

# HALF-YEARLY REPORT 2008

## CONTENTS

### 1. CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

1.1	Balance sheet .....	2
1.2	Income statement, revenues and expenses recorded .....	3
1.3	Shareholders' equity .....	4
1.4	Cash flow .....	5

### 2. SELECTION OF NOTES TO THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

2.1	General information .....	6
2.2	Accounting methods .....	6
2.3	Changes in the Group's scope .....	6
2.4	Segment reporting .....	6
2.5	Non-current assets .....	7
2.6	Working capital requirement .....	8
2.7	Financial liabilities and cash .....	8
2.8	Provisions .....	9
2.9	Income statement by type of expense .....	10
2.10	Other general costs .....	10
2.11	Tax .....	10
2.12	Work force and personnel costs .....	11
2.13	Other financial expenses and revenues .....	11
2.14	Events after closing of the accounts .....	11

### 3. HALF-YEARLY ACTIVITY REPORT

3.1	Evolution in activity .....	12
3.2	Evolution in profitability of activity .....	12
3.3	Evolution of the financial position .....	12
3.4	Outstanding events during the half-year .....	13
3.5	Main transactions with associated parties .....	13
3.6	Outlook for the year .....	13
3.7	Risks and uncertainties in the second half of the year .....	14

### 4. ATTESTATIONS

4.1	Declaration of the person responsible for the report .....	15
4.2	Auditor's report .....	15

## 1. SUMMARY OF THE HALF-YEARLY FINANCIAL STATEMENTS

### 1.1 BALANCE SHEET

Thousands of euros	Notes	30 June 2007	31 décembre 2007	30 June 2008
Goodwill		28,295	28,295	28,295
Intangible assets		2,948	2,574	3,074
Tangible assets		36,834	40,398	41,226
Financial assets		376	375	384
Deferred tax assets		3,379	2,451	2,587
<b>Non-current assets</b>	2.5	<b>71,832</b>	<b>74,093</b>	<b>75,566</b>
Inventory	2.6	15,541	16,190	16,319
Trade and other receivables	2.6	27,741	30,615	29,338
Current financial assets	2.13	-	634	130
Cash and cash equivalents	2.7	15,174	9,050	14,722
<b>Current assets</b>		<b>58,456</b>	<b>56,489</b>	<b>60,509</b>
<b>Total assets</b>		<b>130,288</b>	<b>130,582</b>	<b>136,075</b>

Thousands of euros	Notes	30 June 2007	31 December 2007	30 June 2008
Group's share of shareholders' equity		58,540	66,435	75,363
Minority interests		-	-	-
<b>Equity</b>	1.3	<b>58,540</b>	<b>66,435</b>	<b>75,363</b>
Loans for more than one year	2.7	18,422	16,122	17,530
Other long-term liabilities		750	159	164
Non-current provisions	2.8	1,868	1,303	1,093
Deferred tax liabilities		1,262	1,465	1,713
<b>Non-current liabilities</b>		<b>22,302</b>	<b>19,049</b>	<b>20,500</b>
Short-term borrowings	2.7	6,014	3,317	1,423
Current provisions	2.8	3,073	1,941	2,406
Other creditors	2.6	40,359	39,840	36,383
<b>Current liabilities</b>		<b>49,446</b>	<b>45,098</b>	<b>40,212</b>
<b>Equity and liabilities</b>		<b>130,288</b>	<b>130,582</b>	<b>136,075</b>

## 1.2 1.2 INCOME STATEMENT, REVENUES AND EXPENSES RECORDED

Thousands of euros		First half 2007		First half 2008		08/07
	Notes	%Sales		%Sales		Change%
<b>Sales revenue</b>	2.4	<b>74,795</b>	100.0	<b>87,018</b>	100.0	<b>16.3</b>
Other operating revenues		168	0.2	147	0.2	(12.5)
Cost of products sold		(17,027)	(22.8)	(20,029)	(23.0)	17.6
<b>Net cost of products sold</b>		<b>(16,859)</b>	<b>(22.5)</b>	<b>(19,882)</b>	<b>(22.8)</b>	<b>17.9</b>
<b>Gross profit</b>		<b>57,936</b>	<b>77.5</b>	<b>67,136</b>	<b>77.2</b>	<b>15.9</b>
Commercial expenses		(16,939)	(22.6)	(19,444)	(22.3)	14.8
Administrative expenses		(9,648)	(12.9)	(10,074)	(11.6)	4.4
Other general expenses	2.10	(4,756)	(6.4)	(5,563)	(6.4)	17.0
<b>Sales, administrative and general expenses</b>		<b>(31,343)</b>	<b>(41.9)</b>	<b>(35,081)</b>	<b>(40.3)</b>	<b>11.9</b>
<b>Operating profit before R&amp;D</b>		<b>26,593</b>	<b>35.6</b>	<b>32,055</b>	<b>36.8</b>	<b>20.5</b>
Research & development costs		(12,991)	(17.4)	(16,337)	(18.8)	25.8
Research & development income		1,798	2.4	2,662	3.1	48.1
<b>R&amp;D</b>		<b>(11,193)</b>	<b>(15.0)</b>	<b>(13,675)</b>	<b>(15.7)</b>	<b>22.2</b>
<b>Operating profit</b>	2.9	<b>15,400</b>	<b>20.6</b>	<b>18,380</b>	<b>21.1</b>	<b>19.4</b>
Cost of net financial debt		(303)	(0.4)	(197)	(0.2)	(35.0)
Other financial expenses and income	2.13	18	0.0	(504)	(0.6)	ns
<b>Net financial expenses</b>		<b>(285)</b>	<b>(0.4)</b>	<b>(701)</b>	<b>(0.8)</b>	<b>146.0</b>
<b>Pre-tax earnings</b>		<b>15,115</b>	<b>20.2</b>	<b>17,679</b>	<b>20.3</b>	<b>17.0</b>
Income tax		(5,225)	(7.0)	(5,654)	(6.5)	8.2
Average tax rate	2.11	34.6%		32.0%		(7.5)
<b>Net profit</b>		<b>9,890</b>	<b>13.2</b>	<b>12,025</b>	<b>13.8</b>	<b>21.6</b>
Minority share		(255)	(0.3)	-	-	(100.0)
<b>Group's share</b>		<b>10,145</b>	<b>13.6</b>	<b>12,025</b>	<b>13.8</b>	<b>18.5</b>
Net earnings per share in €	1.3 (3)	0.79		0.93		17.6
Net diluted earnings per share in €		0.76		0.90		18.8

Thousands of euros		First half 2007		First half 2008		08/07
	Notes	%CA		%CA		Change%
<b>Net profit</b>		<b>9,890</b>	<b>13.2</b>	<b>12,025</b>	<b>13.8</b>	<b>21.6</b>
Net actuarial differences	2.8 (1)	-	-	280	0.3	ns
Net gains (losses) from sales of treasury shares	1.3 (1)	-	-	408	0.5	ns
<b>Recognized net profit</b>		<b>9,890</b>	<b>13.2</b>	<b>12,713</b>	<b>14.6</b>	<b>28.5</b>

### 1.3 SHAREHOLDER'S EQUITY

These have evolved as follows:

Thousands of euros	Notes	Capital and related reserves	Treasury shares	Reserves and consolidated earnings	Value adjustments	Shareholder s' equity Group's share	Minority interests	Equity
<b>At 31 December 2006</b>		<b>17,080</b>	<b>(1,439)</b>	<b>37,634</b>	<b>(579)</b>	<b>52,696</b>	<b>-</b>	<b>52,696</b>
Consolidated earnings		-	-	10,145	-	10,145	(255)	9,890
Options exercised		227	-	-	-	227		227
Dividend distribution		-	-	(4,495)	-	(4,495)		(4,495)
Payments in shares		-	-	442	-	442		442
Capital contributed by minority shareholders		-	-	-	-	-	255	255
Commitments to repurchase minority shares		-	-	(475)	-	(475)		(475)
<b>At 30 June 2007</b>		<b>17,307</b>	<b>(1,439)</b>	<b>43,251</b>	<b>(579)</b>	<b>58,540</b>	<b>-</b>	<b>58,540</b>
<b>At 31 December 2007</b>		<b>18,082</b>	<b>(1,439)</b>	<b>50,204</b>	<b>(412)</b>	<b>66,435</b>	<b>-</b>	<b>66,435</b>
Consolidated earnings		-	-	12,025	-	12,025		12,025
Actuarial differences on retirement commitments	2.8 (1)	-	-	-	280	280		280
Cancellation of treasury shares	(1)	(720)	720	-	-	-		-
Treasury share operations		-	707	408	-	1,115		1,115
Options exercised		347	-	-	-	347		347
Dividend distribution		-	-	(5,176)	-	(5,176)		(5,176)
Payments in shares		-	-	341	-	341		341
Commitments to repurchase minority shares		-	-	(4)	-	(4)		(4)
<b>At 30 June 2008</b>		<b>17,709</b>	<b>(12)</b>	<b>57,798</b>	<b>(132)</b>	<b>75,363</b>	<b>-</b>	<b>75,363</b>

The number of securities giving access to the share capital has evolved as follows:

In units	Notes	Number of shares	Treasury shares (1)	Number of options (2)
<b>At 31 December 2006</b>		<b>12,897,427</b>	<b>(60,000)</b>	<b>719,529</b>
Options exercised		17,549		(17,549)
Allocations of options				50,000
Expired options				(15,000)
<b>At 30 June 2007</b>		<b>12,914,976</b>	<b>(60,000)</b>	<b>736,980</b>
<b>At 31 December 2007</b>		<b>12,972,490</b>	<b>(60,000)</b>	<b>679,466</b>
Cancelled shares	(1)	(30,000)	30,000	
Treasury share operations			29,775	
Options exercised		36,235		(36,235)
Allocations of options				27,000
Expired options				(1,700)
<b>At 30 June 2008</b>		<b>12,978,725</b>	<b>(225)</b>	<b>668,531</b>

(1) The company cancelled 30,000 treasury shares on 7 January 2008. On 10 January 2008, 30,000 other treasury shares were allocated to a liquidity contract. In view of the upward movement of the share price, 29,775 shares were sold by the investment services provider in charge of the liquidity contract over the half-year, releasing a capital gain of €408k net of tax and net cash of €1,115k.

(2) The average exercise price of applicable options on 30 June 2008 was €22.89 (€20.07 on 30 June 2007). 429,296 options are exercisable in the coming year (235,147 on 30 June 2007).

(3) The average number of shares used for the calculation of the earnings per share, taking into account the diluting effect of options exercised, calculated using the "share repurchase" method, was the following:

Averages for period	Number of shares	Treasury shares	Number of shares with dividend	Number of diluting shares	Number of diluted shares
<b>First half 2007</b>	12,906,202	(60,000)	<b>12,846,202</b>	480,306	<b>13,326,507</b>
<b>First half 2008</b>	12,975,608	(30,113)	<b>12,945,495</b>	354,706	<b>13,300,201</b>

## 1.4 CASH FLOW

Thousands of euros	Notes	First half 2007	First half 2008	08/07 Change %
<b>Profit from operations</b>		<b>15,400</b>	<b>18,380</b>	<b>19.4</b>
Depreciation	2.5	1,931	2,123	9.9
Provisions	2.8	1,106	682	(38)
Expenses/revenues from stocks options		442	341	(22.9)
Capital loss/(gain) on disposal of assets		8	12	50.0
Financial income/(loss) not related to debt		18	-	(100.0)
<b>EBITDA</b>		<b>18,905</b>	<b>21,538</b>	<b>13.9</b>
Current operating tax		(5,567)	(5,757)	3.4
Change in operating W.C.R.	2.6	(204)	(924)	352.9
<b>Net operating cash</b>		<b>13,134</b>	<b>14,857</b>	<b>13.1</b>
Acquisitions or increase in invested assets	2.5	(6,200)	(3,478)	(43.9)
Disposals or reductions in invested assets		14	7	(50.0)
Change in W.C.R. related to investments	2.6	33	(1,385)	ns
<b>Cash related to investments</b>		<b>(6,153)</b>	<b>(4,856)</b>	<b>(21.1)</b>
<b>Free cash flow</b>		<b>6,981</b>	<b>10,001</b>	<b>43.3</b>
Capital increase		227	347	52.9
Capital contributed by minority shareholders	2.3	255	-	(100.0)
Treasury share operations	1.3 (1)	-	1,115	ns
Dividends paid		(4,494)	(5,176)	15.2
Repayable advance		-	-	ns
Net cost of financial debt (after tax)		(199)	(129)	(35.2)
<b>Cash for financing activities excl. loans</b>		<b>(4,211)</b>	<b>(3,843)</b>	<b>(8.7)</b>
<b>Change in net debt</b>		<b>2,770</b>	<b>6,158</b>	<b>122.3</b>
Loans issued	2.7	-	7,541	ns
Repayment of loans	(1)(2)	(2,278)	(7,453)	227.2
<b>Cash from loans</b>		<b>(2,278)</b>	<b>88</b>	<b>(103.9)</b>
<b>Change in cash position</b>		<b>492</b>	<b>6,246</b>	<b>ns</b>
Net cash at year start		9,250	8,329	(10.0)
Net cash at year end	2.7	9,742	14,575	49.6
Net debt at year start		12,031	10,389	(13.6)
Net debt at year end	2.7	9,261	4,231	(54.3)

## 2. SELECTION OF NOTES TO THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 GENERAL INFORMATION

The Stallergènes Group (“Stallergènes”) is a pharmaceutical laboratory specializing in desensitization treatments for respiratory allergies (“allergen immunotherapy”) and is a world leader in orally administered treatments. The parent company Stallergènes S.A. is a limited company operating under French law, listed on the Eurolist Paris stock exchange since 21 July 1998, with registered offices at 6 Rue Alexis Tocqueville, Antony, 92160 (Hauts de Seine).

The consolidated accounts for the half-year to 30 Jun 2008 were approved by the board of directors on 27 August 2008. Figures are shown in thousands of euros. In compliance with IAS 34, interim financial information has been presented in the form of a set of condensed consolidated half-yearly statements accompanied by a selection of explanatory notes presenting any information that is relevant to an understanding of the financial statements.

### 2.2 ACCOUNTING METHODS

The consolidated half-yearly financial statements were compiled in accordance with IFRS accounting and evaluation principles as described in these notes.

These notes should be read in association with Stallergènes’ consolidated financial statements for the year ending 31 December 2007, which were produced in compliance with the IFRS as adopted by the European Union.

The accounting methods applied are identical to those applied in the preparation of the financial statements for the year ending 31 December 2007.

The European Commission has not adopted any new standards or interpretations since 31 December 2007. Furthermore, the new standards, interpretations and amendments to existing standards which are applicable to accounting periods beginning on or after 1 January 2009 have not been applied early by Stallergènes.

### 2.3 CHANGES IN THE GROUP’S SCOPE

The Group’s scope has not changed since 31 December 2007. A simplification was made to the Group’s legal structure in Germany on 1 January 2008: the German company Bergstrasse 20, ErsteVV GmbH, a 100% owned subsidiary of Stallergènes SA, absorbed its subsidiary Stallergènes &Co Kg, which was already 100% consolidated, and was renamed Stallergènes GmbH. Stallergènes V. GmbH is no longer operationally active and will shortly be put into liquidation.

### 2.4 SEGMENT REPORTING

The management considered that the unique sector of activity, “allergen immunotherapy” constitutes Stallergènes’ first level of segment reporting. Within this unique sector, the distribution of sales by product line is as follows:

Thousands of euros	First half 2007		First half 2008		08/07 Change%
		%		%	
Sublingual	59,746	80	71,274	82	19.3
Subcutaneous	11,816	16	12,314	14	4.2
Other products	3,233	4	3,430	4	6.1
<b>Sales by product line</b>	<b>74,795</b>	<b>100</b>	<b>87,018</b>	<b>100</b>	<b>16.3</b>

Furthermore, the management considered that the three separate geographical sectors of Southern Europe (Portugal, Spain, France – including its overseas territories, Italy, Greece), the other European Union countries (including Switzerland) and the other markets constitute the second level of segment reporting:

Thousand of euros	First half 2007		First half 2008		08/07 Change%
		%		%	
Southern Europe	56,531	76	64,724	75	14.5
Other EU Countries	15,756	21	18,633	21	18.3
Other markets	2,508	3	3,661	4	46.0
<b>Sales (1)</b>	<b>74,795</b>	<b>100</b>	<b>87,018</b>	<b>100</b>	<b>16.3</b>
Southern Europe	126,580	97	132,238	97	4.5
Other EU Countries	3,708	3	3,837	3	3.5
Other markets	-	-	-	-	ns
<b>Total assets at year end (2)</b>	<b>130,288</b>	<b>100</b>	<b>136,075</b>	<b>100</b>	<b>4.4</b>
Southern Europe	6,108	99	4,813	99	- 21.2
Other EU Countries	92	1	43	1	- 53.3
Other markets	-	-	-	-	ns
<b>Net investments (3)</b>	<b>6,200</b>	<b>100</b>	<b>4,856</b>	<b>100</b>	<b>- 21.7</b>

(1) Client regions. (2) regions where assets are based. (3) incl. change in WCR.

## 2.5 NON-CURRENT ASSETS

These have evolved as follows:

Thousands of euros	Notes	Non-current assets					Total
		Goodwill	Intangible	Tangible	Financial	Deferred tax	
<b>Cost at 31 December 2006</b>		<b>28,295</b>	<b>8,145</b>	<b>47,903</b>	<b>371</b>	<b>2,997</b>	<b>87,711</b>
Depreciations and provisions			(4,911)	(15,596)			(20,507)
<b>Net book value</b>		<b>28,295</b>	<b>3,234</b>	<b>32,307</b>	<b>371</b>	<b>2,997</b>	<b>67,204</b>
Acquisitions	1.4		323	5,859	18		6,200
Disposals (net values)			(18)	8	(13)		(23)
Depreciations	1.4		(591)	(1,340)			(1,931)
Deferred tax income (charge)						382	382
<b>Cost at 30 June 2007</b>		<b>28,295</b>	<b>8,344</b>	<b>53,652</b>	<b>376</b>	<b>3,379</b>	<b>94,046</b>
Depreciations and provisions			(5,396)	(16,818)			(22,214)
<b>Net book value</b>		<b>28,295</b>	<b>2,948</b>	<b>36,834</b>	<b>376</b>	<b>3,379</b>	<b>71,832</b>
<b>Cost at 31 December 2007</b>		<b>28,295</b>	<b>8,850</b>	<b>57,801</b>	<b>375</b>	<b>2,451</b>	<b>97,772</b>
Depreciations and provisions			(6,276)	(17,403)			(23,679)
<b>Net book value</b>		<b>28,295</b>	<b>2,574</b>	<b>40,398</b>	<b>375</b>	<b>2,451</b>	<b>74,093</b>
Acquisitions	1.4		1,088	2,374	16		3,478
Disposals (net values)			(3)	(8)	(7)		(18)
Depreciations	1.4		(585)	(1,538)			(2,123)
Deferred tax income (charge)						283	283
Value adjustments	2.8 (1)					(147)	(147)
<b>Cost at 30 June 2008</b>		<b>28,295</b>	<b>9,926</b>	<b>60,068</b>	<b>384</b>	<b>2,587</b>	<b>101,260</b>
Depreciations and provisions			(6,852)	(18,842)			(25,694)
<b>Net book value</b>		<b>28,295</b>	<b>3,074</b>	<b>41,226</b>	<b>384</b>	<b>2,587</b>	<b>75,566</b>

## 2.6 WORKING CAPITAL REQUIREMENT

This has evolved as follows:

Thousands of euros	Notes	30 June 2007		31 December 2007		30 June 2008		(+)/- 2008
			days of sales		days of sales		days of sales	
Inventory		15 541	41	16 190	40	16 319	34	(129)
Receivables		18 255	48	20 677	51	20 787	43	(110)
Other current assets		8 915	23	5 591	14	5 403	11	188
Net current taxes		(2 661)	(7)	3 162	8	495	1	2 667
Accounts payable		(16 465)	(43)	(19 130)	(47)	(16 967)	(35)	(2 163)
Other short-term borrowings		(12 359)	(32)	(15 675)	(38)	(14 298)	(30)	(1 377)
<b>Operating W.C.R.</b>	1.4	<b>11 226</b>	<b>29</b>	<b>10 815</b>	<b>26</b>	<b>11 739</b>	<b>24</b>	<b>(924)</b>
Other current assets		572				250		(250)
Accounts payable		(8 875)		(3 850)		(2 715)		(1 135)
<b>Investment-related W.C.R. (1)</b>	1.4	<b>(8 303)</b>		<b>(3 850)</b>		<b>(2 465)</b>		<b>(1 385)</b>
<b>Total W.C.R.</b>		<b>2 923</b>		<b>6 965</b>		<b>9 274</b>		<b>(2 309)</b>
Inventory		15 541		16 190		16 319		(129)
Trade and other receivables		27 741		30 615		29 338		1 277
Accounts payable and other creditors		(40 359)		(39 840)		(36 383)		(3 457)
<b>W.C.R. - Checksum</b>		<b>2 923</b>		<b>6 965</b>		<b>9 274</b>		<b>(2 309)</b>

(1) The substantial working capital requirement linked to investment is explained by the implementation of property and industrial investments necessary for the production of allergen tablets.

## 2.7 FINANCIAL LIABILITIES AND CASH

These have evolved as follows:

Thousands of euros	Notes	At 30 June 2007	At 31 Dec 2007	At 30 June 2008	Analysis by debt period		
					Less than one year	More than one year, less than	More than five years
Property lease	(1)	5 003	4 718	11 806	1 276	5 964	4 566
Syndicated loan €45m (2005)	(2)	14 000	14 000	7 000		7 000	
Banking facilities		5 433	721	147	147		
<b>Total borrowings (A)</b>	1.1	<b>24 436</b>	<b>19 439</b>	<b>18 953</b>	<b>1 423</b>	<b>12 964</b>	<b>4 566</b>
Cash equivalents	(3)	13 867	5 562	12 987	12 987		
Cash equivalents		1 307	3 488	1 735	1 735		
<b>Cash and cash equivalents (B)</b>	1.1	<b>15 174</b>	<b>9 050</b>	<b>14 722</b>	<b>14 722</b>		
Deductible banking facilities		(5 433)	(721)	(147)	(147)		
<b>Net cash</b>	1.4	<b>9 741</b>	<b>8 329</b>	<b>14 575</b>	<b>14 575</b>		
<b>Net debt (A) - (B)</b>	1.4	<b>9 262</b>	<b>10 389</b>	<b>4 231</b>	<b>(13 299)</b>	<b>12 964</b>	<b>4 566</b>

(1) A new loan for €7,541k in the form of an amendment to the property finance contract was agreed on 1 April 2008 to fund the property part of the investments required for the production of allergen tablets.

(2) €7m was repaid at the beginning of 2008 (€5m of which was in advance). The balance of the loan (€7m) reaches maturity on 31 December 2009.

(3) The cash equivalents item includes a cash line of €2,829k available to an investment service provider for the servicing of a contract to increase market activity. The contract stipulates an advance notice period of one month for the use of these funds by the company.

## 2.8 PROVISIONS

These have evolved as follows:

Thousands of euros	Notes	Non-current			Current	Total
		Pension commitments	Other	Total		
<b>At 31 December 2006</b>		<b>1,589</b>	<b>236</b>	<b>1,825</b>	<b>2,010</b>	<b>3,835</b>
Net allocations	1.4	98	(55)	43	1,063	1,106
Reversals						
Value adjustments	(1)					
<b>At 30 June 2007</b>		<b>1,687</b>	<b>181</b>	<b>1,868</b>	<b>3,073</b>	<b>4,941</b>
<b>At 31 December 2007</b>		<b>1,095</b>	<b>208</b>	<b>1,303</b>	<b>1,941</b>	<b>3,244</b>
Net allocations	1.4	290	(73)	217	465	682
Reversals						
Value adjustments	(1)	(427)		(427)		(427)
<b>At 30 June 2008</b>		<b>958</b>	<b>135</b>	<b>1,093</b>	<b>2,406</b>	<b>3,499</b>

Retirement plans with fixed benefits have evolved as follows:

Thousands of euros	Notes	Commitments	Investment assets	Provisions
<b>At 31 December 2006</b>		<b>3,631</b>	<b>(2,042)</b>	<b>1,589</b>
Cost of services rendered		189	-	189
Financial cost (yield)		71	(42)	29
Benefits paid		(134)	134	-
Net contributions		-	(120)	(120)
<b>At 30 June 2007</b>		<b>3,757</b>	<b>(2,070)</b>	<b>1,687</b>
<b>At 31 December 2007</b>		<b>3,867</b>	<b>(2,772)</b>	<b>1,095</b>
Cost of services rendered		162	-	162
Actuarial difference: (gain) / loss	(1)	(427)	-	(427)
Financial cost (yield)		99	29	128
<b>At 30 June 2008</b>		<b>3,701</b>	<b>(2,743)</b>	<b>958</b>

(1) In compliance with the SORIE option as specified in the modified IAS19 adopted by the Group, adjustments relating to actuarial differences are recognized directly in equity. Taking into account the effect of a deferred tax asset of €147k (Cf. note 2.5), the net impact net on shareholders' equity is €280k. This actuarial difference was due to the increase in the discount rate for the commitment from 5.20% to 6.25%.

## 2.9 INCOME STATEMENT BY TYPE OF EXPENSE

This has evolved as follows:

Thousands of euros	Notes	First half 2007	First half 2008	08/07 Change %
<b>Sales</b>		<b>74,795</b>	<b>87,018</b>	<b>16.3</b>
Other operating revenues		1,966	2,809	42.9
Materials consumed		(5,624)	(6,813)	21.1
Personnel costs	2.12	(23,988)	(27,487)	14.6
Taxes and duties		(811)	(1,005)	23.9
External charges		(27,161)	(32,907)	21.2
Depreciation	2.5	(1,931)	(2,123)	9.9
Provisions	2.8	(1,106)	(682)	(38.3)
Other expenses and income	2.10	(740)	(430)	(41.9)
<b>Total charges</b>		<b>(59,395)</b>	<b>(68,638)</b>	<b>15.6</b>
<b>Profit from operations</b>		<b>15,400</b>	<b>18,380</b>	<b>19.4</b>

## 2.10 OTHER GENERAL COSTS

These are central costs not directly related to the operational activities of the business's various tasks. These have evolved as follows:

Thousands of euros	Notes	First half 2007	First half 2008	08/07 Change %
Incentive plan and profit sharing		(2,853)	(3,739)	31.1
Other social commitments		(721)	(1,026)	42.3
Payment of personnel in shares		(442)	(368)	(16.7)
<b>Central personnel costs</b>	2.12	<b>(4,016)</b>	<b>(5,133)</b>	<b>27.8</b>
Capital gain/(loss) from disposal of assets		(8)	(12)	50.0
Foreign exchange losses and gains		8	228	ns
Reorganization costs		(362)	(303)	(16.3)
Costs of trademarks, patents, licences		(125)	(69)	(44.8)
Disputes and other risks		(253)	(274)	8.3
<b>Other expenses and income</b>	2.9	<b>(740)</b>	<b>(430)</b>	<b>(41.9)</b>
<b>Other general costs</b>		<b>(4,756)</b>	<b>(5,563)</b>	<b>17.0</b>

## 2.11 TAXES

Taxes have been calculated using the forecast effective tax rate of 32.0% for 2008 (34.6% for the first half of 2007). For the record, the actual effective tax rate for the whole of 2007 was 33.4%. The decrease in the effective tax rate is due to the increasing size of the research tax credit which in accounting terms is treated as operational revenue linked to R&D that is not subject to corporate tax.

## 2.12 WORK FORCE AND PERSONNEL COSTS

The average weighted workforces (in equivalent full time personnel, including temporary personnel) for each of the Group's activities have evolved as follows:

Full-time equivalent personnel	Notes	First half 2007	First half 2008	08/07 Change %
Logistic chain		266	290	9.1
Sales		174	201	15.7
Administration		106	108	2.2
Research & Development		97	121	25.1
<b>Average workforce for activities</b>		<b>643</b>	<b>721</b>	<b>12.1</b>

Personnel costs have evolved as follows:

Thousands of euros	Notes	First half 2007	First half 2008	08/07 Change %
Logistic chain		5,940	6,632	11.6
Sales		6,694	7,530	12.5
Administration		4,157	4,256	2.4
Research & Development		3,181	3,936	23.7
Central	2.10	4,016	5,133	27.8
<b>Personnel costs</b>	2.9	<b>23,988</b>	<b>27,487</b>	<b>14.6</b>

## 2.13 OTHER FINANCIAL EXPENSES AND REVENUES

The "cash equivalents" line as at 30/06/2007 included an amount of €2,078k invested in a dynamic money market FCP (*fond commun de placement* – a type of mutual fund) called "Oddo Cash Arbitrage" managed by Oddo Asset Management ("ODDO"). On 23/07/2007, this FCP, partly invested in bonds resulting from the securitization of property debt in the United States, lost 6.43% of its value. Due to massive sale orders, and on the authorization of the AMF, the FCP was "closed" and put into liquidation. ODDO made an initial payment of €883k on 11 September 2007. On the basis of the net asset value published by ODDO at the beginning of 2008, the balance of the fund of €1,195k€ has depreciated by €581k bringing its estimated fair value to €614k€ on 31 December 2007, and has been restated in current financial assets. On 1 July 2008, ODDO asked holders of units to choose between an immediate liquidation of the balance and a deferred liquidation "over a longer period". Stallergènes chose the immediate liquidation option. On 15 July 2008 ODDO published a study giving an estimation of the value of units in an immediate liquidation. On the basis of this estimation, on 30 June 2008 Stallergènes recorded an additional depreciation of €504k posted in "other financial expenses and revenues", bringing the fair value of the asset concerned to €130k.

## 2.14 EVENTS AFTER CLOSING OF THE ACCOUNTS

There are no events to report since the closing of the accounts that could have a significant impact on the financial statements made on 30 June 2008.

### **3. HALF-YEARLY ACTIVITY REPORT**

#### **3.1 EVOLUTION IN ACTIVITY**

The evolution in the Group's sales by product line and by market is shown above in paragraph 2.4.

Activity for the first half of 2008 showed strong increases in all markets (up 16%, compared to 17% in 2007). Central Europe and our other markets continue to perform remarkably well.

The most active segment of the market remains sublingual desensitization (SLIT, up 19%, against 21% in 2007) which has been boosted by the launch of the allergen tablets and in which Stallergènes continues to strengthen its leading position.

Traditional subcutaneous treatments (SCIT, up 4%, against 2% in 2007) and other products (up 6%, against 3% in 2007) only registered slight growth.

#### **3.2 EVOLUTION IN PROFITABILITY OF ACTIVITY**

The evolution in the profitability of the Group's activity is detailed above in paragraph 1.2.

A clear improvement in operational performance was recorded for the first half of 2008, which benefited from the growth in activity.

The gross margin decreased slightly to 77.2% due to a significant increase in the cost of monitoring and quality control activities with a view to FDA approval of the Antony factory. The margin before R&D mainly benefited from a moderate half-yearly increase in administrative costs and rose by 21%. The gross R&D records the continuation of the effort to develop the allergen tablets and rose by 26%. Revenues linked to R&D benefited from the widening of the basis for the calculation of research tax credits and the rise in its rate. Income from ordinary activities rose 19% to €18.4m. The cost of financial debt benefited from the decrease in borrowing and decreased by 35%. Net financial profit was however affected by the loss in value of €0.5m of a mutual fund due to the sub-primes crisis (see 2.13 above). The average effective tax rate decreased (32% against 35% in 2007) as a result of the increase in the tax research credit. Net profit rose 19% to €12.0m. Diluted net earnings per share rose by 19%.

The growth in activity has created many new jobs with the workforce increasing by 12% over the past year and consisting of an average of 721 people for the half year in equivalent full-time personnel. The recruitment drive mainly concerns the sales and R&D teams, which increased by 16% and 25% respectively.

#### **3.3 EVOLUTION OF THE FINANCIAL POSITION**

The evolution in the Group's financial position is detailed above in paragraph 1.4.

The EBITDA for the half year rose 14% to €21.5m. Net cash from operations increased by 13% to €14.9m, taking into account a slight rise operational working capital. There was a temporary decrease in investments to €4.9m, with the effect that cash flow after investment (or free cash flow) rose by 43% to over €10.0m.

The impact of cash payments of a financial nature was €3.8m. This benefited temporarily from revenues of €1.1m associated with the implementation of the contract to increase market activity. Net financial debt decreased by 54% over the year (compared to a decrease of 30% last year) to €4.2m. Net financial debt only corresponds to 0.13 times the EBITDA for the last twelve months, of €32.6m.

### **3.4 OUTSTANDING EVENTS DURING THE HALF-YEAR**

A contract to increase market activity was set up on 10 January 2008 with the help of Société Générale Asset Management. Due to this contract, despite a volatile and depressed stock market, and after a rise of more than 74% over 2007, volumes traded continued to rise at a satisfactory rate of 4% over the half-year compared to the first half of 2007.

The €7.5m required for the property part of the extension of the Antony factory was funded by a loan in the form of a sale and lease back contract. This new loan for the same amount was set up on 1 April 2008 for a period of 6.5 years. The decision complies with the group's policy of containment and specific funding for its property portfolio with a view to the financial and fiscal optimisation of its management.

Over the course of the half year, Stallergènes launched a construction project for a new administrative building very nearby its current Antony side. The project was finalised on 24 to July 2008 with the acquisition of some land. The project's objective is to create a centre on the current central site dedicated to production, monitoring, research and development and to regroup the other activities in a single building next to this centre. The project, which will be the subject of specific external funding, represents an investment of about €20m which will take place mainly from 2009 to 2010.

On 24 June 2008 Stallergènes obtained marketing authorisation for its ORALAIR® Grasses sublingual desensitization tablets for adults from the Paul Ehrlich Institute, the German agency reporting to the Federal Ministry of Health that regulates biological medicinal products. The commercial launch is currently taking place in Germany. The retail price for daily treatment was fixed at €3.3.

Stallergènes has actively prepared the submission to the FDA of an application for the authorisation of clinical trials (IND) in the United States. The application is for ORALAIR® Grasses and the submission was effective from 25 July 2008.

### **3.5 MAIN TRANSACTIONS WITH ASSOCIATED PARTIES**

Transactions with associated parties have not changed significantly since the end of 2007.

All transactions with associated parties are detailed on page 61 of the activity report for 2007 and will be the subject of another detailed analysis in the activity report for 2008.

### **3.6 OUTLOOK FOR THE YEAR**

Broadly speaking, the pollen season for trees and grasses in Europe was affected by a rainy spring this year. This situation, combined with the deterioration of the economic climate in the countries in which the treatments are only marginally reimbursed, such as Italy and Spain, has resulted in a marked slowdown in the growth of initial treatments over the half year. This state of affairs would suggest a slowdown in growth in the second half of 2008. Nevertheless, and given the high level of activity during the first half of the year, Stallergènes has raised its minimum growth objective from 10% to 12% for the whole of 2008.

Stallergènes will allocate about €3-€4m of additional resources to the development of ORALAIR® Grasses in the United States over the second half of the year. Investments relating to the fitting out of laboratories in the new factory and to the administrative building project should come to €15-€20m for the whole of 2008. Bearing this in mind, Stallergènes forecasts annual earnings and an end of year level of debt similar to those of last year in terms of absolute value.

On the basis of the positive results of the "VO52" paediatric pivotal study, Stallergènes submitted a request to the Paul Ehrlich Institute at the beginning of July that authorisation is extended to the paediatric indication of ORALAIR® Grasses. The paediatric launch in Germany should be possible in time for the next pollen season. Marketing authorisations for Europe will then follow, for both indications, through a mutual recognition procedure, for which Germany will be the reference member state.

Contact with potential partners for the development, registration and marketing in the United States (and potentially the rest of the world) of the allergen tablets is continuing in a satisfactory manner.

### **3.7 RISKS AND UNCERTAINTIES IN THE SECOND HALF OF THE YEAR**

The Group is still subject to a range of risks which are detailed on pages 66-68 of the activity report for 2007. These risks fall within the scope of risks generally acknowledged in the pharmaceutical world, related to the necessary management of public health policies: the application of a principle of precaution in the evaluation of drugs, management of public health costs by the regulatory fixing of prices and of the level of reimbursement for drugs.

## 4. ATTESTATIONS

### 4.1 DECLARATION OF THE PERSON RESPONSIBLE FOR THE REPORT

"I certify that, to my knowledge, the condensed financial statements for the past half year have been prepared in accordance with the applicable standards and give a faithful image of the assets, financial situation and income of the company and of all the companies included in the consolidation, and that the half-year activity report presents a faithful picture of the main events that have occurred during the first six months of the year, their impact on the half-yearly statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the year."

Antony, 28 August 2008.

Albert SAPORTA,  
Chairman and Chief Executive Officer.

### 4.2 AUDITOR'S REPORT

#### For the period 1 January to 30 June 2008

"Dear Shareholders,

In execution of the mission entrusted to us at your general meeting and in application of articles L. 232-7 of the French Commercial Code and L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- a limited examination of the condensed consolidated half-yearly financial statements for Stallergènes SA, relating to the period from 1 January to 30 Jun 2008, such as they appear in the accompanying report;
- a verification of the information given in the half-yearly report.

The preparation of these condensed consolidated half-yearly financial statements is the responsibility of the Board of Directors. It is our role to give our conclusions concerning these financial statements, on the basis of our limited examination.

#### 1. Conclusion concerning the financial statements

We have carried out our limited examination in accordance with French professional practice standards. A limited examination consists essentially in discussing accounting and financial aspects with the relevant members of the management and implementing analytical procedures. This process is less extensive than that required for an audit carried out in compliance with the standards applicable in French professional practice. Consequently, the assurance that the statements, taken as a whole, do not contain any significant anomalies, obtained in the context of a limited examination, is a moderate assurance, carrying less weight than one obtained in the context of an audit.

On the basis of our limited examination, we have not detected any significant anomalies which would challenge the conformity of the condensed consolidated financial statements with IAS 34 – the standard of the IFRS as adopted in the European Union relating to interim financial information.

#### 2. Specific verification

We have also carried out a verification of the information given in the half-yearly activity report containing notes on the condensed consolidated half-yearly financial statements which were the subject of our limited examination. We have no comments to make on the accuracy of the information or its consistency with the condensed consolidated financial statements."

Neuilly-sur-Seine and Lyon, 28 Aug 2008. The auditors,

PricewaterhouseCoopers Audit  
*Represented by Jacques Denizéau*

Commissariat Contrôle Audit – C.C.A.  
*Represented by Bernard Chabanel*