5
Share capital increase		347	52,9	574	65,4
Treasury share transactions	1.3 (1)	1 115	ns	2 027	81,8
Cash dividends		(5 176)	15,2	(5 902)	14,0
Cost of net financial debt (after tax)		(129)	(35,2)	(278)	115,5
Net cash flow used in financing activities		(3 843)	(8,7)	(3 579)	(6,9)
Change in net financial debt		6 158	122,3	10 873	76,6
+ Net financial debt - opening balance		(10 389)		(9 553)	
= Net financial debt - closing balance or positive net cash position	2.7	(4 231)	(54,3)	1 320	(131,2)
Proceeds from new borrowings		7 541	ns	-	(100,0)
Repayment of borrowings		(7 453)	227,2	(649)	(91,3)
Net cash flow from (used in) borrowings		88	(103,9)	(649)	(837,5)
Change in cash and cash equivalents		6 246	ns	10 224	63,7
+ Cash and cash equivalents - opening balance		8 329		8 624	
= Cash and cash equivalents - closing balance	2.7	14 575	49,6	18 848	29,3

2. SELECTED NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

2.1 GENERAL INFORMATION

Stallergenes Group (“STALLERGENES”) is a biopharmaceutical laboratory specialising in the treatment by desensitisation of allergy-related respiratory conditions (“allergen immunotherapy”) and a pioneer and a global leader for orally-administered treatments. The parent company, Stallergenes S.A. is a French limited company (société anonyme) listed on the Compartment B of the Euronext Paris Stock Exchange. Its head office is located near Paris at 6 rue Alexis de Tocqueville, Antony, 92160, France.

The consolidated half-year financial statements of STALLERGENES at 30 June 2009 were approved by the Board of Directors on 25 August 2009. They are expressed in thousands of euro. In accordance with IAS 34, interim financial reporting, they are presented as a set of consolidated half-year financial statements, supported by selected notes that expose useful information for their understanding. Therefore, they must be read in conjunction with the consolidated financial statements at 31 December 2008.

2.2 ACCOUNTING POLICIES

The consolidated half-year financial statements were prepared in accordance with the IFRS recognition and valuation principles, as specified in this note. The standards used in the preparation of the consolidated financial statements at 30 June 2009 and 2008 comparative financial statements were those published by the IASB and adopted by the European Union.

STALLERGENES applied IFRS 8 Operating segments from 1 January 2009. This standard requires the presentation of information on the Group’s operating segments and cancels the obligation to present primary (business) and secondary (geographic) segments. The adoption of this standard had no impact on the Group’s financial position and performance. As previously, the management considers that STALLERGENES operates in a single segment. The additional disclosures required by the standard are presented in Note 2.4.

In application of revised IAS 1 Presentation of financial statements, the Group opted to present its comprehensive income in two separate statements: the income statement and the net comprehensive income (see 1.2).

The other new standards, interpretations and amendments to published standards, whose application was compulsory at 30 June 2009 (see list below) were included in the IFRS standards used. However, their application had no significant impact on the financial statements at 30 June 2009.

- IFRS 2 Amendment to the vesting conditions of rights and recognition of cancellations
- IFRS 7 Amendments to the reclassification of financial assets
- IAS 1/ IAS 32 Amendments to puttable financial instruments
- IAS 23 Amendment to the obligation to capitalise borrowing costs under certain conditions
- IAS 27 Amendment to the recognition of transactions with uncontrolled equity investments
- IAS 39 Amendment to eligible hedge items
- IFRIC 13 Customer loyalty programmes
- IFRIC 15 Agreements for the construction of real estate
- As well as the first of the so-called “IFRS improvement” standards, published in May 2008, comprising a set of amendments to several standards featuring separate application dates and transition terms and conditions.

Over the first half-year 2009, the revised IFRS 3 Business combinations and revised IAS 27 Consolidated and separate financial statements were adopted by the European Union but were not applied early in the Group’s financial statements at 30 June 2009. These two standards amend the recognition principles of business combinations and changes in percentages of ownership. Their application by STALLERGENES will be compulsory from the 2010 financial year.

2.3 CHANGES IN GROUP STRUCTURE

On 1 January 2009, STALLERGENES took control of TRIMEDAL, its distributor in Switzerland. The acquired assets and the acquisition price may be analysed as follows:

Acquisition of TRIMEDAL	Note	(CHF thousands)	(EUR thousands)
Intangible assets		1 483	999
Property, plant and equipment		150	101
Non-current financial assets		165	111
Non-current assets		1 798	1 211
Working capital requirements	2.6	351	236
Cash		405	272
Deferred tax liabilities		(345)	(224)
Net assets acquired		2 209	1 495
27/12/2008 downpayment		6 303	4 261
HY1 2009 instalments		986	662
Earn out		1 802	1 207
Acquisition price		9 091	6 130
Goodwill		6 882	4 635

An advance payment of € 4,261 thousand, which had been recognised under “property, plant and equipment” in the Group’s financial statements at 31 December 2008, was reversed on 1 January 2009, so that the impact of the acquisition on intangible assets was a negative € 3,262 thousand at the end of the 1st half-year 2009 (see 2.5).

After deducting € 272 thousand in cash acquired, the net impact of the acquisition on the Group’s cash position was € 390 thousand over the period (see 1.4).

Future earn outs were estimated at € 1,207 thousand and were classified under non-current liabilities, which explains the increase in this caption at 30 June 2009 (see 1.1).

The recognition of the combination with TRIMEDAL was made on a provisional basis due to uncertainties regarding earn outs payable in the future.

2.4 SEGMENT INFORMATION

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)	HY1 2008		08/07 % change	HY1 2009		09/08 % change
		%			%	
Sublingual route	71 274	82	19,3	81 085	83	13,8
Subcutaneous route	12 314	14	4,2	12 766	13	3,7
Other products	3 430	4	6,1	3 780	4	10,2
Sales	87 018	100	16,3	97 631	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)	HY1 2008		08/07 % change	HY1 2009		09/08 % change
		%			%	
Southern Europe (1)	64 724	75	14,5	70 264	72	8,6
Other EU (2)	18 633	21	18,3	24 148	25	29,6
Other markets	3 661	4	46,0	3 219	3	- 12,1
Sales	87 018	100	16,3	97 631	100	12,2
Southern Europe	72 713	100	ns	86 313	93	18,7
Other EU	266	0	ns	6 232	7	ns
Other markets		-	ns		-	ns
Non-current assets (3)	72 979	100	ns	92 545	100	26,8

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

The increase in non-current assets in the “Other EU” region was due to the acquisition of TRIMEDAL (see 2.3).

2.5 NON-CURRENT ASSETS

(€ thousands)	Notes	Non-current assets					Total
		Goodwill	Intangible assets	PPE	Financial assets	Deferred taxation	
31 December 2007 - opening balance		28 295	8 850	57 801	375	2 451	97 772
Accumulated amortisation, depreciation and provision charges			(6 276)	(17 403)			(23 679)
Net book value at end 2007		28 295	2 574	40 398	375	2 451	74 093
Acquisitions			1 088	2 374	16		3 478
Additions to the group structure							
Disposals (net)			(3)	(8)	(7)		(18)
Amortisation and depreciation			(585)	(1 538)			(2 123)
Deferred taxation income (charge)						283	283
Value restatements						(147)	(147)
31 December 2008 - opening balance		28 295	15 478	73 344	423	2 412	119 952
Accumulated amortisation, depreciation and provision charges			(7 413)	(21 687)			(29 100)
Net book value at end 2008		28 295	8 065	51 657	423	2 412	90 852
Acquisitions	1.4		421	5 550	32		6 003
Additions to the group structure	2.3	4 635	(3 262)	99	109		1 581
Disposals (net)				(25)			(25)
Amortisation and depreciation	1.4		(731)	(2 723)			(3 454)
Deferred taxation income (charge)						49	49
Value restatements						4	4
30 June 2009 - opening balance		32 930	12 637	78 959	564	2 465	127 555
Amortisation and depreciation			(8 144)	(24 401)			(32 545)
Net book value		32 930	4 493	54 558	564	2 465	95 010

2.6 WORKING CAPITAL REQUIREMENTS

(€ thousands)	Notes	30 June 2008		31 December 2008		30 June 2009		Inc/(dec) 2009	Addition to group structure (1)
			Days of sales		Days of sales		Days of sales		
Inventories		16 319	34	15 154	28	15 912	29	(583)	175
Trade receivables		20 787	43	23 097	43	19 641	36	3 730	274
Other current assets		5 403	11	6 388	12	6 468	12	(80)	
Current income tax - net		495	1	5 502	10	1 406	3	4 096	
Trade payables		(16 967)	(35)	(19 043)	(35)	(18 523)	(34)	(615)	(95)
Other current liabilities		(14 298)	(30)	(16 234)	(30)	(15 030)	(28)	(1 322)	(118)
W.C.R. from operating activities	1.4	11 739	24	14 864	27	9 874	18	5 226	236
Other current assets		250							
Liabilities relating to the acquisition of non-current assets		(2 715)		(7 932)		(4 911)		(3 021)	
W.C.R. from investing activities	1.4	(2 465)		(7 932)		(4 911)		(3 021)	
Total W.C.R.		9 274		6 932		4 963		2 205	236
Inventories		16 319		15 154		15 912		(583)	175
Trade and other receivables	1.1	29 338		35 830		29 420		6 684	274
Trade and other payables		(36 383)		(44 052)		(40 369)		(3 896)	(213)
Balance sheet W.C.R. for cross reference		9 274		6 932		4 963		2 205	236

(1) See 2.3.

2.7 FINANCIAL DEBT AND CASH AND CASH EQUIVALENTS

(€ thousands)	Notes	Analysis by maturity			At 30 June 2009	At 31 Dec 2008	At 30 June 2008
		More than 5 years	One to five years	Less than one year			
Property leases		2 830	6 340	1 358	10 528	11 177	11 806
€ 45 m syndicated loan (2005)	(1)			7 000	7 000	7 000	7 000
Bank overdrafts				241	241	786	147
Total borrowings (A)	1.1	2 830	6 340	8 599	17 769	18 963	18 953
Cash equivalents	(2)			16 253	16 253	4 603	12 987
Cash				2 836	2 836	4 807	1 735
Cash and cash equivalents (B)	1.1			19 089	19 089	9 410	14 722
Overdrafts to be deducted				(241)	(241)	(786)	(147)
Net cash and cash equivalents	1.4			18 848	18 848	8 624	14 575
Net financial debt (net cash position) (A) - (B)	1.4	2 830	6 340	(10 490)	(1 320)	9 553	4 231

(1) The € 7 million syndicated loan outstanding will fall due on 31 December 2009.

(2) The cash equivalents caption includes a cash facility of € 2,401 thousand made available to an investment service provider to fund a liquidity contract. According to this contract, one month's notice must be given before the Company can use these funds.

2.8 PROVISIONS

(€ thousands)	Notes	Non-current			Current	Total
		Pension commitments	Others	Total		
At 31 December 2007		1 095	208	1 303	1 941	3 244
Net provision charges		290	(73)	217	465	682
Unused reversals						
Value restatements		(427)		(427)		(427)
At 30 June 2008		958	135	1 093	2 406	3 499
At 31 December 2008		1 789	47	1 836	2 088	3 924
Net provision charges	1.4	215	2	217	628	845
Unused reversals						
Value restatements	(1)	11		11		11
At 30 June 2009		2 015	49	2 064	2 716	4 780

The movements in defined benefit pension plans were as follows:

(€ thousands)	Notes	Commitments	Funded assets	Provisions
At 31 December 2007		3 867	(2 772)	1 095
Cost of services provided		162	-	162
Actuarial losses (gains)		(427)	-	(427)
Financial cost (income)		99	29	128
Benefits paid out		-	-	-
Net contributions		-	-	-
At 30 June 2008		3 701	(2 743)	958
At 31 December 2008		4 821	(3 032)	1 789
Cost of services provided		244	-	244
Actuarial losses (gains)	(1)	22	(33)	(11)
Financial cost (income)		114	(63)	51
Benefits paid out		(75)	17	(58)
Net contributions		-	-	-
At 30 June 2009		5 126	(3 111)	2 015

(1) Pursuant to the SoRie option provided for by the amended IAS 19 standard and adopted by the Group, restatements to actuarial gains and losses are directly recognised under equity. Actuarial gains and losses were insignificant at 30 June 2009, since the discount rate had been maintained at the level opted for at 31 December 2008 (5.25%).

2.9 INCOME STATEMENT BY NATURE OF EXPENSE

(€ thousands)	Notes	HY1 2008	08/07 % change	HY1 2009	09/08 % change
Sales		87 018	16,3	97 631	12,2
Other operating revenues		2 809	42,9	3 686	31,2
Raw materials consumed		(6 813)	21,1	(7 849)	15,2
Personnel costs	2.12	(27 487)	14,6	(30 172)	9,8
Tax and duties		(1 005)	23,9	(930)	(7,5)
External charges		(32 907)	21,2	(37 966)	15,4
Amortisation and depreciation charges	2.5	(2 123)	9,9	(3 454)	62,7
Impairment					
Provision charges	2.8	(682)	(38,3)	(845)	23,9
Other charges and revenues	2.10	(430)	(41,9)	(522)	21,4
Total charges		(68 638)	15,6	(78 052)	13,7
Operating profit		18 380	19,4	19 579	6,5

2.10 OTHER GENERAL EXPENSES

These are central costs that cannot be attributed to the various departments of the Company.

(€ thousands)	Notes	HY1 2008	08/07 % change	HY1 2009	09/08 % change
Employee profit-sharing and shareholding		(3 739)	31,1	(3 394)	(9,2)
Other personnel commitments		(1 026)	42,3	(1 248)	21,6
Share-based payments to personnel		(368)	(16,7)	(250)	(32,1)
Head office personnel costs	2.12	(5 133)	27,8	(4 892)	(4,7)
Capital gains (losses) on disposal of assets		(12)	50,0	(3)	(75,0)
Exchange gains and losses		228	ns	(313)	(237,3)
Restructuring costs		(303)	(16,3)	(48)	(84,2)
Cost of brands, patents and licences		(69)	(44,8)	(318)	360,9
Litigations and other risks		(274)	8,3	160	(158,4)
Other expenses and income	2.9	(430)	(41,9)	(522)	21,4
Other general expenses		(5 563)	17,0	(5 414)	(2,7)

2.11 INCOME TAX

Income tax was measured using the provisional effective taxation rate of 30.0% for the financial year 2009 (1st half-year 2008: 32.0%). Note that the effective taxation rate for 2008 as a whole was 29.1%.

2.12 WORKFORCE SIZE AND PERSONNEL COSTS

The weighted average workforce size (in full-time equivalents, including temporary workers) of Group operations may be analysed as follows:

Full-time equivalents	<i>Notes</i>	HY1 2008	08/07 % change	08/07 % change	HY1 2009	09/08 % change
Supply chain		290	9,1	10,4	309	6,5
Selling		201	15,7	12,1	204	1,5
Administrative		108	2,2	4,8	123	13,8
Research & development		121	25,1	20,0	144	18,4
Average workforce size by department		721	12,1	11,5	780	8,2

Movements in personnel costs:

(€ thousands)	<i>Notes</i>	HY1 2008	08/07 % change	08/07 % change	HY1 2009	09/08 % change
Supply chain		6 632	11,6	13,9	6 545	(1,3)
Selling		7 530	12,5	7,6	7 774	3,2
Administrative		4 256	2,4	2,5	5 042	18,5
Research & development		3 936	23,7	24,1	5 919	50,4
Head office	2.10	5 133	27,8	11,2	4 892	(4,7)
Total personnel costs	2.9	27 487	14,6	11,1	30 172	9,8
<i>as % of sales</i>		31,6		(4,3)	30,9	

2.13 OTHER FINANCIAL INCOME AND EXPENSES

At 30 June 2008, Stallergenes had recognised a further impairment of € 504 thousand, recognised in "Other financial income and expenses" on a dynamic money market mutual fund called "Oddo Cash Arbitrage". This mutual fund was liquidated in July 2008.

2.14 POST-BALANCE SHEET EVENTS

No event liable to have a significant impact on the financial statements at 30 June 2009 occurred after the balance sheet date.

3. HALF-YEAR BUSINESS REPORT

3.1 SALES

Developments in Group sales by product line and market are disclosed in section 2.4 above.

Sales growth remained strong over the period at 12% (11% organic growth excluding foreign exchange), reflecting the continuing breakthrough of the sublingual route (up 14%), which represented 83% of total sales.

The analysis by geographic region highlights the sharp increase of “Other EU countries” to 30% of sales, primarily due to the successful launch of Oralair® and the price increases introduced in Germany, as well as the transfer of the operations to a subsidiary in Switzerland (see section 2.3 above).

Growth was more moderate in Southern Europe (up 9%). In addition to the consequences of weak pollen seasons in 2008, these markets appeared more affected by the economic crisis in a context of partial reimbursement (Italy and Spain).

The decline in “Other markets”, a very diverse group whose performance is volatile, was mostly due to exceptional 2008 sales and negative foreign exchange effects.

3.2 BUSINESS PROFITABILITY

Developments in the Group’s business profitability are disclosed in section 1.2 above.

A marked improvements in results was reported for the first half-year 2009, benefiting from sales growth.

The gross profit margin was steady at 77% of sales. The profit margin before R&D costs benefited from a moderate increase in general, administrative and selling expenses and grew by 16%. Net R&D costs included the continuing effort to develop allergen tablets and rose by 28%. Operating profit grew by 7% to € 19.6 million. The net financial expense decreased by 32%, primarily due to a non-recurring € 0.5 million expense in the first half-year 2008. The average effective income tax rate slightly declined (30% vs 32% in 2008) and as a result had a positive knock-on effect on net profit, which increased by 11% to € 13.4 million. Diluted net earnings per share grew by 11% to € 1.01. The net comprehensive income was € 13.5 million.

In addition, sales growth continued to have a strong beneficial effect on the workforce size, with the addition of nearly 60 people in one year, averaging at 780 full-time equivalents over the period, including 10 from the acquisition of the TRIMEDAL distributor in Switzerland (see 2.3).

3.3 FINANCIAL POSITION

Developments in the Group’s financial position are disclosed in section 1.4 above.

The 1st half-year gross operating profit (“EBITDA”) increased by 12% to 24.1 million. The net cash flow from operating activities grew by 60% to € 23.8 million, due to a significant decline in working capital requirements relating to operations, which was particularly marked on inventories and trade receivables (see detailed analysis in Note 2.6). Even though investment efforts remained strong at € 9.4 million, they only had a moderate effect on free cash flow after investing activities, which grew by 45% to € 14.5 million.

The impact of cash outflows of a financial nature was € 3.6 million, temporarily benefiting from a € 2.0 million cash flow relating to the implementation of a liquidity contract, which caused net financial debt to become negative and to turn into a positive € 1.3 million net cash position. Therefore, STALLERGENES is now totally debt free for the first time in 10 years.

3.4 HY1 HIGHLIGHTS

In anticipation of the impending marketing of Oralair® in these countries, Stallergenes established a subsidiary to run its operations in Austria and took over its current distributor in Switzerland, TRIMEDAL, with effect from 1 January 2009. However, this acquisition, the financial impacts of which are specified in Note 2.3 above is not very significant given the size of the Group.

The marketing authorization of Oralair® (grass pollen tablets) in its paediatric indication was delivered on 19 January 2009 by the German agency. Oralair® is thus marketed in its two indications in Germany for the 2009 pollen season. In addition, the European mutual recognition procedure for registration of the product has been set in motion in the second quarter and should result in registration in most European countries by the end of 2009.

5 years of research were rewarded on 29 April 2009 by the positive results of the phase III clinical study carried out on the dust mite desensitisation tablet. This study will be pivotal in the European registration process of the house dust mite sublingual tablet.

Stallergenes wished to start studying the option of entrusting the construction on a piece of land recently acquired of an administrative building in the near vicinity of its current site in Antony to an external investor. This option is currently under review and a final decision will be taken on this project during the second half 2009.

3.5 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties did not see any major developments since the end of 2008.

All transactions with related parties are disclosed in page 77 of the 2008 business report and will be the subject of a further detailed analysis in the 2009 business report.

3.6 2009 FULL-YEAR OUTLOOK

While remaining high, 2nd quarter 2009 growth (up 9% - 8% organic) slowed down, as anticipated, following a very strong start of the year, due to the knock-on effect of a bad 2008 pollen season and the unfavourable economic climate in Southern Europe. However, we maintain our 2009 full-year growth guidance at 10%. This level of growth should ensure that the operating profit remains at the high level achieved in 2008, against a background of strong R&D investments.

Lastly, the second half-year will feature a particularly dense clinical news flow: 3 Oralair® phase III studies (USA, 3rd year of long-term study, protocol optimisation), 1 phase IIb/III study carried out on the birch pollen desensitisation tablet, which includes a recombining allergen for the first time, and 1 Staloral® phase III study on asthma, carried out in China.

3.7 RISKS AND UNCERTAINTIES FOR THE SECOND HALF-YEAR

The Group remains subject to a number of risks, which are disclosed on pages 84-86 of the 2008 business report. These risks are consistent with the risks that generally affect the pharmaceutical industry, relating to the necessary compliance with public health policies: application of the precaution principle in assessing medicines, control over public health expenditure through regulatory pricing and level of medicine reimbursement.

4. CERTIFICATION STATEMENTS

4.1 STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT

"I certify that, to my knowledge, the condensed consolidated financial statements for the half-year just ended were established in accordance with professional standards applicable in France and give a fair view of the assets, financial situation and performance of the Company and of all companies included in the consolidation scope, and that the half-year business report gives a true view of the significant events arising over the first six months of the financial year, their impact on the half-year financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the financial year".

Antony, France, 26 August 2009.

Albert SAPORTA,
Chairman and Chief Executive Officer

4.2 STATUTORY AUDITORS' REPORT

Period from 1 January to 30 June 2009

To the Shareholders,

In execution of the mandate conferred to us by your general meeting and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- a limited review of the accompanying condensed consolidated half-year financial statements of Stallergenes SA, relating to the period from 1 January to 30 June 2009;
- a verification of the information given in the half-year business report.

The Board of Directors is responsible for the preparation of these condensed consolidated half-year financial statements. It is our responsibility to express an opinion, on the basis of our audit.

1. Opinion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France. A limited review consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. It is substantially less in scope than an audit conducted in accordance with auditing standards applicable in France. Consequently, this review can only guarantee reasonable assurance, not to the same degree as an audit, as to whether the half-year financial statements, taken overall, are free of material misstatements.

Based on our limited review, nothing has come to our attention that would challenge the true and fair view of the half year condensed consolidated financial statements, prepared in accordance with IAS 34 on interim financial reporting, a component of IFRS standards as adopted by the European Union.

2. Specific verification

We have also proceeded with a verification of information disclosed in the half-year business report commenting on the condensed interim financial statements, which were the subject of our limited review. We have no observations to make with regard to the fairness of such information and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Lyon, France, 26 August 2009.

The Statutory Auditors,

PricewaterhouseCoopers Audit
Represented by Jacques Denizéau

Commissariat Contrôle Audit – C.C.A.
Represented by Jean-Loup Schmid