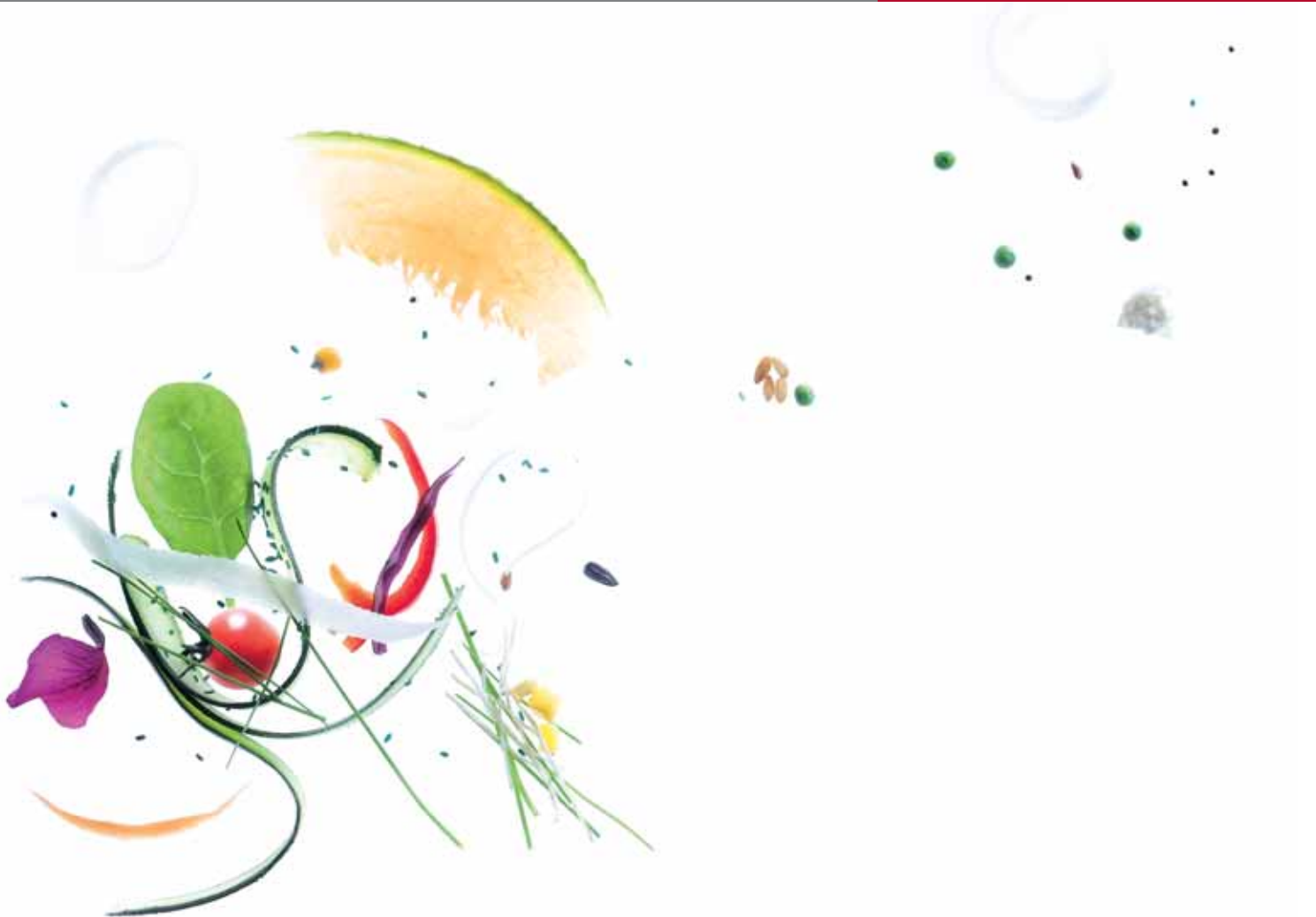


annual report

2006/07



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**Glossary**

*The words defined in the glossary appear in italics in this report.*

\* The 2005-2006 annual report and document E provide a more extensive presentation of Limagrain's field seeds businesses, contributed to Vilmorin's scope in July 2006.

# Profile

Vilmorin creates, produces and sells novel vegetable and field crop plants intended for agricultural production and market gardeners

14%

of professional sales for 2006-2007 devoted to research, the keystone to the success of a seed company.



## Fourth largest seeds company in the world

- Businesses with high added value, on growing markets
- Leading positions in strategic crops and territories
- A powerful research capacity, particularly in plant *biotechnology*

## Three strategic foundations:

- Underpin an original model that gives priority to the long term.
- Intensify two orientations for development:
  - Research, the key to creating value and competitiveness
  - Driving growth through international development
- Develop new opportunities for growth

**Vegetables  
business: 54%  
of Vilmorin's sale**



**Field seeds  
business: 46%  
of Vilmorin's sales**



#### Professional market

- More than 30 species among those that are the most consumed in the world for professional operators of the agri-food sector (market gardeners, canners, etc.)
- A constantly progressing market worldwide as food needs increase.



#### Home garden market

- A full range of vegetable and flower varieties for amateur gardeners, along with various garden products: a portfolio of more than twenty well-known brands.
- A market stimulated by the development of outdoor leisure activities.



#### European market

- Four strategic crops: corn, wheat, rape, and sunflower seed for farmers.

- Fast-growing world markets as needs grow for food and with numerous industrial value chains.



**WENSMAN**

## Combining development and responsibility at Vilmorin

Vilmorin is today the fourth largest seeds company in the world, following its acquisition of Limagrain's field seeds businesses, and is expert in the creation of novel vegetable and field crop plants intended for agricultural production and market gardeners.

Guided by an international vision of its growth, Vilmorin builds its success on:

- control over its profession of seeds producer,
- its capacity for research, particularly in plant *biotechnology*,
- a backdrop of successful growth, built from an original organization model and a strategy of targeted acquisitions, in order to develop on international markets.

An ambition which draws its strength from its philosophy of “**Cultivating the taste of life**” stressing innovation, the sharing of knowledge and respect for mankind and the environment.



# Message from the Board of Directors

Joël ARNAUD  
and Daniel CHÉRON



Gérard  
RENARD




Philippe AYMARD,  
François HEYRAUD  
and Jean-Yves FOUCAULT



Pierre PAGESSE







## A new dimension through the successful integration of the field seeds businesses and greater presence on the Asian markets

The fiscal year for 2006-2007 was particularly devoted to integrating Limagrain's field seeds businesses into our scope of activities, and to pursuing our organic growth. Already in its first consolidated fiscal year, the field seeds business has shown a solid increase in its sales and margins, largely as a result of the vigor of the North-American market.

On the professional market, the vegetable seeds business has reinforced its development in all the zones where it is active. Meanwhile the home garden business has reaped the first benefits of the reorientation plan initiated in 2005.

More globally this fiscal year provided the opportunity to intensify our two strategic orientations, research and international development.

Our annual investment in research now represents nearly 14% of sales to the professional markets. The growing share of this investment dedicated to upstream technologies goes hand in hand with the progressive implementation of a new organizational set-up between the different operating units. More than ever, research is our guarantee to future competitiveness.

In turn, our international development has been boosted by the achievement of a new major milestone in July 2007. By setting up long-term business in China, through the stake purchased in the stock of the company Long Ping High Tech, one of the world's leaders in hybrid rice, Vilmorin has opened up significant perspectives for development throughout Asia.

Another year of improved results was also bolstered by the sustained increase in value of our share rate. Faithful to its attractive dividends policy, your Board has nevertheless chosen to maintain a substantial level of profit distribution.

## All set for new challenges in 2007-2008

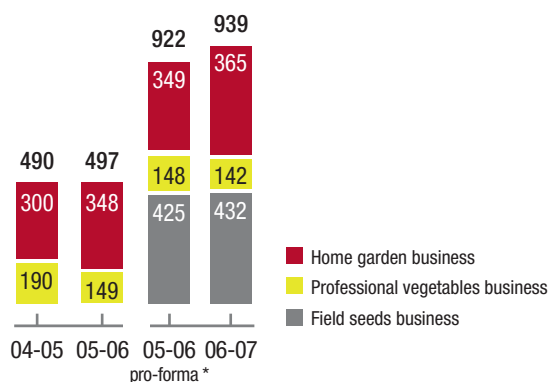
In order to take full account of all the numerous challenges and opportunities in Vilmorin's markets and competitive environment, in October 2007 your Board opted for a new major strategic way forward, by deciding to divest all its home garden activities. Thus, beyond any acceleration of its organic growth and the operational integration of its new acquisitions, as a priority Vilmorin must make sure that, during the fiscal year 2007-2008, it provides these activities with a new lease of life from an industrial or financial investor.

Confident in its outlook for growth, and faithful to its development model, Vilmorin will ensure it strengthens its position as the fourth largest seeds company in the world. With a long-term vision of its business, Vilmorin will thus continue, with conviction and tenacity to express its philosophy of "**Cultivating the taste of life**".

# Key figures

## Activities intended for professional markets as core business

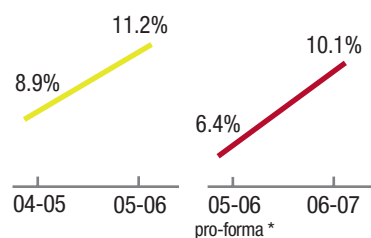
The organic growth of the different business activities during the course of fiscal 2006-2007, and the continued development of external growth and revamping of the product portfolio has resulted in further extension of the professional activities which now represent almost 85% of consolidated sales.



Evolution of sales (in M€)  
(Revenue from ordinary activities)

## Operating margin, key global indicator, on the rise

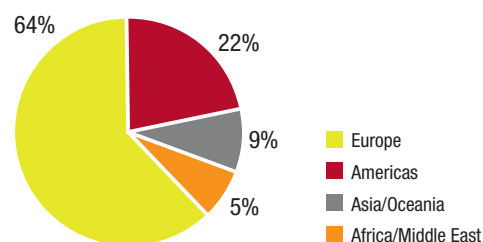
Boosted by the successful integration of the field seeds business, and targeted development on market segments with greater added value, in 2006-2007 the operating margin reached the targeted threshold of 10%, forming the basis for our global financial achievements.



Evolution of the operating margin  
(as a % of sales)

## Highly international businesses

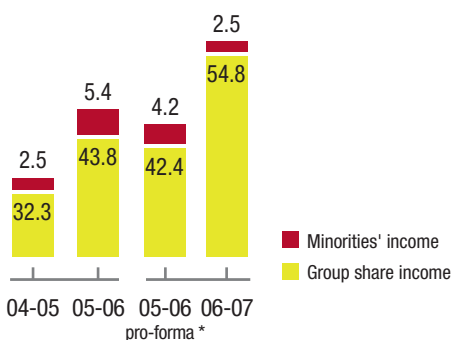
Business development in 2006-2007 resulted in sustained organic growth in North America and in a strengthening of Vilmorin's presence on the main Asian markets, confirming internationalization as a priority strategy orientation.



Geographic analysis of sales (as a %)

## A strong increase in the consolidated income

Impelled by the successes of the previous year, Vilmorin has once again performed well financially, both in terms of its margin, and its results in absolute value, and has achieved a progression (pro-forma) of its Group share income by 29%.

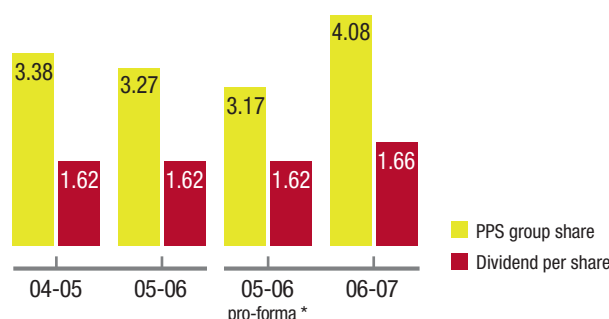


Evolution of income (in M€)



## An attractive policy of distributing dividends

Remaining faithful to its attractive dividends policy, Vilmorin is proposing for 2006-2007 a dividend of 1.66 euros net per share, corresponding to a distribution rate of its Group share net income higher than 40%.

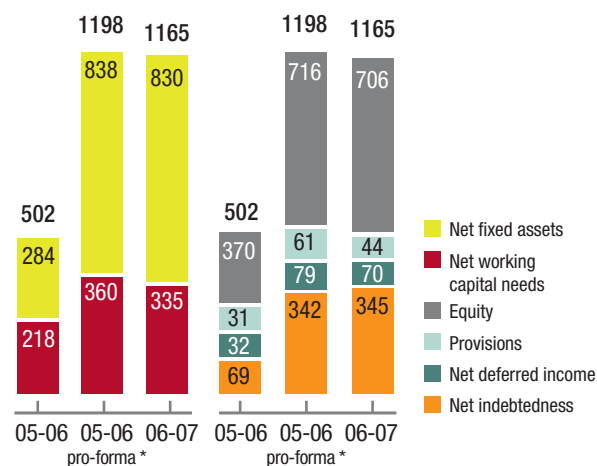


Evolution of the earnings per share, Group share (PPS) and dividend per share (in €)

NB: Calculated on the basis of 9 566 979 shares for 2004-2005 and 13 391 857 shares for 2005-2006 and 2006-2007.

## A healthy financial structure

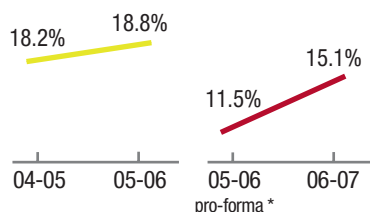
At the end of fiscal 2006-2007, and in spite of the significant increase of its business scope, Vilmorin showed it has a solid financial structure that should enable it to accompany the organic growth of its businesses and to take on board new development operations.



Consolidated balance sheet structure on June 30<sup>th</sup> (in M€)

## Confirmed control of the economic profitability of the stock

By emphasizing the need for a special effort from each of its businesses in the management of their working capital needs, and by pursuing a rational capital investment policy, Vilmorin has strengthened the global level of profitability of the stock employed in the management of its operations.

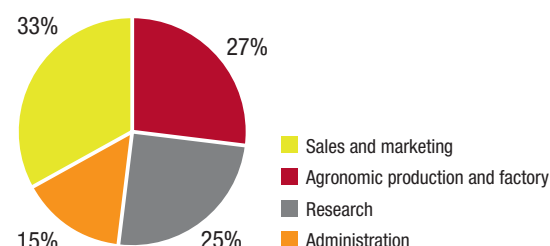


Evolution of the ROCE ratio (as a %)

$$ROCE = \frac{EBITDA}{\text{Fixed assets} + \text{Working capital needs}}$$

## Human resources largely geared towards sales

In 2006-2007 Vilmorin employed an average headcount of more than 5 100 employees, and on June 30<sup>th</sup> 2007 had a permanent staff of 4 431.



Breakdown of permanent staff according to function (as a %)

\* New pro-forma scope: as of fiscal 2006-2007, Vilmorin's consolidation scope takes into account the field seeds businesses acquired in July 2006 through a contribution from Limagrain. Consequently, the financial date for 2005-2006 have been restated in a pro-forma on the basis of this change in scope.



## Professional vegetable seeds: the demands of the world market

Structured around five international development units, Vilmorin anticipates the needs of its professional clients with seeds that are ever more innovative.

### Key indicators

- N°2 worldwide.
- Contribution to consolidated sales for 2006-2007: 365 M€ (+ 3% like for like compared with 2005-2006).
- Net income: 35 M€.
- Number of employees: 2 149.

Vilmorin creates, produces and sells high performance vegetable seeds for the Professional agri-food market. Market gardeners – who will be producing vegetables for fresh markets, – and processors, specialists in canning, *deep-freezing* and *freeze-drying*, make up its target customers.



"Nogaro", a meshed  
Charentais melon.  
Clause Tézier

## Seeds with high added value

Vilmorin has based its activity on high performance, the key requirement of food professionals. Indeed the challenge involves anticipating and meeting the needs and tastes of consumers, while optimizing their economic value. They seek ever more innovative varieties: improved productivity, better adaptation to growing and processing conditions, better *organoleptic* and nutritional qualities.

Vilmorin works on about thirty different species, and in particular those that are most widely consumed throughout the world: tomato, melon, carrot, pepper, bean, cauliflower, squash, onion, water-melon, cucumber.



86%

of professional vegetable  
sales in 2006-2007 came from  
Vilmorin's research programs.

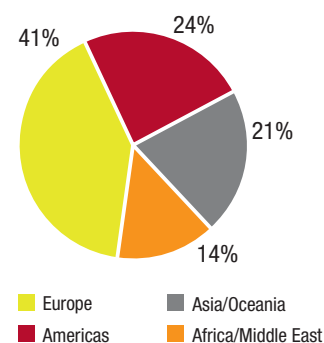
## Five development units radiating out internationally

The operating organization is structured around five business units that cover in particular the following main consumption and production zones:

- Vilmorin / Nickerson Zwaan for Northern Europe.
- Clause Tézier for Southern Europe.
- Harris Moran for the Americas.
- Hazera Genetics for the Middle East and the Mediterranean basin.
- An Asian unit, built around Mikado Kyowa Seed and Marco Polo Seed.

Through this decentralized set-up it is possible to meet the global needs of vegetable producers who operate in all four corners of the world. Since companies come under the same operating division, they can work efficiently together on active measures pertaining to different fields: research, production, administration or sales. Such measures help to optimize brands and encourage the development of synergy between companies.

41% of sales made in Europe



Geographic analysis of sales in 2006-2007



## On the fast track to international development

Over fiscal 2006-2007, the professional companies continued to perform very well, particularly in international sales.

During the course of fiscal 2006-2007, like for like the professional vegetable seeds business progressed by 3%. With the exception of Harris Moran (United States), confronted with a contraction of its business, particularly on certain export markets, all the companies improved their performances, and beyond their assigned objectives.

+ 3%

increase in like  
for like sales  
in 2006-2007.



### Fortification of existing bases

#### **Hazera Genetics (Israel): under the full control of Vilmorin**

In November 2006, Vilmorin took full control of its Israeli subsidiary. The aim of this operation is to provide long-term support for the development of Hazera Genetics, the world leader for tomato seeds intended for the fresh market. This strategy is based on strengthening its co-operation with the other professional vegetable seed companies and intensification of its agreements with Israeli public research.



Daikon radish - Mikado Kyowa Seed

#### **Mikado Kyowa Seed: bolstering business in Japan**

After the legal merger of Kyowa Seed and Mikado Seed Growers, which took effect on January 1<sup>st</sup> 2007, Vilmorin now holds 58% of the stock in the new company, named Mikado Kyowa Seed. The operational fusion of the two companies and the project to relocate their industrial sites in the province of Chiba should mean that by 2009, organization will be optimal and the research department modernized. Ultimately, Mikado Kyowa Seed's ambition is to become one of the leading seed companies in Japan and to operate throughout the Asian market.



## Henderson Seeds (Australia): consolidating our presence in Oceania

Vilmorin signed an agreement leading to a 100% stake in two years time, of its Australian subsidiary Henderson Seeds.

This operation consolidates the position of Vilmorin in the Pacific zone, and is a true step forward for the organization of its business in this region. Henderson made sales of nearly 2.2 million euros in 2006-2007.

Its activities include the research, production and sales of vegetable seeds (cabbage, broccoli, etc.) in Australia, in New-Zealand, and for export.

### Objectives for 2007-2008

- Ensure, at the average level it has in previous years, average growth in sales of 4 to 5% per year.
- Stay on the look-out for any external growth opportunities, particularly in Asia.
- Strengthen cooperation between the companies, particularly by setting up synergy between the research programs.
- Pursue development by intensifying investment in upstream research.

## Pursuing external growth

### Ceekay: a new development stage in India

Vilmorin finalized its 75% take-over of a company working in vegetable seed research and production, known as Ceekay. Located in the region of Bangalore, this fairly modest company of fifteen employees nevertheless has nevertheless acquired interesting expertise in tomato, *okra*, water-melon, pepper and egg-plant. This stake was purchased through a holding company, co-owned by Vilmorin and by its Indian partner Avesthagen, a *biotechnology* research laboratory.



The Anadolu team - Turkey

### Anadolu (Turkey): full take-over

Vilmorin's full take-over of Anadolu, a seed company located in Turkey, took effect at the beginning of fiscal 2007-2008. The objectives of this operation are to adapt Vilmorin's facilities in terms of sales and research, and to strengthen its commercial presence in Turkey. In 2006-2007 Anadolu made sales of 18 million euros, 56% of which were in field seeds (corn, sunflower, cotton) and 44% in vegetable seeds (tomato, pepper, cucumber, water-melon, melon, etc.).

### Acquisition of Ferax Seeds (South Africa)

The company Ferax, which had been distributing a range of vegetable seeds on behalf of Nickerson Zwaan in South Africa, was acquired on July 1<sup>st</sup> 2006 and renamed Nickerson Zwaan South Africa. Its contribution in terms of sales came to 1.8 million euros over fiscal 2006-2007.

## A constantly progressing market

The regularly increasing consumption of vegetables drives the growth of Vilmorin. It is a consequence of the rising world population, and the evolution of food habits, led by the search for a well-balanced, healthy lifestyle.



+ 15%

increase in the consumption of vegetables  
between 2000 and 2005, in the world.  
124 kg per year and per inhabitant in 2005.

## A market with a wide variety of products

The operators in the professional vegetable seeds market work side by side in the major production and consumption zones. The sector has become highly concentrated over the past ten years, yet it still remains scattered in terms of products.

This trend can be explained by the numerous specificities of the vegetables market:

- A great diversity of species, with wide ranges, covering all the sales possibilities, from production in season, to that of counter season.
- A high number of production units with all kinds of production infrastructures: open field, cold or heated greenhouses, etc.
- A vast dispersion of production zones.

In spite of these specificities, the value of the world market for vegetable seeds is estimated to be at around 2.4 billion dollars.

(Source: Context Network)





## A continual displacement of production zones

The market for fresh vegetables, and also for vegetables intended for industry, are both gradually being displaced towards other production areas. The preference for market gardeners is countries where costs are lower, and also for early production zones. In this way they can extend the period of product availability, and even produce out of season.

## Innovation driving the market



Peppers - Hazera Genetics

The market for vegetable seeds is powered by the population increase and the evolution in food consumption habits. Nevertheless, its growth largely depends on the research results of seed companies, and from the development of innovation that meets the needs of the professional clientele.

The level of investment required, the ability to stay out in front, and the expertise required all make it difficult for any newcomer to break into the market.

## A more and more concentrated competitive market

The different steps taken towards concentration over the past few years have significantly strengthened the size and power of the main operators in this market. Currently the top five operators represent almost half of the world market for sales of vegetable seeds.

## The competitive advantages of Vilmorin

- A research budget of more than 14% of professional sales.
- A regular increase in the *sales from proprietary varieties*, and thus showing in the added value generated by research programs.
- Strong internationalization of business activities ensuring commercial development and access to *germplasm* while optimizing risks.

	Groups	Countries	Sales of vegetable seeds (in M€)
1	Seminis (Monsanto)	United States	464
2	Vilmorin	France	345
3	Syngenta	Switzerland	318
4	Nuhnems (Bayer Crop Science)	Germany	190
5	Rijk Zwaan	Netherlands	125

(Source: internal estimates)



## Home Garden vegetable seeds: refocusing on markets with high added value

### Key indicators

- N°1 in Europe.
- Contribution to consolidated sales for 2006-2007: 142 M€ (- 1% like for like compared with 2005-2006).
- Net income: 8 M€.
- Number of employees: 690.



The home garden vegetable seeds business is pursuing its commercial repositioning, benefiting from well-known brands, and driven by the development of outdoor leisure activities.



**Permanent innovation, with brands repositioned on the most successful markets**

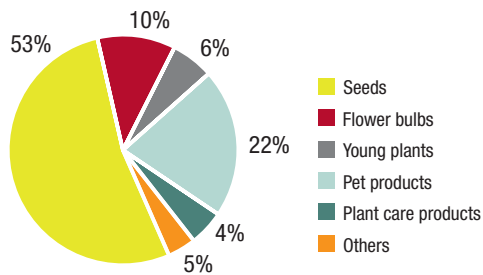


Vilmorin offers amateur gardeners different line-ups of seeds and garden products, and remains in permanent contact with them to anticipate and cover all their needs: better quality, safety and convenience.



In such a context, consumer trust in major brand names is essential, as they are synonymous with success. Vilmorin owns a portfolio of well-known brands that are dedicated to the market and are today geared towards the distribution circuits that are specialized in high added value.

Vegetable and flower seeds, core business strengthened by highly complementary line-ups



Analysis of product sales in 2006-2007

## Four operating business units located in the major European gardening market

The home garden business is structured around four operating business units:

- In France: Oxadis in coordination with Flora Geissler in Switzerland and Van den Berg in Holland.
- In Germany: Flora Frey / Sperling.
- In the United Kingdom: Suttons.
- In Poland: CNOS Vilmorin.

## Information on the project to sell the home garden business.

At the same time as it disclosed its annual financial statements, Vilmorin presented its decision to divest all its activities intended for the home garden market (seeds and garden products).

*Extract from the press release that appeared on October 10<sup>th</sup> 2007.*

“(…) This project is the consequence of Vilmorin’s considerations, at the end of fiscal 2006-2007, of the progress made in the strategic reorientation, launched in the spring of 2005, of its seeds and garden products business unit. This action plan, intended to improve the contrasting financial performances of its different markets, and to enhance its portfolio of activities in the gardening sector, set out to concentrate its development in European markets with greater added value. The objective set was to regain operating profitability of 8% to 9% by the year 2008.

Over the past two years, implementation of this plan has enabled us specifically to initiate fundamental commercial repositioning on the German market, to partially optimize industrial and logistics plant, and to resize the different operating structures to fit their capabilities.

In spite of the success demonstrated by the initial results, Vilmorin wants to make sure that its approach is consistent with a long-term vision and commitment. Consequently, Vilmorin has chosen to seek an industrial or financial operator to whom it can entrust the subsequent stages of this action plan. This operation should provide these activities with new resources that will help to accelerate and optimize their redeployment.

Vilmorin has fixed the objective of finalizing this transaction in the best possible conditions, during the course of 2008.

Vilmorin will retain full ownership of the portfolio of brands that also cover its professional activities (Vilmorin, Clause, Tézier); the brands specifically dedicated to the home garden market will of course be sold. (…)

## The home garden market: buoyant but contrasted in fortune

The great majority of Vilmorin's consumer sales are within the "outdoor plant" segment, one of the most important in the home garden market.



### The French market for gardening has been growing over the past five years

The value of the market for gardening in France was estimated to be nearly six billion euros per year in 2006, of which 18% involved the outdoor plant segment. This market has increased by 11% over the past five years, and yet the rise was not so significant between 2005 and 2006, partly because of the unfavorable weather conditions. As far as Europe is concerned, France was in second place after Germany, and made a quarter of total European sales.

(Source: Promojardin. June 2007)

### A rather flat market for flower and vegetable seeds, in favor of young plants, a market that is rising fast

There has been a regular drop in quantities of seed packets sold in recent years, which is continuing today, although this drop is partly offset by the increase in the unit price of packets. Indeed, consumers are choosing more efficient *hybrid* varieties with more practical packaging.

At the same time, in all European countries, vegetables and flowers have been developing fast through the distribution channels, whether specialized or not. Varied and affordable, they correspond to the new consumer fashion.

### Segments that are developing and complementary to seeds

In particular there is the segment for plant care products (various treatments, fertilizers, soil conditioners and crop inputs) and that of other outdoor plants, comprising flower bulbs, vegetable bulbs, packaged nursery products (rose bushes etc.), that have a good reputation for decoration with a wide range of varieties and colors.

Vilmorin, just like other European specialists, makes full use of its well-known brands to sell its different products.

### The competitive advantages of Vilmorin

- A constant policy of innovation in its main markets.
- Brands with a strong reputation.
- A European strategy that is respectful of local differences.
- Access to proprietary varieties and technologies developed by the professional companies.





## Field seeds in Europe: market leaders in strategic species

**N°1** | in Europe  
for cereal  
seeds.

**N°2** | in Europe  
for corn  
seeds.

Limagrain Verneuil Holding (LVH), an 80% subsidiary of Vilmorin, coordinates the breeding, production and marketing of cereal and oil crop seeds and maintains a strong position on these markets.

### A well-established position by crop and market

To optimize its research and marketing efforts, LVH has segmented its species into three main categories:

- Strategic crops: corn, straw cereals (wheat and barley), rape and sunflower.
- Secondary crops (complement to the strategic crops range). For these species, research efforts are limited and production is carried out by sub-contractors.
- Other crops: amenity grasses, cotton, beets etc., distributed according to market opportunities.

#### Key figures

- Sales 2006-2007 consolidated contribution (including LVH and its subsidiaries): 322 M€
- Number of employees: 1 200



## A year of consolidating activities



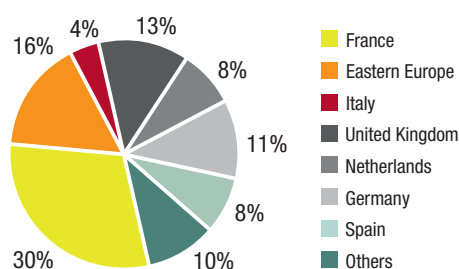
After its take-over of Innoseeds' cereal activities and the sale of a part of its forage and amenity grass seeds activities to DLF, LVH is strengthening its presence in Europe, particularly in the Eastern European markets.

LVH made sales of 322 million euros, similar to the previous year. The commercial year was marked by the stability of Western European markets and sustained development in certain Eastern European countries.

+ 14%

the increase in sales  
in Eastern Europe  
in 2006-2007.

Present in all major  
European markets



Sales for products  
by geographical zone in 2006-2007

### Advanta Europe: anticipated synergies confirmed

With the acquisition of Advanta Europe in February 2005, LVH increased its market shares in Southern and Eastern Europe, consolidated its position in corn, particularly in Northern Europe and developed its sunflower activities in Southern Europe.

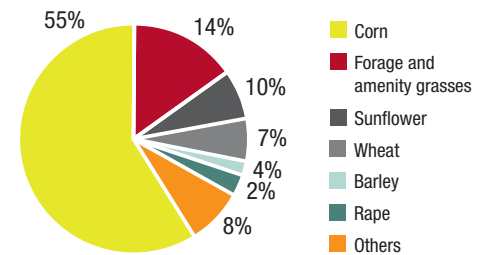
With the merger of LVH and Advanta, synergies were created during the 2006-2007 fiscal year, and potential organic growth in the next five years is expected. Indeed, commercial ranges will be improved with the combining of Vilmorin-Advanta genetic materials.



### 2007-2008 objectives

- Continue expansion in the Eastern European markets.
- Organize the arrival of genetically modified plants in Europe.
- Accentuate research partnerships.
- Capitalize on brands by anticipating the development of distribution networks and the European agricultural market.

Four strategic crops:  
corn, wheat, sunflower and rape



Sales per crop excluding royalties in 2006-2007



### Vilmorin sells its forage and amenity grass seed activities and strengthens its field seed activities in Europe

In September 2006, Vilmorin sold its research and production activities in forage and amenity grass seeds, as well as a part of their distribution, to the Danish seed producer DLF. Vilmorin however retained, for certain European markets, exclusive access to products derived from DLF's research, which Vilmorin will distribute.

Vilmorin now controls the research, production and marketing activities of cereal seeds (mainly wheat and barley), formerly managed by Innoseeds, a subsidiary of DLF.

With these two operations, Vilmorin has strengthened its position as European leader in its strategic activities and will benefit from other opportunities in Eastern Europe.

### Brief summary of activities taken over from DLF

- Seeds: wheat, barley and protein peas.
- Sales including royalties: in excess of 16 M€.
- Main countries covered commercially: Benelux, England, Germany, France, Czech Republic, Slovakia.
- Research activities based essentially in the Netherlands and the Czech Republic.

# A market in the process of changing

Estimated in 2007 at 6.2 billion dollars in distribution value, the global seed market in Europe represents 20% of the world market.



## Vilmorin's competitive assets

- First-rate genetic material, giving Vilmorin a crucial competitive advantage in terms of innovation, particularly in straw cereals.
- Solid competitive position in major strategic species.
- A brand portfolio that is widely recognized by farmers.
- A solid long-term partnership with the cooperative's distribution division.

## Vilmorin's competitors

	Straw Cereals	Corn	Sunflower
N° 1	<b>Vilmorin</b>	Pioneer	Syngenta
N° 2	RAGT	<b>Vilmorin</b>	Pioneer
N° 3	KWS	KWS	<b>Vilmorin</b>
N° 4	Desprez	Monsanto	Euralis

(Source: internal estimates)

## An environment that is changing in structure

During the last two years, the European market has been affected by significant developments:

- successive reforms in the Common Agricultural Policy and the development of aid to agriculture,
- redeployment of world agricultural markets,
- consideration of environmental data particularly in terms of water and pesticide consumption,
- emergence of new energy policies promoting the use of agricultural raw materials and the creation of specific production chains.

## Strategic crops in figures

Dominated by corn, straw cereals and two last increasing oilseed species (rape and sunflower), the market has been increasing regularly by 1.5% per year.

In 2006, more than 50 million hectares of cereals were grown in the 27 European Union member states:

- Approximately 25 million hectares of wheat, mainly grown in France, Germany and Poland.
- More than 10 million hectares of grain corn, mainly grown in Southern Europe, and forage corn, mainly produced in Northern Europe.

In 2006, almost 15 million hectares of oilseed crops were grown in the 27 European Union member states:

- Rape (approximately 5 million hectares) was produced mainly in Northern and Western Europe: France, Germany, Poland, the United Kingdom.
- Sunflower (approximately 4 million hectares) was grown mainly in Southern and Eastern Europe.

(Source : FAO 2006 and 2007)



## Field seeds in North America: reaping the benefits of a smart strategy

+ 26%

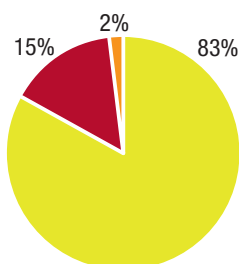
increase in turnover,  
like for like,  
in 2006 – 2007.

AgReliant, a joint venture between Vilmorin and KWS, has recorded a significant increase in North America, sustained by a high potential market.

### Key Figures

- N° 4 on the market for corn seeds.
- AgReliant contribution (100% basis) to consolidated sales in 2006-2007: 220 M€, which is almost 6% of the American corn market.
- Headcount: more than 630 employees.

Concentrated activity  
for corn and soybeans



■ Corn seeds, 70% GMO  
■ Soybean seeds, 90% GMO  
■ Others

Sales by crop 2006-2007

### AgReliant: advantages of a joint venture

The joint venture was set up in July 2000 and consolidated 50/50 with the German seed group KWS; AgReliant is now the fourth largest American seed producer on the corn seed market, breeds, produces and sells corn and soybean seeds in the United States and Canada. The objective of this collaboration is to unite the research efforts of the two companies, while preserving brand identity. Marketing is carried out brand by brand, while research, production and administration are pooled.

### Continuous progression in genetically modified seeds

More than 70% of AgReliant's business in corn seeds involves genetically modified varieties. This increases to 90% for soybean seeds. This growing trend is the reason for the significant increase in profits for the two species.

## Achieving excellence in research programs: one of AgReliant's strong points



Only a limited number of operators run their own research programs in the United States. AgReliant however manages its own corn research program. The company has access to Vilmorin and KWS's *genetic resources*, as well as those of the "Foundation Seed Companies", research companies that provide access to *germplasm* for payment of royalties.

This comprehensive system enables AgReliant to include, within its range, seeds that have been produced mainly from its own germplasm, which is a definite competitive advantage and a source of differentiation and valorization.

10% | market  
share objective  
in 3 to 5 years.

### High value added seeds

AgReliant offers North-American farmers high-quality germplasm, which, when combined with the technical options explained below, enables producers to adapt seeds to their specific needs.

- *Traits*, giving the plant its transgenic character. These resistance genes incorporated into the plant's *genome*, protect it against certain destructive insects (corn-borer and rootworm) or herbicides. The latest genetically modified varieties now combine several resistance genes, thanks to the *stacking* technique. These products are increasingly in demand from farmers.
- Plant protection products, giving protection to the plant against certain parasites or diseases.

### Multi-brand marketing: AgReliant's key factor for success

More than half of AgReliant's workforce works in its first-rate sales team, and the company covers the three distribution networks in the United States: direct sales to the farmer, the farmer-dealer network and sales through distributors.

In all these different distribution methods and predominantly the first, brand reputation, the real link between the farmer and the seed producer, is a vital factor in marketing strategy.

AgReliant's sales teams therefore rely on a portfolio of six reputable brands, for the different geographical sectors that extensively cover the Corn Belt, the heart of the American market.





## Dynamic growth strategy

Fortified by its excellent results in 2006-2007, AgReliant continues its growth strategy with ambitious development prospects for the future.



19%

growth in United States corn market in 2007.



Vilmorin and KWS support AgReliant's growth through short and medium term industrial and commercial investment plans.

### 2006-2007 a record year

With a 6% market share, AgReliant is the company that has progressed the most since 2000 on the fast-growing North American market. Its turnover has increased by 26%, like for like, to 220 million euros in 2006-2007, thanks to strong growth in the sales of genetically modified seeds and the market in general.

Sustained efforts in research, combined with an efficient approach of the markets, have enabled the company to strengthen its position on varieties with high added value.

### 2007-2008 objectives

- Develop first and foremost sales of products with high added value.
- Intensify research efforts.
- Improve production sites.
- Continue staff training.

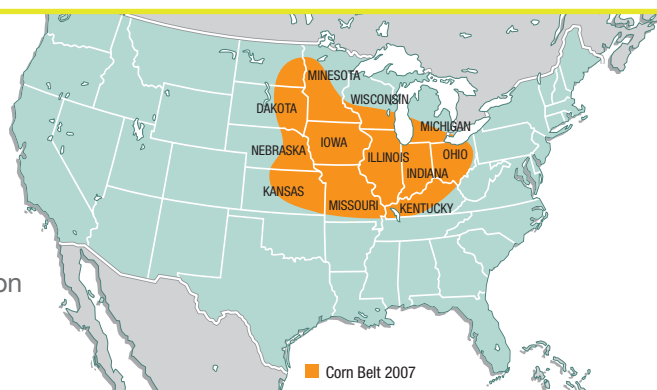
# A truly dynamic market

The North American corn seed market is growing rapidly. An increase that should continue thanks to the prospects offered by genetically modified seeds and the development of bioethanol.

## Corn Belt: a new "Conquest of the West"

For several tens of years, the traditional corn production areas have been in the following states: Minnesota, Iowa, Illinois, Indiana, Ohio.

However, the increase in demand and better adaptation of varieties to new growing conditions now mean that corn production can be extended to other states.



The Corn Belt: an agricultural zone covering approximately 12 states, situated in the Northeast of the United States.

**70%** of the corn cultivated in the United States is produced from genetically modified seeds.

## A market dominated by corn and soybeans

Corn cultivation increased by 19% in 2007, reaching almost 37 million hectares in the United States.

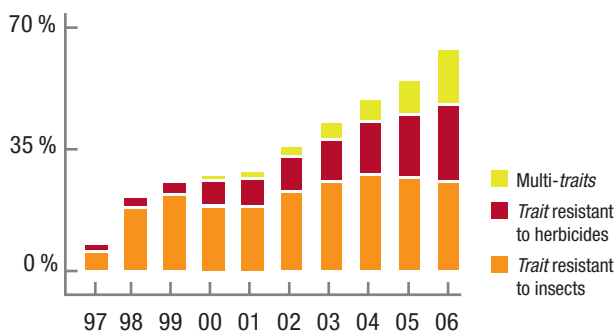
This evolution has been caused by a growing demand from biofuel producers on top of the traditional demands for food and animal feed.

However, as a direct consequence of the expanding areas used for corn production, the soybean market has decreased over the last two years. This crop, grown alternately with corn, was cultivated on 25 million hectares in 2007.

## Innovation acceleration

The North American market is characterized by the development of genetically modified plants, which are grown in more than 70% of areas used for corn and more than 90% for soybeans. Increase is regular and more and more varieties with several different *traits* are being cultivated.

### Strong growth in varieties of maize seeds with several different *traits*



Evolution of genetically modified varieties (source: USDA 2006)



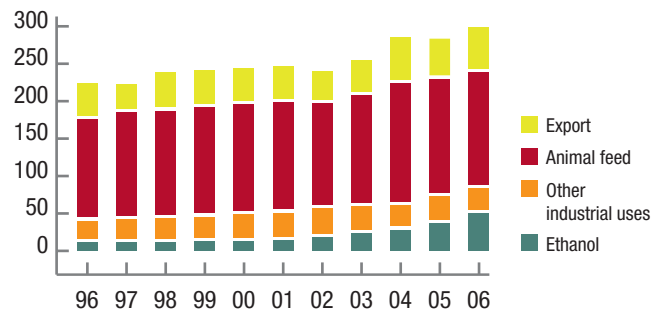
## Genetically modified plants: a virtuous growth circle

Although on average these seeds are 50% more expensive than traditional seeds, genetically modified seeds enable farmers to considerably reduce pesticide treatments, guaranteeing a better harvest with at least 30% higher yield. The increase in the selling price of corn also enables farmers to buy seeds with higher added value, which encourages them to develop their farms.

## Biofuels: a growth lever for corn production

Corn acreage in the United States rose by 19% in 2007 particularly because of demand from bioethanol factories. 25% of domestic American production is already devoted to this market. The US government has set a target of 30% for 2012.

### Uses for corn: ethanol equal to exports



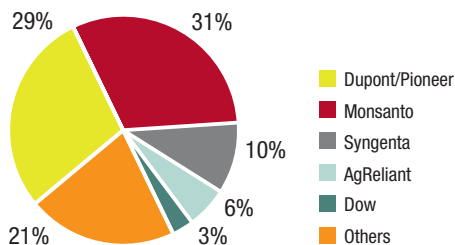
Evolution of the total uses of corn in the United States in millions of tons (Source: USDA 2007)

**15%** | genetically modified corn seeds in the United States incorporated several resistance traits in 2006.

## Changing panorama of competitors

Considerably strengthening its market position over the last few years, AgReliant's market share has increased rapidly and significantly since 2000: a trend that should be confirmed by 2008.

### A concentrated market in 2007



Corn seed market  
Estimation of market shares  
(Source: internal estimates)

## Vilmorin's competitive assets

- Research structures with access to first-rate genetic resources.
- Easy access to upstream technologies.
- A marketing approach capitalizing on widely recognized brands, guaranteeing excellent coverage of the Corn Belt.
- A first-rate sales team.



## Strategic foundations

### Three major founding principles:

- Reinforce an original model that highlights the long term.
- Intensify research and international development.
- Develop new opportunities for growth.

Vilmorin's steadfast ambition is to pursue its expansion and consolidate its performances, strengthening its position as a major player on a global level. Its strategy is underpinned by the unswerving policy of combining development and responsibility.

## Reinforce an original model that highlights the long term

Vilmorin's development is anchored in an original model that takes full benefit of the following advantages:

- A single core business - producing seeds - providing exclusive expertise with key crops on key territories.
- The capacity to steer a decentralized organization; multicultural teams and a portfolio of strong brands, close to their markets.
- Confirmed know-how in operations of external growth, consolidation and strategic alliances.
- A rich history that benefits from more than two centuries of innovation in botany and built on the foundation stone of real proximity to the farming community.
- Founding values linked to a culture of innovation, sharing knowledge and a long-term vision of its development.

## A single core business: seeds

From research to sales, Vilmorin controls all the stages in its business and proposes high quality products, adapted to each market.



### Research the key to creating value and competitiveness

In a context of growing internationalization and industrialization of research, Vilmorin relies on its multi-disciplinary and international teams who pool their skills to breed new varieties, adapted to market needs. Using cutting edge technologies, Vilmorin defines and develops seeds with better yield, specific resistances, (to diseases, herbicides, hydric stress, etc.) or improved nutritional qualities.

### Seed production a strategic link

Seed production must provide two guarantees: maximum flexibility and capacity to respond to market conditions, while maintaining top quality at the best possible prices. The careful choice of the best production areas is a vital factor in seed quality. Vilmorin entrusts its production to an international network of carefully selected seed *multiplication farmers* who work to very strict specifications.



### Processing the optimization of seed quality

Processing concerns the phases of preparation and seed treatment (applications of phytosanitary products used to protect the plant against certain parasites or diseases), as well as packaging and storing. Vilmorin makes full use of modern industrial equipment, the irreplaceable expertise of its teams and standardized controls to guarantee product quality.

### Distribution supported by a strong brand policy

In order to work in close contact with its customers, almost all its subsidiaries act as seed distributors: more than 30% of the people at Vilmorin work in sales teams, supported by a portfolio of strong brands, each with specific positioning.



# Intensify research and international development

In order to pursue its expansion and boost its performances, Vilmorin's strategy is based on two essential principles:

## Research, the keystone to creating value and competitiveness

Vilmorin is, in reasonable proportions, intensifying its investment in research and has fixed the following objectives:

- Pursue investment in conventional plant *breeding* to improve and enrich *genetic resources*.
- Scale up investment in plant *biotechnology*.
- Reinforce upstream research by setting up world transversal competence platforms.
- Concentrate efforts on promising new markets.

## International development driven by growth

The international development of all the business activities of Vilmorin and its locations involves:

- Strengthening its positions on all its target markets, particularly through external growth.
- Accelerating its development in countries with high potential, specifically in Asia (China, India, Japan).



## A few key examples of product innovation



1981

“Alpha” melon  
Clause Tézier  
1<sup>st</sup> F1 *hybrid* melon with genetic characteristics that facilitate large-scale seeds production.



1985

Pastèque  
“Madder Ball”  
Mikado Kyowa water melon  
Appreciated for its taste and light weight.



1990

“Daniela” tomato  
Hazera  
1<sup>st</sup> *hybrid* long shelf-life variety with a very firm fruit.  
  
“Banguy” grain corn  
Nickerson  
1<sup>st</sup> variety from a new dent *germplasm*, combining yield and consistency.



1992

“Bolero” carrot  
Vilmorin  
Rustic variety that opened up the path to large-scale production.



1994

“Oxinel” bean  
Vilmorin  
Stringless bean with a good yield and fine pods.



## Developing new opportunities for growth

The increase in world food requirements and the steep rise in industrial application markets for seeds (biofuels, green chemistry, etc.) have led to a increase in cultivated acreage. This strong trend is having a positive influence on Vilmorin's business activities.

Plant *biotechnology*, which is vital for the development of seeds, also generates a growth in value. Thus, the market for transgenic plants – corn, soybean, cotton and *canola* – represents 25% of the world seed market, estimated to be worth 20 billion dollars. It offers real medium-term development prospects, with significant innovation potential.

Finally, new requirements in terms of nutrition, health and protection of the environment are also factors for progress.

These favorable perspectives constitute the challenges for future development and will entail pertinent operating organization, particularly in terms of research.



+ 13% | of acreage devoted to genetically modified plants in 2006 in the world.



1996

“Morning Star” sweet corn  
*Harris Moran*  
 A variety that is particularly suited to temperate and subtropical zones, and resistant to several diseases.



1997

“Apache” wheat  
*Nickerson*  
 A variety that succeeds in combining high French bread quality and a good yield.



2000

“A 6395” corn  
*AgReliant*  
 A variety that enjoys an excellent yield and integrates 3 resistance *traits* (herbicides and insects) in its distributed version.



2005

“LG54.50 HO” sunflower  
*LVH*  
 A variety providing producers with a net gain in yields, combined with a very high, stable oleic acid content.



2006

“Adriana” rapeseed  
*LVH*  
 A variety making significant progress in terms of oil content and oil yield per hectare.



## Research, the key to high performance

### Key figures

- More than a hundred new varieties bred every year.
- 14% of professional sales invested in research in 2006-2007: 25% devoted to plant biotechnology and 75% to conventional research.
- Sales from proprietary varieties: 86% in vegetables and around 2/3 in field seeds.

As the keystone in the creation of value and competitiveness, research is at the very heart of the development challenges in our business. With its locations worldwide and the expertise of its research teams, Vilmorin develops solutions that are adapted to new market requirements and, through innovation, is strengthening its competitive position.

### Anticipating and meeting demand in coherence with clearly defined research orientations

The challenges of research are closely linked to those of food and to the development of industrial applications for agricultural production (biofuels, green chemistry, etc).

Research anticipates and takes into account the needs of each of the players in the production chain, from the farmer to the consumer, in order to develop more efficient and better adapted products. As a priority this involves improving yields with limited input (fertilizers, etc.), guaranteeing resistant seed, satisfying agri-food standards, and adapting to the evolution of food habits while respecting the environment. A seed company's capacity to be competitive depends on his capacity to innovate.



## Multi-disciplinary and international organization

Vilmorin's research is supported by a complex of internal and external skills.

- 60 research stations and more than 1 100 researchers and technicians all over the world all contribute to the upstream research and the breeding. This organization will be restructured through the creation of competence platforms in order to optimize the process of plant breeding.

- Three strategic partnerships play an important role in the upstream research set-up:

**Keygene:** experts in *genomics* applied to vegetable plants, and in which Vilmorin has held a stake in the stock since 2001 in partnership with the Dutch seed companies Enza Zaden, De Ruiter Seeds, Rijk Zwaan and the Japanese seeds company Takii.

**Biogemma:** European specialists in field crop plant *biotechnology*, held in partnership with the seed companies Euralis and RAGT and the financial institutes for the oilseed chains (Sofiprotéol) and the cereal chains (Unigrains).

**Avesthagen:** Indian leader in the field of plant *biotechnology*, in which Vilmorin has held a stake in the stock since 2006.

- Other cooperation agreements are developed more on a one-off basis with public or private research institutes: Génoplante, INRA, CNRS, CAAS in China, University of Davis (California) and Cornell (New-York), HRI (United Kingdom), Hebrew University (Tel Aviv), Aro-Volcani Centre (Israel), PRI (Netherlands), Crop and Food Research (New-Zealand), CRC (Canada).



# 140 M€

investment in research  
including funding through  
partnerships.

Meeting the needs of each player in the supply chain

### The main research orientations

Farmer / Market gardener	Improving agronomic characteristics:	<ul style="list-style-type: none"> <li>&gt; yield</li> <li>&gt; resistance to yield</li> <li>&gt; drought tolerance</li> <li>&gt; earliness, etc.</li> </ul>
Logistician / Industrialist	Meeting technical constraints:	<ul style="list-style-type: none"> <li>&gt; standardization of calibration</li> <li>&gt; aspect of vegetables when processed</li> <li>&gt; texture of food products, etc.</li> </ul>
Distributor	Taking into account the constraints of:	<ul style="list-style-type: none"> <li>&gt; preserving</li> <li>&gt; earliness</li> <li>&gt; aspect</li> <li>&gt; prices, etc.</li> </ul>
Consumer	Adapting to the evolution in tastes and taking cultural specificities into account:	<ul style="list-style-type: none"> <li>&gt; organoleptic qualities</li> <li>&gt; practical aspects</li> <li>&gt; nutritional qualities, etc.</li> </ul>

## The main research orientations

### Accelerating plant breeding

Thanks to *molecular marking*, it is no longer necessary to wait for pepper to grow to see it is yellow or red!

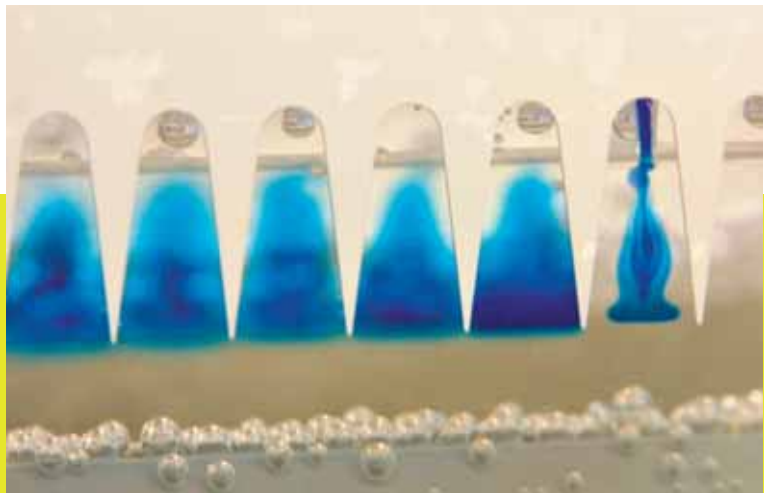


"Cecilia" peppers. Hazera Genetics

### Pursue investment in conventional plant *breeding* to improve and enrich *genetic resources*

Research has its origins first of all in the diversity of plants to create new varieties. Access to *genetic resources* is a fundamental aspect in sustainable business for a seeds company. This heritage can be enriched, and progress can be achieved in *breeding* by opening up new research stations, taking full advantage of breeders' know-how and a proactive policy of external growth and partnerships.

Electrophoresis used to develop molecular markers



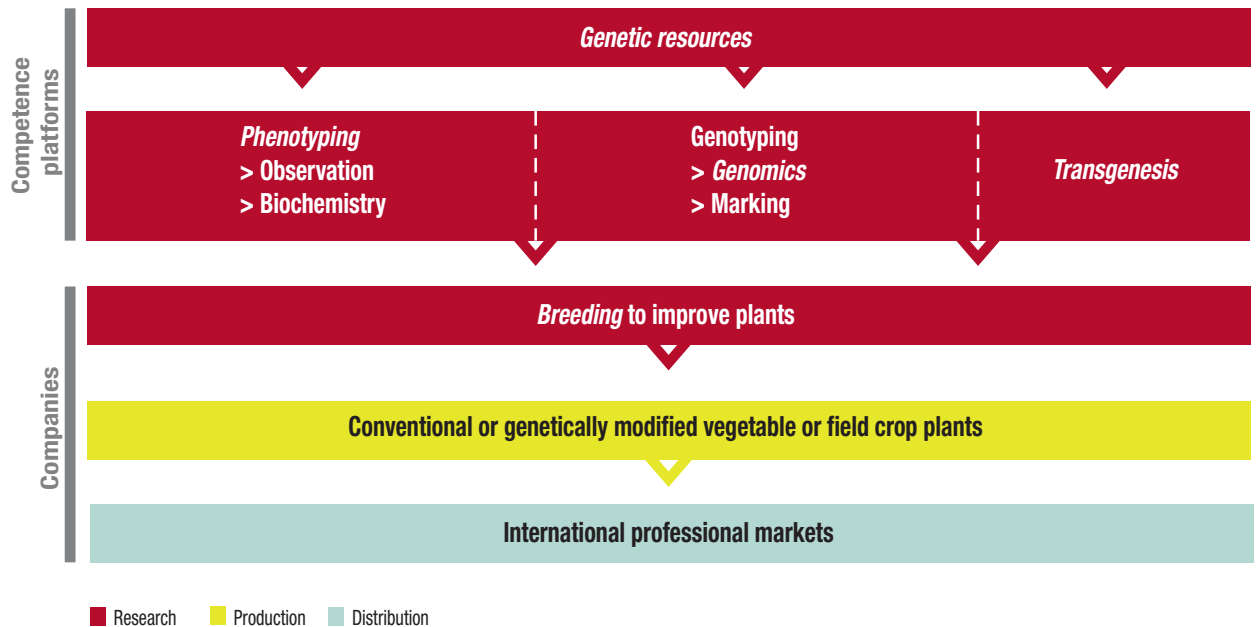
### Scaling up investment in plant *biotechnology*

Future progress in plant breeding is therefore on the ability to control plant *biotechnology*. With biotech tools it is possible to accelerate considerably the process of plant breeding by saving about three years of development.

The breeder gains precious time by eliminating the lines which are of no interest during the initial stages of *breeding*. Moreover this acceleration of the time it takes to breed a plant is how research can react more quickly to evolution in demand.

Investment in *biotechnology* today represents 25% of the research budget, and will grow significantly in years to come. This trend is being accompanied by a progressive resizing of research in the form of competence platform, guaranteeing that different existing techniques will be applied more systematically and with better cost controls.

## Adapting upstream research organization and development to changes in the profession of *breeding*



### Plant *biotechnology* a few notes

**Biotechnology**, sciences and techniques applied to living organisms, and including several methods:

- **Genotyping:**  
a set of techniques linked to the analysis of genes, including *genomics* (analysis of a plant's *genome*) and *molecular marking* (a tool used to identify characteristics).
- **Phenotyping:**  
a set of techniques linked to the expression of the gene. These may involve observation of the plants characteristics in the field or laboratory analyses (photosynthesis, etc.).
- **Transgenesis:**  
is used to introduce a gene from another plant species into the *genome* of a plant providing it with a new property. This technique is used when all other so-called conventional techniques have been tried.

### The breeder, a conductor of talent

The profession of a breeder (breeding program manager) is no longer that of a single person, but the work of a full multi-disciplinary team.

Like the conductor of an orchestra, he or she runs an international team of researchers and technicians, multiplying exchanges with other techniques: genomics, molecular biology, bioinformatics, etc.

## Concentrating efforts on promising markets

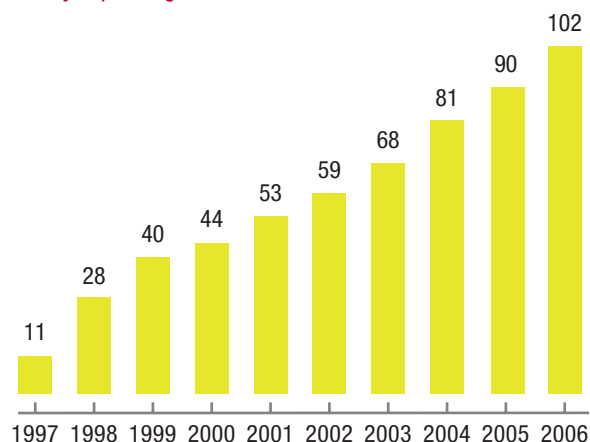
### The rise of genetically modified plants

The expected explosion of the world's population along with the drop in arable land clearly begs the question of satisfying food needs in the decades to come, to which we can also add the problem of the demand for agricultural raw materials intended for industrial applications. The increase in yields per hectare will help to adapt supply to demand.

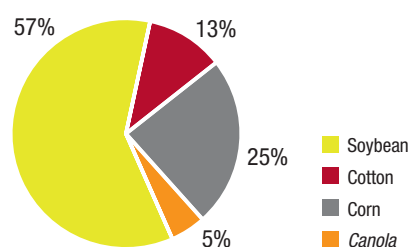
Transgenic varieties provide a solution by increasing the efficiency of agricultural production. Indeed plants that are tolerant to herbicides or resistant to insects help to prevent losses in production while using up less inputs. Over and above yield gains, they can also play a role in improving the intrinsic qualities of the plant, whether they are sanitary, technological or nutritional.

As a direct consequence of these advantages, this market is expanding fast in volume, but also in value because of the integration of several traits with the same variety.

#### A fully expanding world market



Evolution of acreages sown with genetically modified seeds in the world in 2006, in millions of hectares



Market for genetically modified plants: analysis by crop in 2006

Source ISAAA 2006

**+ 43%** | population increase predicted by the year 2040.





## The development of industrial applications for agricultural production

With the reduction in available fossil resources, in particular oil; the subject of renewable energies has for a number of years been at the forefront of concerns in our society. The biomass, which comprises all the organic materials that are sources of energy, is behind the development of:

- **biofuels.** The market for ethanol, produced from corn, is growing very fast in North America. The United States alone produced 43% of the world's ethanol in 2005. In Europe, the development of biodiesel has led in particular to the implementation of organized production chains.

- **plant chemistry (also known as “green chemistry”).**

Bioplastics are one of the markets concerned, with very wide applications: household packing, bags, mulching film, etc. Vilmorin already owns several specific cereal varieties used to manufacture entirely biodegradable bioplastics.

Still in the infancy of its development, the market for bioplastics should continue to grow, encouraged by the need to protect the environment, and by changes in legislation.

## The advantages of Vilmorin's research

- A wealth in terms of genetic resources combined with recognized know-how in breeding.
- A reasonable balance between traditional research and methods derived from the latest technology.
- Teams present worldwide, directly in touch with the needs of the market,
- Greater co-ordination between the companies of Vilmorin, as well as partnerships with outside organizations.

## Nutritional quality: a promising topic for research

In order to meet consumer needs, for several decades Vilmorin has been integrating nutritional qualities in its research programs.



- 28%

drop in agricultural land per inhabitant predicted between 2000 and 2040.

Texto carrot - Vilmorin SA  
With its low nitrate content, Texto is particularly well suited to the baby food market.



## Driving growth through international development

International development, a condition for spreading out risks, is also one of Vilmorin's strategic pillars. It is underpinned by a combination of organic and external growth involving acquisitions, strategic alliances or partnerships.

### Sustained international growth to accompany market evolutions

Already present on the major markets in Europe, America and Asia, Vilmorin directs its international growth towards stable and solvent markets with high added value.

#### International development

**In research: getting up research and experimentation stations**



**In seed production: Detecting new production zones**



**In processing: Industrial and logistics locations**



**In distribution: Developing business**



#### The benefits

- > Enriching genetic resources
- > Adapting products to their markets
- > Testing growing techniques
- > Spreading climate risks better
- > Optimizing the economic conditions of production
- > Optimizing costs
- > Spreading out risks
- > Getting payback on research products
- > Anticipating and accompanying demand

## The displacement of production areas

The need to optimize running costs and out of season supply are leading more and more frequently to the displacement of production areas. Thus countries in Eastern Europe, Africa (from North Africa as far as Senegal), Central and Southern America (Mexico) and Asia (Indonesia) have, in recent years, begun to replace some of the more traditional producing countries.

Vilmorin takes these displacements into account in its strategy of locations. The recent acquisition of the company Anadolu in Turkey, a growing market, is a good example of this.



15%

was China's world market share for seeds in 2006.

### Event occurring after the close: Vilmorin developing in China

In July 2007, Vilmorin signed a strategic alliance agreement with the Chinese company Hunan Xindaxin Co. Ltd, the reference shareholder of the seed company Yuanlongping High-Tech Agriculture.

This agreement constitutes a key milestone in Vilmorin's development in China.

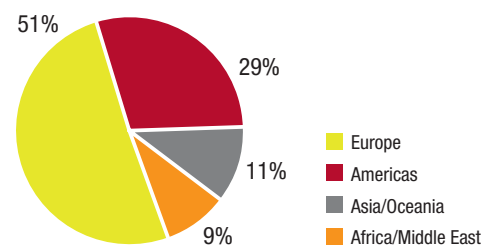
It should accelerate Vilmorin's growth in Asia, which is today the largest zone for the sale of vegetable and field seeds in the world.

Through this alliance, Vilmorin is opening up research partnerships in hybrid rice, supported in particular by expertise and genetic resources of the highest quality.

## Two main growth areas

- **The NAFTA zone:** with market shares growing significantly, Vilmorin is strengthening its position on a growing market, linked in particular to the increase in acreage for genetically modified plants and the emergence of biofuels.
- **China** alone represents more than half of the production for vegetables in the world. The increases in population and living standards makes it a priority area for investment.

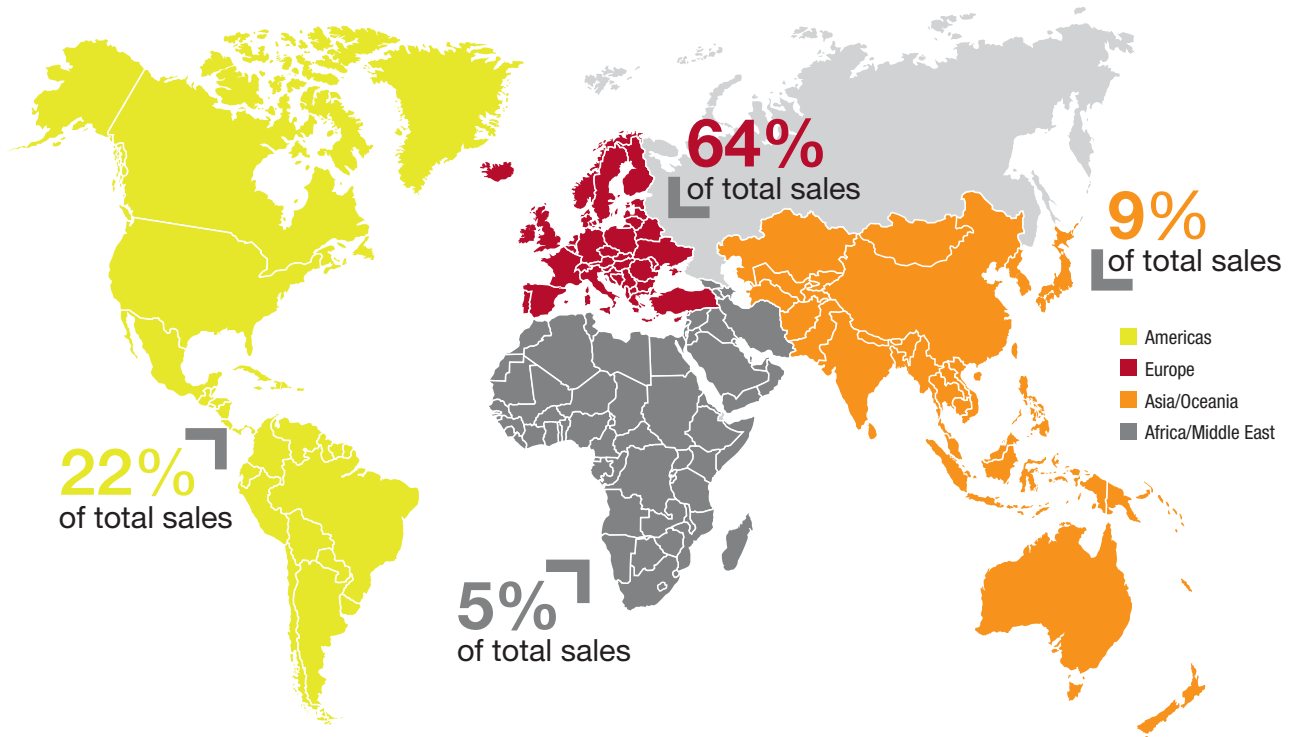
### Strong internationalization of business activities



International sales (excluding France)  
by geographic zone in 2006-2007



**A targeted strategy to anticipate the potential of each development zone**



**North America:  
growth opportunities both in value  
and in volume**

In North America, Vilmorin is one of the top four players that share out nearly 80% of market shares in field seeds and vegetable seeds.

As populations grow, the market for vegetables is growing by 2 to 3% per year. The market for field seeds has been growing in volume (extension of corn crops to meet the demand for biofuels) and in value (increasing use of second generation genetically modified plants).







**Asia: the largest world market for seed**

The Asian market, characterized by a continuous population increase and changes in its consumption patterns, the Asian market has progressed considerably over the past few years. Vilmorin has defined priority areas for action and investment such as India, China and Japan.

• **India: a market stimulated by varieties with high added value.**

The market for seed in India is estimated to be worth almost one billion dollars, of which about 100 million dollars are accessible. It is characterized by a strong concentration of players and increasing demand for products with premium value. Vilmorin has signed a strategic partnership with Avesthagen in the field of *biotechnology* and has decided to develop a seeds unit on this market.

• **China: a steady, determined approach.**

China remains a complex market that offers perspectives for growth in volume as the population increases. Vilmorin's international development must be accompanied by conditions that guarantee protection of its intellectual property and its values, particularly with regard to management. Vilmorin is concerned to maintain a large degree of autonomy in its subsidiaries, and will enter this market progressively. It is one of the few major players that hold a 10% share of this still very scattered market.

• **Japan: a key position for vegetable activities.**

As majority shareholder for Mikado Kyowa Seed, Vilmorin now has the germplasm, the product line-up and the industrial capacities to be able meet the needs of the Japanese market, a base from which to develop business in Asia.

• **South-East Asia: an observation post for research and a production zone.**

Thailand and Indonesia constitute respectively platforms for research and seed production.



**Europe: recurring growth**

With 20% of market shares in Europe, Vilmorin is leading player, and benefits fully from the recurring growth of 2 to 3% per year.

64% of its sales are made on this market.

Perspectives for development are linked to the evolution of markets in Eastern Europe, to the rapid climb in surfaces used for genetically modified plants, and to the progression of the market for biofuels.



**South America and Australia: promising bases for deployment**

• **South America** provides Vilmorin with the opportunity to produce counter-season seeds in order to extend the periods of product availability in the Northern hemisphere. Moreover we will need to upscale our commercial presence in this region particularly for vegetable seeds.

• **Australia** is a zone where Vilmorin envisages developing business in the medium term, particularly in field seeds (especially wheat), through the establishment of partnerships.



### A philosophy that entails 5 major responsibilities

- Research and innovation
- Management
- Contributing to the development of the social and economic environment
- Respect for the environment
- Risk management

## Development founded on a responsible approach

### The “Development and Responsibility” program: harmonizing standards for safety and the prevention of risks throughout the world.

In 2006, Vilmorin initiated a think tank concerning the harmonization of stricter minimum safety standards and risk prevention, enforceable in all its sites in the world. The safety of persons and property, the coexistence of crops, and the protection of intellectual property are the first requirements adopted.

This transversal progress approach, which has culminated in the production of a risk management manual, will be applied throughout the companies during the course of fiscal 2007-2008. In the second stage of the program, audits will be conducted integrating assessments in the field, an analysis of any discrepancies, with reports being drawn up and any necessary corrective action being undertaken.

#### • Committing to guarantee the same level of health and safety shared throughout the world

The standards laid down concern both the safety and health of the personnel, and the industrial safety of the sites and protection of property.

#### • Make sure the coexistence of different crops is respected

Vilmorin creates, produces and sells conventional and genetically modified plants. On top of local regulatory obligations, very strict procedures have been set up in order to preserve the coexistence of crops. These procedures specifically concern the minimum isolation between plots, technical operations in the field and in the factory, and traceability.

#### • Reinforce the protection of intellectual property

The objective of the standards laid down is to ensure that the systematic protection of plant creations is scrupulously enforced and that all the intellectual property created by Vilmorin is respected, and also that of third parties.

## Research and innovation: correlating performance and responsibilities

Through its continuous efforts in research and innovation, Vilmorin ceaselessly created new high-performance quality varieties, thus improving on existing varieties, while respecting mankind and the environment.



### Benefiting from *biotechnology* while strictly respecting regulations

As part of its research activities, Vilmorin utilizes *biotechnology* to support work in *breeding*. *Transgenesis*, used to create genetically modified plants, is one of the techniques used to develop new varieties when all other so-called conventional possibilities have been explored. It is part of the continual progress being made in plant breeding techniques, and is used to develop more and more sophisticated plants, as close as possible to the specifications of farmers.

All this research work, whether performed in a laboratory or an open field, is covered by European and international legislation and regulations. Thus in the European Union, which has some of the strictest legislation in the world, authorization is only granted after deliberation by independent expert committees concluding that the use of the technologies are without risk for health or the environment.

Once these authorizations have been granted, the crops are subject to strict environmental and sanitary monitoring.

### The Proprietary Variety Certificate (PVC)

The PVC is a title of intellectual property that only applies to creations from the realm of plants. In particular the PVC protects the ownership, production and sale of the commercial variety for a duration of twenty years. It integrates two fundamental elements:

- the breeder's exception: a commercial variety protected by a PVC can be used without financial compensation by another seeds company in order to create a new variety with characteristics that are original and distinct from the original variety used.
- the exemption of "farm" seeds: in certain conditions, the PVC authorizes the farmer to use a part of his harvest to re-sow in own plots the following year.

### Sharing access to knowledge for greater biodiversity

*Genetic heritage* is one of the founding concepts in seed improvement and the lasting success of a company.

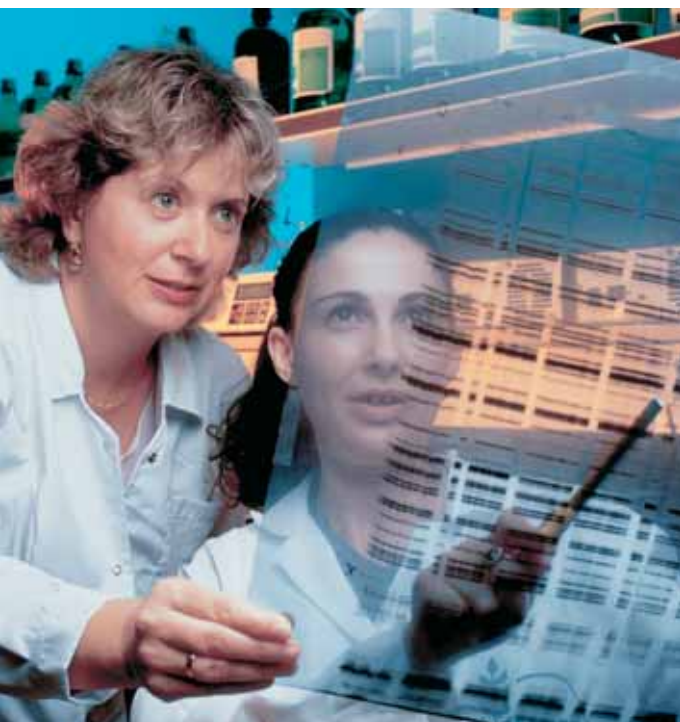
In order to protect this heritage, each country is free to choose its protection system, and some governments authorize the double protection system (Patent and Proprietary Variety Certificate - PVC). This is the case with the United States, Japan and Australia. In such cases the breeder is free to choose single or double protection. In Europe only the PVC can be used by seeds companies.

Vilmorin pleads in favor of the PVC system which protects varieties without confiscating genetic variability. In this way the company hopes to promote greater genetic diversity that can be used to preserve freedom to create. This fundamental question is still under debate today in numerous international organizations such as the World Trade Organization or the UPOV (International Union for the Protection of New Varieties of Plants).



# Promoting employee involvement, imperative for sustained growth

Combining human responsibility, cultural diversity and commitment: such are Vilmorin's objectives with regard to human resources management.



## Adapting the operating organization to Vilmorin's new dimension

Managing more than 4 400 employees throughout the world and more than 30 nationalities, requires the delegation of responsibilities in each of the subsidiaries, and harmonization of working methods.

The integration in 2006-2007 of the field seeds business confirmed the pertinence of these principles, and has opened up new opportunities for consolidation, particularly in terms of upstream research. Vilmorin's operational organization will therefore certainly be changing gradually in order to facilitate complementarity between the vegetable and the field seeds activities.

12%

of positions available in 2006-2007 were filled through internal mobility.

### Permanent staff: key figures

	05-06	06-07*
<b>Activities</b>		
Vegetables	2 814	2 839
Field seeds	-	1 507
Holding	-	85
<b>Categories</b>		
Management	760	1 276
Non-management	2 054	3 155
<b>Geographic zones</b>		
France	1 207	1 756
Non-France	1 607	2 675
<b>Analysis by sex</b>		
Men	1 680	2 804
Women	1 134	1 627

\* After integration of the field seeds business

## Adopting international career management

As a result of Vilmorin's increasing international dimension, its operating organization and the broadening of its scope of activities, career management must take on a new global dimension. The challenges are threefold: encourage the mobility of managers within the different structures, detect young talent and also anticipate the replacement of staff leaving for retirement.

Among these elements, mobility constitutes a priority objective. During fiscal 2006-2007, charter and a practical guide as well as numerous measures of accompaniment (social, financial and operational) were implemented.



## Pursuing a dynamic social policy

### Profit-sharing and savings schemes: a proactive approach

Profit-sharing that goes beyond legal requirements, is applied in each company, and at all levels of hierarchy. Calculations of what is paid out are largely based on operating income, adopted as the best indicator of performance.

A Corporate Savings Scheme, the costs of which are fully borne by the company, is available to all employees. It is made up of two exclusively reserved schemes, one of which contains Vilmorin shares.

In K€	Profit-sharing
04-05	3 854
05-06	4 600
<b>06-07*</b>	<b>5 533</b>

\* After integration of the field seeds business

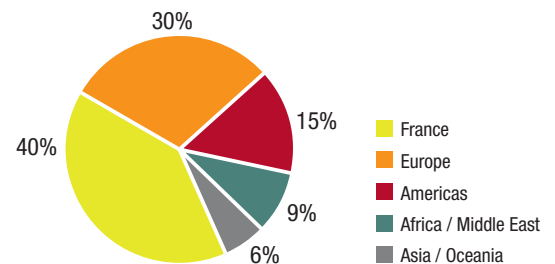
### Developing skills

More than half the companies run training programs that go beyond legal requirements. In most cases they involve adaptation to the workstation, to the evolution or consolidation of the function held, and to skills development.

	Training expenditure (in M€)	Training hours
04-05	0.6	15 500
05-06	0.5	20 472
<b>06-07*</b>	<b>0.9</b>	<b>29 138</b>

\* After integration of the field seeds business

### Geographic analysis of the staff in 2006-2007



## Encouraging social dialog

### A European Works Council

A European Works Council representing the different companies in Vilmorin meets twice a year to exchange views on the main orientations and on economic issues. During fiscal 2006-2007, 45 agreements were signed, dealing mainly with pay and working conditions.

### Tools to encourage internal communication

Internal magazines, intranet, informative letters, etc., are devoted to employees. Different seminars and conventions are organized for the top executives, the executive managers, the sales and marketing teams and the researchers. They are memorable experiences, and can contribute to performance assessment where certain employees stand out in terms of potential.

## Improving health and safety: prevention is the guiding principle

Most companies in Vilmorin have internal committees or officers responsible for making sure the health and safety of employees are respected in the workplace. In particular they record and analyze any work accidents, and they propose and implement corrective action.

## Contributing to the responsible development of ones social and economic environment



The Harris Moran "Relay for Life" team.

### Vilmorin participates in the FARM program

The mission of the French organization FARM (Foundation for Agriculture and Rurality in the World) is to propose a new approach to agricultural production, which will also be a contribution to sustainable agriculture on a world scale. Supported by some of the major French groups such as Suez and the Crédit Agricole bank, FARM concerns all developing countries, and targets in particular less developed countries (LDCs) and the Afro-Caribbean-Pacific (ACP) group.

### Targeted initiatives to support social and humanitarian projects

Vilmorin participates in different social and humanitarian projects, for example:

#### The development of a model farm in the Philippines

In the Philippines, and particularly on the island of Mindanao (one of the three main island of the archipelago), agriculture remains the main source of subsistence for the people while there is less and less arable land. This is the context in which Vilmorin participates in the development of a farm by supporting the project financially and providing seed.

#### Partnership with charity organizations

Launched by Suttons four years ago on the British market, the "Fundraiser" mail order catalog is sent out to institutes (schools, hospitals, etc.) looking for ways to funds their activities. These institutes promote and distribute the catalog, and in exchange they receive a commission on the sales the catalog generates.

#### Participation of the company Harris Moran in the relay race "The Relay for Life" in the United States

As part of the special days organized by the "The American Cancer Society", a Harris Moran team takes part in the 24-hour relay. In 2005 a team of 39 volunteers made their contribution to this cause, generating sponsorship of 8 500 dollars.

## Committed to help with the occupational integration of handicapped people

For almost 15 years, Oxadis has been working in co-operation with the association Messidor to professionally integrate victim of psychiatric accidents. The workshop, comprising 8 to 20 people, depending on the level of activity, is totally integrated into the company. It works to make sure that the processing of goods is fluid (packaging of toys and accessories for pets, sticking on labels, repackaging products, etc.). This partnership means there is a gain in productivity for Oxadis, and it contributes to its policy to help the handicapped, while the Messidor employees achieve an important stage in their professional reintegration. Two of them have joined the permanent Oxadis staff after a few years in the workshop.

## Anticipating and regulating world agricultural exchanges

The globalization of agricultural markets involves the risk of subjecting every form of agriculture to economic and social pressures. And so, in order to guarantee food security and sovereignty, speculative drifts and potential market deregulation need to be anticipated.

This is why Vilmorin has chosen to support WoAgri (World Organization for Agriculture). Founded in 2005 at the initiative of the French agricultural sector, its mission is to arouse international awareness in favor of the creation of world governance for agriculture that would open up new prospects to farmers everywhere in the world.

WoAgri has brought together professional protagonists from the agricultural world and public figures from very different horizons: managers of NGOs, members of government institutes, scientists, company managers, etc., with the hope of building another approach to agriculture in the world, that is innovative and that guarantees cultural traditions.



In order to achieve this goal, it relies on two instruments that form the basis of true governance and international cooperation for agriculture: a new economic model dedicated to agriculture and the international agency for assessment and grading.



## Active involvement in inter-professional bodies

Vilmorin plays an active role in discussions on the use of *biotechnology* for scientific research.

It is very much involved in consultation committees that work with all those linked to the world of agriculture to investigate the impact on society of the development of plant *biotechnology*.

The aim is to make information available to citizens so that they can form their own opinions, and at the same time, to promote the emergence of clearer, better balanced rules.



## Developing while respecting the environment

Vilmorin analyzes the potential environmental consequences linked to its business, in order to control and reduce them. Moreover it lobbies in favor of the conservation of biodiversity and free access to *genetic resources*. These commitments bear witness to the responsible vision of its development.

more than **100**

new varieties created  
by Vilmorin contribute every year  
to enriching biodiversity.

### Plant breeding: a vector for enriching biodiversity

With more than one hundred new varieties registered every year, a *genetic heritage* of more than 10 000 plant varieties collected over the past 260 years, and 2 000 varieties proposed in its commercial line-ups, Vilmorin makes a practical contribution to the conservation of biodiversity.



### Preserving the environment through the development of more sophisticated seeds

For several years, Vilmorin has been developing vegetable and field seed varieties that are resistant to different forms of *pathogens*. These resistances, integrated using conventional plant *breeding or transgenesis*, make it possible to make significant reductions in the consumption of fertilizers and agrochemical products in the field.

*Pelleting* commercial seeds with protection products also contributes to minimizing treatment throughout the lifespan of the plant.

Furthermore, genetically modified plants contribute significantly to diminishing the impact of agricultural production on the environment. Their use means that there is less spraying of chemical products, growing practices become more friendly, and water consumption is limited by developing varieties that are resistant to hydric stress.



## A limited impact on the environment

### Consumption of water, energy and fuel

- **Water:** given the modest surface areas cultivated, in all just over 2 000 hectares for research and a little over 26 000 for production in the world, Vilmorin consumes very little water. Consumption was estimated to be around 1 000 000 m<sup>3</sup> in 2006-2007 (less than the equivalent of two months water consumption of a city of 212 000 inhabitants). An indication that awareness of this issue is growing is that several companies have set up specific irrigation systems in order to control and limit this consumption.

- **Energy:** even though it consumes relatively little (about 49 Gwh for fiscal 2006-2007), Vilmorin regularly integrates measures to limit its consumption in its investments. For example this is the case for Clause Tézier which has implemented several corrective actions in its replacement of greenhouses, the automated management of heating for crops grown in greenhouses and tunnels, and the insulation of buildings.

- **Fuel:** consumption is very low and represents a minor environmental impact.

Greenhouse tomatoes  
Clause Tézier



### Recycling waste

Vilmorin is careful to recycle as much of its waste as possible, estimated to be more than 11 000 tons for the year 2006-2007.

As far as possible plant waste is used as animal feed. With regard to other forms of waste (packing materials, paper, cardboard, plastics), they are selectively sorted in most cases. Moreover most of the companies have abandoned rock wool for their research in greenhouses, and have generally adopted coco fiber liners, a *substrate* which can be recycled, and are therefore more ecological.

### Air, water and soil pollution

Since the surface areas used by Vilmorin are limited, pollution levels generated are relatively low. Most of the production sites are owned by Vilmorin, and they are carefully monitored and serviced.

- **Air:** dust generated during seed processing is the main source of any pollution. Consequently most of Vilmorin's companies have installed systems to filter and capture this dust.

- **Water:** research activities are organized to limit as much as possible any discharge into water. In the greenhouses, for example, all the fertilizer-based solutions are recycled and flow through a closed circuit. All the more recent stations recycle their wastewater, using wastewater recovery stations.

- **Soil:** the spreading of fertilizers on commercial seeds, and the agrochemical treatments used, can be a source of pollution. Different preventive and corrective actions are taken, including the strict respect of certified products and recommended dosages. Moreover, several of Vilmorin's companies have initiated *biological control* methods in the greenhouses, leading to a spectacular reduction in the number of sprays. Finally, the development of varieties resistant to insects and viruses, with fewer needs for fertilizer for growing, means that fewer chemical products are required.

- **Agro-chemical products:** the only activity which might be considered as liable to pollute, the production and storage of fertilizers and agrochemical products sold by Oxadis, is today wholly contracted out to suppliers that respect the regulations in force in specially authorized facilities.

# Anticipating though risk assessment

With vigilance and rigor at all times, Vilmorin assesses as accurately as possible all the risks that might affect its business, and takes suitable measures to control them.

## Risks with regard to seed production

### **The production plan, a vital aspect in the appropriate supply of markets and also control over inventory levels**

With several factors taken into account (market needs, the life span of each variety, figures concerning the previous production, production zone, etc.), the production plan conditions the appropriate supply of markets and also control over inventory levels. The production plan is run by the Production Manager, and confirmed by the General Management in each company.

### **Risks regarding suppliers: very strict specifications**

To produce its seeds, Vilmorin makes use of an international network of rigorously selected seed *multiplication farmers*. A contract system has been set up in which Vilmorin retains ownership of the seed, and remains totally independent economically. The contract contains a series of specifications defining all the conditions and objectives laid down for production: surface area for production, quality, purchasing price of the seed with fixed or variable parameters, the schedule of operations required, the standard of inputs to be used, etc., monitoring and control of the application of the contract are run by the agronomic department in each company.

### **The risks involved in processing: systematic control**

#### • Process



Being able to guarantee the quality of seeds is crucial since any claims could have really unwelcome financial consequences. Indeed, the claims lodged by the professional clientele would involve not so much a reimbursement of the value of the seeds, but more the global value of the expected harvest.

In order to avoid such a scenario, the seed quality is controlled throughout the processing stages; from the time the product arrives until it is distributed.

#### • Approved installations

With regard to approved installations, all Vilmorin's business, wherever it is located in the world, rigorously respects regulations. For example, Vilmorin's activity at its site in La Ménittré (France) is subject to approval in several areas, including the storage of combustible materials in covered warehouses, since their volume is greater than 50 000 m<sup>3</sup>.

### **Climate and weather risks: diversifying the location of facilities**

The varied international locations of production areas, and research locations, make it possible to share out and limit the inherent risks of meteorological uncertainty. In terms of production, this diversification of sites throughout the world is also a prerequisite because of the highly seasonal nature of the business, and the specific needs of the different species and variations in demand. There are about twenty production basins spread out over the five continents to ensure seed production.

In vitro culture  
 of cauliflower



## Legal risks

### The protection of innovation: constant vigilance

Vilmorin's international activities and the challenges that lie ahead with regard to access to germplasm and brand reputation mean that there is a real risk of counterfeit varieties appearing on the market. The company uses one of three ways to defend itself, depending on the circumstances.

- A legal approach through intellectual property. The Proprietary Variety Certificate (PVC), in particular the breeder's exception, is a way of limiting counterfeit, since it authorizes another breeder to use a commercial variety to create a new variety, with original characteristics that are distinct from the first, before it can be freely exploited.
- A technical approach using *molecular marking* to look at the *genome* of a competing variety for any similarities with a variety from Vilmorin's research programs.
- A regulatory approach. The registration of varieties in official French and European catalogs helps to ensure marketing protection and to restrict the abusive use of varieties and their commercial name.

Moreover, with the rise of counterfeit seeds, European breeders are working through the ESA (European Seeds Association) to promote a professional approach to establish a guide of good practices. With this guide it will be possible to restrict the abusive use of *germplasm*, brands, packaging and logos.

## Risks regarding clientele: a wide portfolio of customers

As a % of consolidated sales	04-05	05-06	06-07*
Weight of the top 5 customers	11.9	9.3	4.9
Weight of the top 10 customers	18.5	13.4	7.5

\* After integration  
 of the field seeds business

Vilmorin is not globally confronted with excessive concentration of customers that might lead to a sudden drop in business, particularly as a result of the lower proportion of its home garden activity in its total business. Moreover the risks of failing to recover customer debts are moderate.

Vilmorin's subsidiaries each on a local basis provide suitable solutions according to their particular business.

## Market risks

### Political risks: careful strategy in the choice of locations

Any possible political risks are taken into account in investment decisions and in the location of industrial, technological and commercial assets. In spite of the context of international tension in recent years, particularly in the Middle East and in certain Asian countries, Vilmorin has not been affected economically in its international business.

NB: All the different risks are presented exhaustively in the Chairman's report on the functioning of the Board of Directors and on internal control on page 77.

# Corporate governance



Gérard  
RENARD



Pierre  
PAGESSE

## Presentation of the Board of Directors and General Management

After the integration of Limagrain's field seeds activities into Vilmorin, the Board of Directors has been partially reorganized, with an aim to achieve equal representation of the different sectors of activity.

François DELOCHE, Raoul FAURE, Jean-Paul FAURE and Jean-Denis POULET have therefore resigned from the board to allow for the co-option of Pierre PAGESSE, Joël ARNAUD, Philippe AYMARD and Jean-Yves FOUCAULT.

Danier CHERON, CEO delegate of Vilmorin & Cie, was invited to become General Manager of Groupe Limagrain in December 2006. Consequently, he transferred his functions in February 2007 to Adrian HUIGE, who was until then the group's Human Resources Manager and responsible for different operational missions.

### CEO

#### **Gérard RENARD** (60)

Commencement of duties: 1998  
Renewal of term of office: 2005  
Expiry of term of office: 2008  
Farmer and Vice-Chairman of Agricultural Cooperative Limagrain.

Educated in agronomic science and agriculture, Gérard RENARD, as well as his duties at Vilmorin, is also President of the Puy-de-Dôme Chamber of Agriculture, member of the Auvergne Regional Chamber of Agriculture committee and President of the Puy-de-Dôme Interchamber Committee.

### Members of the Board

#### **Pierre PAGESSE** (61)

Commencement of duties: 2006 – Expiry of term of office: 2008  
Farmer and Chairman of the Limagrain Agricultural Cooperative.  
Pierre PAGESSE, as well as his duties at Vilmorin, is also Vice-Chairman of Génoplante (public-private research partner in plant genomics), Member of the Board at INRA (National Institute for Agronomic Research), Arvalis (Plant Institute) and the Union of Cooperatives INVIVO.

#### **Joël ARNAUD** (48)

Commencement of duties: 2006 – Expiry of term of office: 2008  
Farmer and Vice-Chairman of the Board of the Limagrain Agricultural Cooperative.

#### **Philippe AYMARD** (48)

Commencement of duties: 2006 – Expiry of term of office: 2007  
Farmer and Member of the Board of the Limagrain Agricultural Cooperative.

#### **Jean-Yves FOUCAULT** (52)

Commencement of duties: 2006 – Expiry of term of office: 2007  
Farmer and Member of the Board of the Limagrain Agricultural Cooperative.

#### **Daniel CHÉRON** (56)

Commencement of duties: 2004 – Renewal of term of office: 2005  
Expiry of term of office: 2008 – General Manager of Groupe Limagrain.

#### **François HEYRAUD** (50)

Commencement of duties: 2000 – Renewal of term of office: 2005  
Expiry of term of office: 2008 – Farmer and Member of the Board of the Limagrain Agricultural Cooperative.

Information concerning mandates of the Members of the Board can be found in the appendix in the management report page 89.





Joël  
ARNAUD



Philippe  
AYMARD



Jean-Yves  
FOUCAULT



Daniel  
CHÉRON



François  
HEYRAUD



Adrian  
HUIGE

### CEO delegate

**Adrian HUIGE** (58) - Commencement of duties: 2007  
Assistant General Manager of Vilmorin.  
After managing the Advanta group for more than 7 years, Adrian HUIGE joined Vilmorin in 2004. He contributed particularly to the restructuring and integration of Advanta's European activities in the field seed division of Vilmorin.

### Proposal for new members of the board

At the Shareholders General Assembly on December 12<sup>th</sup> 2007 in Paris, the following nominations will be presented:

- > Pascal VIGUIER, as Member of the Board of Vilmorin, for a three-year term expiring at the end of the AGM for the accounts of the fiscal year on June 30<sup>th</sup> 2010.
- > Didier MIRATON, as independent Member of the Board following recommendations for such representation in the AFEP/MEDEF report in October 2003 and by the European Commission on February 15<sup>th</sup> 2005.



Pascal  
VIGUIER

**Pascal VIGUIER** (43) – Farmer.

Pascal VIGUIER has been a farmer since 1990 and became a Member of the Board of the Limagrain Agricultural Cooperative in 1999. He has held terms of office in the vegetable (board member at Vilmorin Clause & Cie from 2000 to 2004) and field seed sectors. He has also been a member of the Puy-de-Dôme Young Farmers Committee.



Didier  
MIRATON

**Didier MIRATON** (49) – Non-General Managing Partner of the Michelin Group. Didier Miraton, a Government Civil Engineer, joined Michelin in 1982. After holding several responsibilities within the group in France and abroad, he was appointed as Technical Director of the Civil Engineering product line and member of the line management team in 1996. In 2001, he became General Manager of the Michelin Technology Center and member of the Executive Committee of the Michelin Group.

Since May 2007, he has been a member of the General Management team of Michelin with Michel ROLLIER and Jean-Dominique SENARD.

### Limagrain, a reference shareholder and a guarantee for a sustainable strategy

Vilmorin belongs, for the most part, to Groupe Limagrain which has encouraged its development by providing regular and consistent investment support.

Breeder and producer of plant varieties, the independent cooperative group Limagrain has broadened and developed its know-how in seeds to the markets for ingredients and bakery products. The Group has a strong international dimension, with nearly 70% of its sales outside France.

Groupe Limagrain is structured around a holding company, Groupe Limagrain Holding, a joint stock company, in which the cooperative company Limagrain is the majority shareholder. Located in Auvergne (France) in the plain of Limagne, Limagrain had 674 cooperative members on June 30<sup>th</sup> 2007. Limagrain held 70.1% of Vilmorin's stock on June 30<sup>th</sup> 2007. The Group is willing to consider lowering this rate depending on market opportunities and with the objective of favoring the development of Vilmorin.

## How the Board of Directors operates

### Meetings and attendance rates

For the purpose of their office, all members of the Board can be contacted at the following address:  
c/o Vilmorin – BP1 – F-63720 Chappes.

The Board of Directors meets regularly. Meetings are convened by written or oral notice to attend from the Chairman, and are held at the head office or any other place fixed in the notice.

During the fiscal year 2006-2007, the Board of Directors for Vilmorin met six times. Moreover, for the purpose of the offices they hold in the subsidiary companies of Vilmorin, the Members of the Board took part in 39 meetings during the course of the fiscal year 2006-2007. The overall attendance rate of the members of the Board for all companies in the group was 95%.

The main topics discussed by the Board of Directors during the past fiscal year dealt with:

- > an analysis and approval of the orientations presented for the medium-term plan,
- > following the reorientation plan for the home garden business,
- > confirmation of the objectives of the professional vegetables business both in terms of international development and research investments,
- > integration of Limagrain's field seeds business,
- > implementation of the development plan on Asian markets,
- > approval of the budget for the fiscal year 2007-2008,
- > closing of the half-yearly and annual corporate and consolidated financial statements.

### Vilmorin's Board of Directors within Limagrain

Today, all the directors on the Board of Vilmorin are from Limagrain. As a result they all benefit from specialist experience in agriculture and agronomy, along with real experience in seeds. Likewise, subjects that are specific to Vilmorin are always dealt with first of all at Board meetings of Vilmorin. As an example, when the company initiates a development project, there are two stages of preparation and presentation - the Executive Committee and then the Board - exclusively concerning Vilmorin before the presentation to the Group Steering Committee of Limagrain. Vilmorin's Board answers to its majority shareholder in the same way it answers to all its other shareholders, since their common objectives and interests are to invest in a company that is both healthy and profitable long-term.



### Executive Committee

Vilmorin's Executive Committee is chaired by Mr. Adrian HUIGE and comprises:

- > M. Jean-Christophe GOUACHE: VP for professional vegetables business.
- > M. Alain PERRIN: VP for field seeds and in charge of Scientific Affairs.
- > M. Daniel JACQUEMOND: Chief Financial Officer.
- > M. Emmanuel ROUGIER: VP for Development and Management, and also in charge of the home garden business.

The Executive Committee meets twice every month. Its vocation is:

- > to define the strategic orientations of Vilmorin, and to submit them to the Board of Directors, and then to follow their implementation,
- > to arbitrate on budgetary proposals from the different business units and check regularly that budgetary decisions are respected,
- > to analyze any opportunities for external growth, partnerships or divestments, to submit them to the Board, and then to make sure they are properly finalized,
- > to define the main rules and operating procedures for the Group,
- > to establish projects to close the half-yearly and annual consolidated and corporate accounts.

## Agreements with mandatories and economic interests of the management bodies

### Stock options, stock purchasing, voting rights, agreements with mandatories

The members of the Board of Directors each hold three shares of Vilmorin. No operation or agreement has been concluded by the company with its mandatories. No loan or guarantee has been granted or signed in their favor by the group's banks.

### Remuneration and advantages of any nature received by the mandatories

As in previous years, members of the Board exercised their function without any remuneration; no token payments were made for presence at meetings. M. Daniel CHÉRON, Director and CEO delegate up until February 2007, was also a salaried member of Groupe Limagrain, the reference shareholder of Vilmorin, and thus it should be noted that the proportion of gross remuneration paid for the functions he held specifically for Vilmorin in 2006-2007, amounted to 171.9 thousand euros including a variable part of 16.5 thousand euros.

Using the same approach, M. Adrian HUIGE, the new CEO delegate since February 2007, is also a salaried member of Groupe Limagrain Holding, and the proportion of gross remuneration paid for functions he held specifically as of that date, came to 104.4 thousand euros, including a variable part of 24.7 thousand euros.

Finally, the total commitments concerning end of career allowances of M. Daniel CHÉRON and M. Adrian HUIGE on June 30<sup>th</sup> 2007 came respectively to 128 thousand euros et 6.5 thousand euros.

### Remuneration of members of the management bodies

In 2006-2007, the sum of payments made to members of the Management bodies, including income in kind, amounted to 3.5 million euros. These Management bodies concern the Managers on the Executive Committee of Vilmorin and the General Managers of the following operating companies: Vilmorin SA, Nickerson Zwaan, Clause Tézier, Hazera Genetics, Harris Moran, Mikado Kyowa, Marco Polo, Oxadis, Flora Frey, Suttons, CNOS Vilmorin, Limagrain Verneuil Holding, Biogemma and AgReliant, making 22 people altogether.

### Conflicts of interest

To the knowledge of the company, no pact or agreement has been signed with the shareholders, customers, suppliers or any other category to which any one of the members of the Board of Directors or any one of the members of the management is party.

To the knowledge of the company, there is no potential conflict of interest between the duties held by the Board of Directors and other members of the management with regard to the company and their private or personal interests.

To the knowledge of the company, no restriction has been accepted by the members of the Board of Directors and the other members of the management concerning the sale of their stake in the company's stock.

To the knowledge of the company, no sentence has been pronounced with regard to any of the company's mandatories which might have, or has had recently, any significant effect on his or her financial situation.

### Control bodies

Date of expiry of term of office	
<b>Incumbent Statutory Auditors</b>	
KPMG AUDIT Département de KPMG SA 1, cours Valmy F-92923 Paris la Défense Cedex represented by Mrs Catherine PORTA Date appointed: 2002	2008 (AGM for the accounts of the fiscal year closing on 06.30.08)
VISAS 4 Commissariat 56, boulevard Gustave Flaubert F-63010 Clermont-Ferrand represented by Mrs Corinne BESSON Date appointed: 2005	2011 (AGM for the accounts of the fiscal year closing on 06.30.11)
<b>Substitute Statutory Auditors</b>	
M. Jean-Luc DECORNOY 2 bis, rue de Villiers F-92300 Levallois-Perret Date appointed: 2002	2008 (AGM for the accounts of the fiscal year closing on 06.30.08)
M. Olivier DELARUE 56, boulevard Gustave Flaubert F-63010 Clermont-Ferrand Date appointed: 2005	2011 (AGM for the accounts of the fiscal year closing on 06.30.11)

# Information and communication for the stock markets

## Information: [www.vilmorin.info](http://www.vilmorin.info)

- Presentation of the company,
  - evolution of the share value,
  - financial analyses
  - informative meetings
- accessible on [www.vilmorin.info](http://www.vilmorin.info).  
It is also possible to sign up on line to receive press releases.

Vilmorin does all it can to be as precise, reliable and transparent as possible on its strategy and development perspectives, taking the expectations of its different shareholders into consideration.

## Publications available to all the financial community

Every year Vilmorin publishes several tools for the purpose of the company's shareholders and the financial community in general. These are available in their electronic version on the company's website, or upon request from the Department of Financial Operations:

### CONTACTS:

Daniel JACQUEMOND  
Chief Financial Officer

Claire PLANCHE  
Financial  
Communication Officer

Tel: +33 (0)4 73 63 41 95  
Fax: + 33 (0)4 73 63 41 80  
E-mail: [contact@vilmorin.info](mailto:contact@vilmorin.info)

Within the framework of the French Transparency Directive, Vilmorin now disseminates regulatory information through a professional disseminator, in compliance with the recommendations of the Autorité des marchés financiers.

### • Annual report in French and in English

Printed in 2 000 copies, it is available both in French and in English. The annual report is updated at the time of the disclosure of the half-yearly financial statements.



### • Press releases

During the year 2006-2007, there were at least fifteen press releases. They are written in French and in English, and, since February 2006, in German.

## Scheduled agenda for 2007-2008 (subject to modifications)

- 11.12.2007:** Disclosure of sales for the first quarter \*
- 11.16.2007 and 11.17.2007:** Actionaria Fair at the Palais des Congrès in Paris
- 12.20.2007:** Payment of the dividend
- 02.05.2008:** Disclosure of the half-yearly sales\*
- 02.26.2008:** Disclosure of the half-yearly results\*
- 05.06.2008:** Disclosure of sales at the end of the third quarter\*
- 08.05.2008:** Disclosure of annual sales\*

\* Disclosure after the end of trading at the Paris Bourse.





Reception on the Vilmorin stand at the Actionaria Fair

## ACTIONARIA LE SALON DE LA BOURSE

### Relations with individual shareholders

Vilmorin is concerned to maintain a healthy balance between private and institutional shareholders. For this purpose the company takes specific action in favor of individual shareholders.

On June 30<sup>th</sup> 2007, the total of individual shareholders of either nominative or bearer shares stood at 7 700.

#### • Letters to the shareholders



Printed at several thousand copies, the letter to the shareholders is published twice a year in conjunction with the disclosure of the company's yearly and half-yearly results. During the course of fiscal 2007-2008, a third publication, with a more pedagogical vocation, will explain the main challenges in Vilmorin's business with regard to research.

#### • Shareholders' meetings



Vilmorin has been an associate member of the French Federation of Investment Clubs since 2005 and in particular, publicizes in the Federation's magazine, "Info(s) Club" and participates in shareholders' meetings.

#### • Actionaria Fair

Vilmorin participated for the second time in the Actionaria fair in November 2006 with very fruitful results. There were numerous exchanges and the informative meeting attracted about one hundred people. The company will be present once again for the 2007 fair.

### Relations with analysts, institutional investors and the press

#### • Informative meetings and site visits

9 informative meetings held for investors, analysts and journalists were organized in 2006-2007 concurrently with the disclosure of financial information. Vilmorin also organized two visits to industrial sites in France and the United States.

#### • Meetings with investors

During the course of the year 2006-2007, Vilmorin participated in 13 meetings with investors and analysts in the form of conferences or road-shows, including more than half outside France (London, Frankfurt, Geneva, Zurich, New-York, Chicago, etc.).

### Financial analysts that follow the share value

Oddo Midcap,  
Crédit Agricole Cheuvreux,  
Exane BNP Paribas,  
Gilbert Dupont,  
Société Générale Securities,  
Natixis, CIC Securities,  
Fideuram Wargny,  
Fortis, Rabobank,  
Financière d'Uzes.

# Vilmorin's shares

## Share data sheet

**Date of introduction to the second market of the Paris stock exchange:** Nov. 3<sup>rd</sup> 1993

**Place of quotation:**  
NYSE Euronext Paris. Compartment B

**Euronext indices:**  
Next 150, CAC Mid 100 and SBF 250

**Codes:**

- ISIN: FR0000052516 (RIN)
- Bloomberg: RIN FP
- Reuters: VILM.PA

**Eligible to PEA**

**ICB nomenclature sector:**  
"Farming & Fishing"

**Number of shares:** 13 391 857

**Servicing of the shares:**  
CACEIS Corporate Trust  
(Crédit Agricole Caisse d'Épargne  
Investor Services) - 14 rue Rouget de l'Isle  
F-92862 Issy-les-Moulineaux CEDEX 09  
Tel: +33 (0)1 57 78 34 44  
Fax: +33 (0) 1 57 78 34 00  
Email: actionnariat.ge@caceis.com

**Close of the fiscal year on June 30<sup>th</sup>**

## Key figures

- **Maxima and minima:**  
+ highest: 101.8 euros on June 28<sup>th</sup> 2007  
+ lowest: 57.8 euros on Sept. 15<sup>th</sup> 2006

Evolution\* since July 3<sup>rd</sup> 2006:  
+ 65.7%

Evolution\* since Jan. 2<sup>nd</sup> 2007:  
+ 57.8%

\* calculated at the closing rate  
of Friday June 29<sup>th</sup> 2007.

(Source: Euronext)

## Management and liquidity of the shares

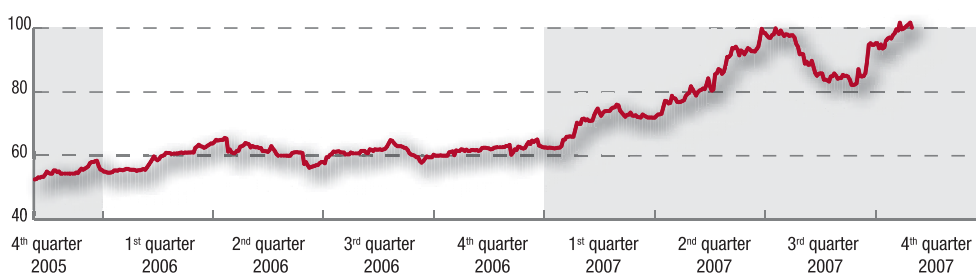
**Company delegated to run the liquidity contract (since January 3<sup>rd</sup> 2006):**  
Oddo Midcap

**Type of contract:**  
Contract renewed every year by tacit agreement and compliant with the AFEI (Association Française des Entreprises d'Investissement) deontology charter.

**Assets that appeared on the liquidity account:**

- **at the beginning of the contract:**  
- number of shares: 6 125  
- in cash: 195 065.80 euros
- **in June 30<sup>th</sup> 2007:**  
- number of shares: 1 312  
- in cash: 531 852.37 euros

## Evolution of the price of the shares



Weekly  
closing rate  
(in euros)  
(Source: Euronext)

# 1,66€

Is the net dividend per share  
proposed to the AGM  
of December 12<sup>th</sup> 2007.

## The dividend Questions and answers (article 38 of the bylaws)

### • How is the dividend determined from the profits?

The dividend is determined according to rules generally applied, after paying into a legal reserve fund and after deduction of any losses carried forward from previous years if appropriate. This topic is dealt with in detail in article 38 of the bylaws.

### • What are the other rules concerning payment of the dividend?

When the General Meeting considers the accounts for the year, it can grant for each shareholder, for all or part of the dividends distributed, or part payment thereof, an option between paying the dividend or part payment thereof in cash or in shares.

## Dividends over the last five fiscal years and distribution policy

With comparable economic and financial conditions, and apart from the launch of any projects or investments of a nature to modify the balance sheet structure in a significant manner, Vilmorin will do all it can, for the coming fiscal year, to maintain its profit distribution policy along the lines of previous years.

### Dividends claim limit

The legal limit of five years from the date they are payable. After this date, unclaimed dividends are paid to the State by the company.

### Tax regulations

- French residents: dividends received are liable to income tax in the category of stock revenue. Taxation is applied as follows:
  - general allowance of 40% on the amount of the dividends received,
  - annual fixed and overall allowance of between 1 525 euros to 3 050 euros depending on the marital situation,
  - taxation in accordance with the progressive rate of income tax,
  - a tax credit of 50% deducted from taxes, varying depending on the situation of the tax payer: from 115 to 230 euros.
- Non French residents: shares held by non-residents have tax withheld at the rate in force in France depending on agreements with countries receiving these revenues (maximum internal rate of 25%). Generally speaking, the taxes are paid by the financial intermediaries. Taxes are withheld in France and usable in principle for a tax credit in the country of residence.

	02-03	03-04	04-05	05-06	06-07
Number of shares receiving dividend	3 187 703	3 172 957	3 185 934	13 388 283	13 391 857 <sup>(1)</sup>
Net dividend (euros)	3.80	4.60	4.85	1.62	1.66
Tax credit (euros)	1.90	2.30	-	-	-
Gross revenue (euros)	5.70	6.90	-	-	-

(1) The number of shares held internally at the date the dividend is paid out should be deducted from this figure.

# The stock and the shareholders

+ than 8 000

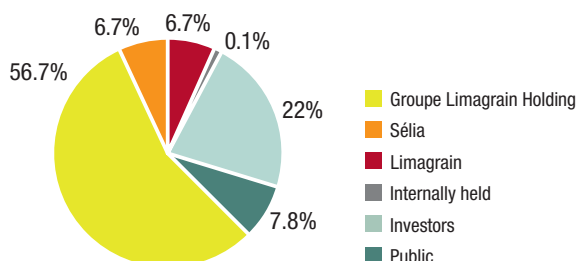
This is the number of bearer shareholders known on June 30<sup>th</sup> 2007.

## Stock

On June 30<sup>th</sup> 2007, the authorized stock was 204 225 819.25 euros divided into 13 391 857 nominally fully paid up share of 15.25 euros.

To the knowledge of Vilmorin, there are no other shareholders, whether directly or indirectly or acting in conjunction with others, holding 5% or more of the stock or the voting rights.

- **Stock and voting rights held by the different administrative or management structures:** not significant.
- **Stock and voting rights held by the employees, directly or indirectly:** not significant.
- **Declaration of shareholder agreements:** none.
- **Potential capital:** none.
- **Non-issued authorized stock:** none, as no commitment to raise the stock had been made.
- **Shares non-representative of the stock:** none.
- **Stock options:** none.



Analysis of the stock on June 30<sup>th</sup> 2007  
(Source Euroclear and internal)

## Shareholders Questions and answers (article 12 of the bylaws)

### • Are there any special rules applied beyond a threshold of stock held?

Any physical or moral person, acting alone or with others, who goes above, or back under, the threshold of 3% of the stock or voting rights or any multiple of this percentage, is required to inform the company (decision of the General Meeting of July 22<sup>nd</sup> 1993).

The conditions under which the company should be informed are laid down in article 12 of the bylaws. If such conditions are not respected, any shares above this threshold and which should have been declared, are deprived of voting rights under conditions laid down by the law, if one or several holders of shares to the value of 5% of the authorized stock so request in the minutes of the General Meeting.

### • Can Vilmorin request identification of shareholders?

The company is authorized to make full use of legal recommendations for the identification of shareholders which grant immediate or subsequent voting rights in its shareholders' meetings.



Analysis of the stock and the voting rights on June 30<sup>th</sup> 2007

	Single vote shares	Double vote shares	% of stock	Total number of votes	% of the total number of votes
Groupe Limagrain Holding	3 836 408	3 773 991	56.83	11 384 390	60.07
Limagrain		891 603	6.66	1 783 206	9.41
Sélia		892 503	6.66	1 785 006	9.42
Internally held	1312		0.01	-	-
Directors	15	6	0.00	27	0.00
Public	3 992 053	3 966	29.84	3 999 985	21.10
<b>Total</b>	<b>7 829 788</b>	<b>5 562 069</b>	<b>100.00</b>	<b>18 952 614</b>	<b>100.00</b>

22%

This is the proportion of floating stock held by institutional investors based outside France (mainly Europe and the United States).

## Notification of crossing the threshold

There was no instance of the threshold being crossed recorded during fiscal 2006-2007.

## Annual General Meetings Questions and Answers (articles 29 and 30 of the bylaws)

• **How are the nominative shareholders informed?**

The shareholders who have held their nominative shares for at least one month at the time the meeting is published, are convened to any General Meeting by ordinary letter, or for any shareholder who so wishes, by registered letter at his or her own expense.

• **What are the conditions of attendance?**

Any shareholder can attend a General Meeting, whether personally or by proxy, in the conditions laid down by law, upon justification of his or her identity and ownership of the shares, either by nominative registration, or by registration of the certificate of the authorized intermediary, at one of the places indicated in the invitation to attend, in accordance with regulations in force, stating that the bearer shares registered up until the date of the meeting are not available to be shown; the period during which these formalities must be accomplished expires five days before the date of the General Meeting. Any shareholder can also participate in General Meetings by means of a videoconference or by any other means of telecommunications fixed by laws and regulations, and which are stipulated in the invitation to attend the General Meeting.

• **Does one have to own a minimum number of shares?**

The General Meeting can be attended by all the shareholders whatever the number of shares they hold, on condition they are fully paid up.

• **How can the shareholders vote?**

In all the meetings, provided all laws and decrees are respected, each member attending the meeting has the same number of votes as the number of shares he holds or represents, without any limits. Nevertheless, double voting rights compared to other shares, in proportion to the stock they represent, are granted to any shares fully paid up and held nominatively for four years at least with the same shareholder's name (decision of the AGM of July 22<sup>nd</sup> 1993). This right is also granted, as soon as they are issued in the case of an increase in stock through incorporation of the reserves, profits or issue premiums, to nominative shares allocated free of charge to a shareholder by virtue of former shares which provide this right.

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# Legal information

## Information of a general nature

### ■ Name, head office and administrative offices

Name:

Vilmorin & Cie.

Head Office:

4 quai de la Mégisserie - 75001 Paris - France.

Administrative offices:

BP 1 - 63720 Chappes - France.

### ■ Jurisdiction

French jurisdiction.

### ■ Legal status

Vilmorin & Cie is a “société anonyme” (limited liability company) with a Board of Directors, and is governed by Book II of the French Commercial Code.

### ■ Date of creation, and duration of the company

The Company was created on March 2<sup>nd</sup> 1990 under the name of SSBP (Société de Services de la Branche Potagères & Fleurs); this name has been since changed as follows:

Modification of name to Ceres (EGM June 27<sup>th</sup> 1990),

Modification of name to Vilmorin & Cie (EGM June 29<sup>th</sup> 1993),

Modification of name to Vilmorin Clause & Cie (EGM December 9<sup>th</sup> 1997).

Modification of management system (EGM March 16<sup>th</sup> 1998), to adopt the system of Board of Directors, replacing the Board of Management and Board of Trustees.

Modification of the bylaws in compliance with the French law of January 15<sup>th</sup> 2001 governing new economic regulations (EGM December 3<sup>rd</sup> 2002).

Modification of name to Vilmorin & Cie (EGM July 3<sup>rd</sup> 2006).

The duration of the company is 99 years, unless it is extended or cut short by an Extraordinary General Meeting of the shareholders.

### ■ Object of the company

Under the terms of article 2 of the bylaws, the object of Vilmorin & Cie is, both in France and in other countries, directly or indirectly, the production or processing any agricultural produce, the undertaking of any action to facilitate and develop production, the marketing and sales of any product used to grow vegetable, plants and any garden, agricultural, plant or animal product; to provide for companies in vegetables, all means to improve their management, reduce their costs and facilitate the sales of their products, and more generally, to carry out any operations of whatever nature to work towards this object or any similar or complementary object, either directly or indirectly.

### ■ Company Trade Register

The Company is registered on the Paris Company Trade Register under number B 377 913 728.

N° SIRET: 377 913 728 00020.

N° SIREN: 377 913 728.

N° APE: 512 A (Wholesale commerce of unprocessed agricultural products).

### ■ Fiscal year

The fiscal year is for twelve months, running from July 1<sup>st</sup> until June 30<sup>th</sup> of the following year.

### ■ Place where legal documents concerning the company may be consulted

The legal documents concerning Vilmorin & Cie (bylaws, minutes of Annual General Meetings, Statutory Auditors' reports and any documents available to shareholders) can be consulted at the head office of the company, 4, quai de la Mégisserie - F-75001 Paris.

### ■ All litigation to be referred to

Tribunal de Commerce de Paris.

## Information concerning the stock

### ■ Evolution of the stock

Decision and date	Nature of the stock increase	Nominal amount & premium per share	Stock raised to	Total number of shares
03.02.90	Creation of company 2 500 shares issued	FRF 100	FRF 250 000	2 500
06.29.93	3 820 000 shares issued to pay for a partial contribution of assets from Groupe Limagrain Holding	FRF 100	FRF 382 250 000	3 822 500
06.29.93	Equivalent of 1 817 500 shares issued in cash reserved for Groupe Limagrain Holding	FRF 100	FRF 564 000 000	5 640 000
10.04.93	Transfer of shares at nominal price of 100 FRF to shares at nominal price of 300 FRF	FRF 300	FRF 564 000 000	1 880 000
12.17.93	166 700 shares issued reserved for Crédit Lyonnais	FRF 300 + Premium of FRF 6	FRF 614 010 000	2 046 700
11.26.96	921 015 shares issued with stock warrants	300 F + Premium of FRF 170	FRF 890 314 500	2 967 715
11.96 – 06.30.97	177 warrants exchanged corresponding to 59 shares	300 F + Premium of FRF 180	FRF 890 332 200	2 967 774
07.97 – 06.30.98	93 warrants exchanged corresponding to 31 shares	300 F + Premium of FRF 180	FRF 890 341 500	2 967 805
07.98 – 06.30.99	927 warrants exchanged corresponding to 309 shares	300 F + Premium of FRF 180	FRF 890 434 200	2 968 114
07.99 – 06.30.00	336 warrants exchanged corresponding to 112 shares	300 F + Premium of FRF 180	FRF 890 467 800	2 968 226
07.00 – 06.30.01	662 301 warrants exchanged corresponding to 220 767 shares Conversion of the nominal unit value to 45.75 € using part of the legal reserves of FRF 319 944	FRF 300 + Premium of FRF 180	FRF 956 697 900 145 896 429.75 €	3 188 993 3 188 993
01.18.06	Division by 3 of the nominal value of the share from 45.75 € to 15.25 €	15.25 €	No modification	9 566 979
07.03.06	3 824 878 shares issued to remunerate a partial contribution of assets made by the company Limagrain Agro-Industrie	15.25 €	204 225 819.25 €	13 391 857



## ■ Modifications in the stock breakdown over the past three fiscal years

	06.30.05			06.30.06			06.30.07		
	N° of shares	% of stock	Voting rights	N° of shares	% of stock	Voting rights	N° of shares	% of stock	Voting rights
Groupe Limagrain Holding	1 653 693	51.86	59.77	4 914 300	51.37	60.44	7 610 399	56.83	60.07
Limagrain	297 201	9.32	11.24	891 603	9.32	10.97	891 603	6.66	9.41
Sélia	297 501	9.33	11.25	892 503	9.33	10.98	892 503	6.66	9.42
Treasury shares	3 059	0.10	-	6 102	0.06	-	1 312	0.01	-
Public and various	937 539	29.39	17.74	2 862 471	29.92	17.61	3 996 040	29.84	21.10
<b>Total</b>	<b>3 188 993</b>	<b>100.00</b>	<b>100.00</b>	<b>9 566 979</b>	<b>100.00</b>	<b>100.00</b>	<b>13 391 857</b>	<b>100.00</b>	<b>100.00</b>

In a first letter sent to the Autorité des marchés financiers (Authority governing French stock exchange market) dated June 21<sup>st</sup> 2007, and a second letter dated June 28<sup>th</sup> 2007, the company Groupe Limagrain Holding – GLH, controlled by the Coopérative Agricole Limagrain – SCA Limagrain stated that it directly held 7 612 899 shares, with Vilmorin representing 11 386 890 voting rights, a total of 56.85% of the stock and 60.08% of the voting rights.

The quantity held was the result of the merger, on June 19<sup>th</sup> 2007, of Limagrain Agro-Industrie into Groupe Limagrain Holding – GLH, both of which are shareholders of Vilmorin.

Prior to this operation, Groupe Limagrain Holding - GLH - held the same stake in Vilmorin directly and indirectly through the company Limagrain Agro-Industrie.

Moreover, we wish to add that on these dates Société Coopérative Agricole Limagrain – SCA Limagrain, through the companies Groupe Limagrain Holding – GLH and Sélia, both of which it controls, directly or indirectly held 9 397 005.

Vilmorin shares representing 14 955 102 voting rights, a total of 70.17% of the stock and 78.91% of the voting rights.

## ■ Financial authorizations granted by the Joint General Meeting of December 12<sup>th</sup> 2006

In order to provide Vilmorin with the necessary means to ensure its future development, particularly internationally, the Annual General Meeting of December 12<sup>th</sup> 2006 authorized the Board of Directors to issue, with a maximum nominal value of 150 million euros:

> bonds or any other assimilated debt security, in one or several operations, either in France or in another country, with or without public issue.

These authorizations expire on June 11<sup>th</sup> 2008.

On the date of November 8<sup>th</sup> 2007, these authorizations had not been used by the Board of Directors.

The Board of Directors will request new financial authorizations at the Annual General Meeting of December 12<sup>th</sup> 2007.

## Information concerning the rate on the stock market and management of the shares

### ■ Interventions of the company with regard to its own shares

The Annual General Meeting of December 12<sup>th</sup> 2006, deliberating on the provisions of articles 241-1 to 241-8 of the General Regulations of the Autorité des marchés financiers and the European Regulations n° 2273/2003, which came into force on October 13<sup>th</sup> 2004, granted the Board of Directors the powers to intervene by purchasing or selling its own shares on the stock market at a maximum price of 85 euros per share, with the number of shares thus acquired being limited to a ceiling of 1 000 000 shares, representing a maximum potential commitment of 85 millions euros.

This purchasing program is authorized for a maximum period of 12 months.

During the fiscal year ending June 30<sup>th</sup> 2007, the company conducted, either directly or indirectly, the following operations:

- > number of shares purchased = 77 763,
- > average purchasing price = 69.21 euros,
- > number of shares sold = 82 553,
- > average selling price = 69.37 euros,
- > number of treasury shares held on June 30<sup>th</sup> 2007: 1 312 corresponding to 0.01% of the stock, at a purchasing value of 129 612 euros, which is an average unit price of 98.79 euros.

It is proposed to the Annual General Meeting of December 12<sup>th</sup> 2007 to authorize the Board of Directors to intervene indirectly on the stock market on the company's shares through a liquidity contract signed with an investment service company within the limits of a maximum purchasing price of 150 euros per share.

(Prospectus of January 2<sup>nd</sup> 2007 registered with the AMF).

### ■ Evolution of the price of the shares

	04-05	05-06 <sup>(1)</sup>	06-07
<b>Daily average of transactions</b>			
in number of shares	1 428	4 306	7 846
in thousands of euros	205.95	243.79	573.87
<b>Maxima and minima</b>			
highest rate in euros	164.90	67.00	101.80
lowest rate in euros	127.00	44.17	57.00
<b>Closing rate of the fiscal year in euros</b>			
	138.00	59.50	<b>98.70</b>
<b>Net yield per share % <sup>(2)</sup></b>			
	3.29	1.17	<b>2.72</b>

(1) Division by three of the nominal value of the shares as of January 1<sup>st</sup> 2006.

(2) Net dividend distributed in year N, in proportion to the final rate for year N-1 (Source: Euronext ParisBourse).

## ■ Quantities exchanged and evolution of values over the last 18 months

Year	Month	Number of shares exchanged	Stock exchanged M€	Highest recorded rate €	Lowest recorded €
2006	April	262 585	16.181	67.00	59.50
	May	62 808	3.852	63.55	59.20
	June	116 114	6.729	61.90	55.80
	July	109 789	6.681	62.10	59.50
	August	41 699	2.613	65.40	60.60
	September	105 429	6.301	63.80	57.00
	October	175 537	10.700	62.25	59.85
	November	147 187	9.134	63.50	60.10
	December	111 080	7.050	65.40	61.50
2007	January	187 966	12.664	71.90	62.05
	February	192 474	14.273	76.89	70.60
	March	131 134	9.524	74.18	70.30
	April	121 845	9.412	81.90	72.50
	May	484 468	39.870	91.90	78.99
	June	184 321	17.539	101.80	90.20
	July	237 035	23.186	101.00	91.90
	August	205 099	17.652	91.94	83.00
	September	263 508	23.893	96.00	81.25

## Further information

### ■ Investment policy and real estate property

Each fiscal year, as part of its budgetary procedures and in reference to its medium term plan, Vilmorin fixes its investment expenditure shared out between the different operating business units.

Thus for fiscal 2006-2007, tangible investments stood at 28.5 million euros. Depending on each case, and the operating business unit involved, these investments are funded either by bank loans or by cash.

More generally, Vilmorin's investment policy favors holding assets that are directly linked to the business activity; consequently Vilmorin does not own any significant real estate assets that are not directly linked to its business operations. Finally, it is to be stressed that currently Vilmorin has not embarked on any pluriannual investment program significantly different to investments made in previous fiscal years.

### ■ Reference shareholders

Groupe Limagrain, through the companies Limagrain and its subsidiaries. Groupe Limagrain Holding and Selia, is Vilmorin's reference shareholder, holding more than 70% of the stock (refer to the chapter "The stock and the shareholders", page 60).

Apart from shares that benefit through the bylaws from double voting rights (fully registered and held for more than four years), Groupe Limagrain does not hold any security with any particular rights.

### ■ Important contracts outside normal business arrangements

Vilmorin runs its business through a large number of suppliers and a diversified customer base. As such no contract outside normal business arrangements has been identified as being so important that it is liable to have a significant and recurring impact on its financial profile.

### ■ Functioning of the Administration and Management bodies

#### Corporate governance

In compliance with its commitments, Vilmorin has adopted a governance system that integrates an independent director with reference in particular to the suggestions of the AFEP/MEDEF report of October 2003 and the recommendation of the European Commission of February 15<sup>th</sup> 2005.

#### Information on the audit committees and the remuneration committees

In the context of the work of the Board of Directors, Vilmorin does not currently have an audit or remuneration committee.

# Information on the subsidiaries

Financial information is presented in accordance with the international IFRS accounting standards.

Name	Country	Head Office	N° SIREN	% voting rights
<b>Holdings</b>				
Vilmorin & Cie	France	4 Quai de la Mégisserie – PARIS (75001)	377 913 728	100.00
American Bio Corporation (ABC)	United States	2711 Centerville Road – Suite 400 19808 Delaware Wilmington		100.00
BioSeeds	Netherlands	Blaak 31 - 3011GA Rotterdam		20.00
Cylonie Re	Luxembourg	19, rue de Bitbourg – L 1273 – Luxembourg-HAMM		99.99
Groupe Vilmorin Luxembourg SCA	Luxembourg	11, avenue Emile Reuter – L 2420 Luxembourg		99.99
Plant Development Australia	Australia	165, Templestowe Road – Templestowe Lower, VIC 3107		100.00
VCC Japan	Japan	15-13 Nampo-daicho SHIBUYA-KU Tokyo		100.00
VCC Seeds Ltd (Israel)	Israel	c/o Schwartz, Duvdevany, Lerner CPA – 76 Herzl Street – Haïfa		100.00
<b>Field seeds</b>				
Biogemma	France	1, rue Edouard Colonne – Paris (75001)	412 514 366	55.01
Biogemma UK	United Kingdom	Science Park – 200 Milton Road Cambridge CB4 0GZ		100.00
Genoplante Valor	France	523, Place des Terrasses – Evry (91034)	439 202 821	33.33
<b>Europe</b>				
Limagrain Verneuil Holding	France	Ferme de l'Etang, BP 3 77390 Verneuil l'Etang	542 009 824	79.96
Eurodur	France	Loudes – Castelnau (11400)		43.96
Gie Semences De Brie	France	RD 402 – Chaumes en Brie (77390)	388 147 845	50.00
Limagrain Central Europe	France	Biopôle Clermont-Limagne St Beauzire (63360)	438 205 320	99.99
Nickerson International Research Geie	France	Rue Limagrain – Chappes (63720)	388 170 938	100.00
Soltis	France	Domaine de Sandreau Mondonville - Blagnac (31700)		40.00
Unisigma Gie	France	2, rue Petit Sorri – Froissy (60480)	317 760 668	46.00
Advanta A/S	Denmark	Marsalle III – 8700 Horsens		100.00
Advanta BV	Netherlands	Dijkwelsestraat 70 – 4421 AJ Kapelle		100.00
Advanta Holdings Ltd (UK)	United Kingdom	Sleaford, Lincolnshire – NG34 7HA		100.00
Advanta Research Ltd	United Kingdom	Sleaford, Lincolnshire – NG34 7HA		100.00
Advanta Seeds Trustees Ltd	United Kingdom	Sleaford, Lincolnshire – NG34 7HA		100.00
Advanta Seeds UK Ltd	United Kingdom	Sleaford, Lincolnshire – NG34 7HA		100.00
Innoseeds GmbH	Germany	Auestrasse 5 – Adelheidsdorf (29352)		100.00





Name	% financial control	Conso- lidation method	Equity before results	Permanent headcount on 06.30.07	Book value of shares		Sales of goods	Net income for the fiscal year
Gross	Net							
<b>Holdings</b>								
Vilmorin & Cie	100.00	IG	439 332	85			0	26 510
American Bio Corporation (ABC)	100.00	IG	39 865		37 152	37 152	0	63
BioSeeds	20.00	ME	13 612		1 094	1 094	1 356	1 356
Cylonie Re	99.99	IG	19 204		22 004	22 004	0	- 954
Groupe Vilmorin Luxembourg SCA	99.99	IG	21 979		22 642	22 642	0	152
Plant Development Australia	99.97	IG	3 191		2 276	2 276	0	39
VCC Japan	100.00	IG	335		424	424	0	- 131
VCC Seeds Ltd (Israel)	100.00	IG	- 560	1	0	0	0	200
<b>Field seeds</b>								
Biogemma	55.01	IG	45 518	89	30 800	30 800	0	266
Biogemma UK	55.01	IG	1 975		16 892	6 654	0	- 154
Genoplante Valor	29.33	ME	3 308		2 031	1 755	0	- 81
<b>Europe</b>								
Limagrain Verneuil Holding	79.96	IG	301 181	379	241 195	241 195	139 247	- 13 651
Eurodur	35.15	IP	7 160	2	4 229	4 229	0	492
Gie Semences De Brie	39.98	IP	381	8	191	191	0	
Limagrain Central Europe	79.95	IG	6 672	17	6 500	6 500	39 567	160
Nickerson International Research Geie	79.96	IG			0	0	0	
Soltis	31.98	ME	10 668		4 295	4 295	0	- 774
Unisigma Gie	36.78	ME	1 687		379	379	0	- 922
Advanta A/S	79.96	IG	1 827	5	2 654	2 654	7 336	1 197
Advanta BV	79.96	IG	14 542		126 015	96 015	0	12 221
Advanta Holdings Ltd (UK)	79.96	IG	10 449		25 939	25 939	0	
Advanta Research Ltd	79.96	IG	118		1 662	1 662	0	0
Advanta Seeds Trustees Ltd	79.96	IG	0		0	0	0	
Advanta Seeds UK Ltd	79.96	IG	13 585		13 323	13 323	20 278	0
Innoseeds GmbH	79.96	IG	135	1	291	291	710	- 705

Name	Country	Head Office	N° SIREN	% voting rights
Limagrain Advanta Belgium BVBA	Belgium	Van der Haveweg 2 – 4411RB Rilland		100.00
Limagrain Advanta Nederland BV	Netherlands	Dijkwelsestraat 70 – 4421 AJ Kapelle		100.00
Limagrain Bulgaria Eood	Bulgaria	5-7 Lubotran Str. F15, ap 20 – 1407 Sofia		100.00
Limagrain Central Europe Cereals SRO	Czech Republic	Podedvorska 755/5 - 198 00 – Prague 9		100.00
Limagrain Ceska Republika S.R.O.	Czech Republic	Pardubska 1197 - 763 12 Vizovice		100.00
Limagrain Doo	Serbia	Bulevar Oslobođenja 127 – Novia Sad (21000)		100.00
Limagrain Iberica	Spain	Ctra Pamplona – Huesca Km 12 – Elorz– Navarra 31470		100.00
Limagrain Italia SPA	Italy	Via Frescarolo, 115 – Busseto PR 43011		100.00
Limagrain Magyarorszag KFT	Hungary	Gyar Ut.2, PF 325 – Budaörs H 2040		100.00
Limagrain Moldova Srl	Moldova	Bd. Stefan Cel Mare 162 - Chisinau 2004		100.00
Limagrain GmbH	Germany	2 Am Griewenkamp – Edemissen - D 31234		100.00
Limagrain Polska	Poland	Zo.o ul Lindigo 6 – Poznan PL 60-573		100.00
Limagrain Romania	Romania	Soseaua Bucuresti Ploiesti KM15.2, Orasul Otopeni Judetul Ilfov 075100		97.14
Limagrain Slovensko SRO	Slovakia	M. Razusa 29, Lucenec SK – 984-01		100.00
Limagrain Tohumculuk	Turkey	Bayar Cad. Gülbahar Sokak N° 17/136 Kozyatagi-Erenkoy Istanbul 34742		67.00
Mommersteeg International BV	Netherlands	Dijkwelsestraat 70 – 4421 AJ Kapelle		100.00
Nickerson (UK) Ltd	United Kingdom	Market Rasen – LN7 6DT Rothwell– Lincolnshire		100.00
Nickerson Sugar Beet	United Kingdom	Market Rasen – LN7 6DT Rothwell– Lincolnshire		100.00
Plant Select	Czech Republic	Hrubcice 111 – Bedihost (798 21)		100.00
Sharpes Seeds Ltd	United Kingdom	Market Rasen – LN7 6DT Rothwell– Lincolnshire		100.00
<b>North America</b>				
Limagrain Genetics Inc	Canada	6836 Pain Court Line – 3.Pain Court - Ontario Nop 120		100.00
Advanta Pacific LLC	United States	PO Box 1044 – Albany, Oregon 97321-0403		100.00
AgReliant Genetics LLC	United States	1122 E 169th Street – Westfield, IN 46074		50.00
AgReliant Inc	Canada	Concession n° 4 – Dover Township – Pain Court - Ontario Nop Izo		50.00
Limagrain Genetics Corp	United States	32, Loockerman Square – Suite L100 Dover Kent Delaware 19901		100.00
Soygenetics LLC	United States	PO Box 349 – Battle Ground, IN 47920		33.33
<b>Vegetable seeds</b>				
<b>Professional</b>				
Clause Tézier	France	Rue Louis Saillant – Portes les Valences (26800)	435 480 546	99.97
Vilmorin SA	France	Route du Manoir – La Ménitrie (49250)	562 050 864	99.95
Alliances Semillas de Chile	Chile	Hendaya 27 – Oficina 201 - Las Condas - Santiago		51.00
Alliances Semillas	Argentina	Cochrane 2848 CP 1419 Buenos Aires		100.00
Anadolu	Turkey	Güzelyali, Bati Sahili, Ciftlik Sok. No.9 Pendik Istanbul 81720		47.48

Name	% financial control	Conso- lidation method	Equity before results	Permanent headcount on 06.30.07	Book value of shares		Sales of goods	Net income for the fiscal year
					Gross	Net		
Limagrain Advanta Belgium BVBA	79.96	IG	357	12	19	19	6 490	196
Limagrain Advanta Nederland BV	79.96	IG	42 886	129	20 931	20 931	20 561	11 974
Limagrain Bulgaria Eood	79.95	IG	- 1 060		3	0	212	102
Limagrain Central Europe Cereals SRO	79.95	IG	2 380	7	6 277	6 277	1 094	1 181
Limagrain Ceska Republika S.R.O.	79.95	IG	327	7	110	110	168	39
Limagrain Doo	79.95	IG	33	2	1	1	191	- 66
Limagrain Iberica	79.96	IG	8 346	86	10 651	10 651	21 927	922
Limagrain Italia SPA	79.96	IG	4 469	32	12 063	3 208	9 873	- 1 182
Limagrain Magyarorszag KFT	79.95	IG	719	33	435	435	0	134
Limagrain Moldova Srl	79.95	IG	370	5	2	2	1 881	150
Limagrain GmbH	79.96	IG	7 939	109	12 049	12 049	25 599	- 1 299
Limagrain Polska	79.95	IG	69	10	164	164	0	- 26
Limagrain Romania	77.67	IG	- 13	13	340	340	4 748	264
Limagrain Slovensko SRO	79.95	IG	6	7	5	5	86	29
Limagrain Tohumculuk	53.57	IG	8 086	34	3 822	3 822	10 252	2 754
Mommersteeg International BV	79.96	IG	14		18	14	0	
Nickerson (UK) Ltd	79.96	IG	26 217	173	22 776	22 776	16 883	3 739
Nickerson Sugar Beet	79.96	IG	13		1	1	1 774	161
Plant Select	79.95	IG	1 024	23	883	883	84	1 157
Sharpes Seeds Ltd	79.96	IG	2 671		2 671	2 671	0	
<b>North America</b>								
Limagrain Genetics Inc	100.00	IG	29 083	1	40 100	40 100	0	- 4 756
Advanta Pacific LLC	100.00	IG	- 47	4	0	0	2 231	445
AgReliant Genetics LLC	50.00	IP	28 268	297	0	0	204 038	21 535
AgReliant Inc	50.00	IP	7 806	22	2 623	2 623	12 634	1 341
Limagrain Genetics Corp	100.00	IG	32 536		81 948	81 948	0	556
Soygenetics LLC	37.00	ME	- 14 664				12 753	- 2 536
<b>Vegetable seeds</b>								
<b>Professional</b>								
Clause Tézier	99.97	IG	44 229	446	50 194	50 194	96 534	23 177
Vilmorin SA	99.95	IG	63 937	357	48 792	48 792	54 880	9 953
Alliances Semillas de Chile	51.00	IG	1 257	16	460	460	2 450	212
Alliances Semillas	100.00	IG	180	10	762	762	1 635	134
Anadolu	47.46	ME	9 150		149	149	0	1 381

Name	Country	Head Office	N° SIREN	% voting rights
Asamia Cold Storage Ltd	Israel	DN Shikmim – Brurim		100.00
Biotech Mah Management	Israel	DN Shikmim – Brurim		50.00
Clause Harris Moran Tézier	South Africa	Po Box 15890 – Panorama 7506		100.00
Clause Tézier Australia	Australia	165, Templestowe Road – Lower Templestowe 3107 VIC		100.00
Clause Tézier India	India	6-1-20/2, Walker Town 500025 New Bhoiguda Secunderabad - Inde		100.00
Clause Tézier Do Brazil	Brazil	Rua Miguel Penteado 1038 CEP 13070118 Bairro Guanabara Campesinas SP		100.00
Clause Tézier Iberica SA	Spain	Ctra de la Canada, Pla del Pou, km 10. 46960 Paterna (Valencia)		100.00
Clause Tézier Italia SPA	Italy	Strada de la Madonnina – 13, Venaria Reale (Torino) 10078		100.00
Harris Moran Seeds	United States	555, Codoni avenue – 95352 Modesto (Californie)		100.00
Hazera Canaria	Spain	Avenida Santa Cruz 182 – San Isidro Granadilla 386110 Santa Cruz de Tenerife		100.00
Hazera Espana	Spain	c/o Landwell, Paseo de la Castellana – 53 Madrid		100.00
Hazera Genetics Ltd	Israel	Brurim Farm MP – 79837 Shikmim		100.00
Hazera Seeds Inc	United States	2255 Glades Rd., suite 123 A – Boca Raton – FL 33431		100.00
Hazera Holding International BV	Israel	D.N. Shikmim – 79837 Brurim		100.00
Hazera Mauritius Ltd	Mauritius	c/o Abacus Fin. Sces Ltd – TM Building Pope Hennessy Street Port Louis		100.00
Hazera Tohumculuk Ve Ticaret AS	Turkey	Rihtmim cad. Velialemdar Han N° : 55 – D 735 – Tophane Istanbul		99.99
Henderson Seeds	Australia	165, Templestowe – Road Lower Templestow 3105 Bulleen Victoria		74.05
Marco Polo Seed Nusantara	Indonesia	Ruko Bumi Prayudan Permai Block B-6 Mertoyudan 56172 Magelang Jawa Tengah		90.00
Marco Polo Seed Thailand	Thailand	11 <sup>th</sup> Floor, Panjabhum Building 127 South Sathorn Road, Tungmahamek 10120 Sathorn Bangkok		100.00
Mikado Kyowa Seed	Japan	15-13 Nanpeidai-Shibuya-Ku – 150-0036 Tokyo		69.27
Mikado Seeds Holding	Japan	1203 Hoshiguki-Cho, Chuo-Ku Chiba-Shi		54.99
Nickerson Zwaan BV	Netherlands	Schanseind 27 BP28 – 4921 PM Made		100.00
Nickerson Zwaan GmbH	Germany	2 Am Griewenkamp – D31234 Edemissen		100.00
Nickerson Zwaan India	India	No. 224, “Ashray”, Ground Floor, F’ Block, 1 <sup>st</sup> Main Road, Sahakarnagar – 560092 Bangalore		100.00
Nickerson Zwaan Ltd	United Kingdom	Joseph Nickerson Research Centre Market Rasen LN7 6DT Rothwell		100.00
Nickerson Zwaan Sp. Z o.o.	Poland	Ul. Gersona 8, – 03307 Warszawa		100.00
Nickerson Zwaan South Africa	South Africa	319 Pine Avenue, Ferndale, 2125 Randburg		100.00
Semillas Harris Moran Mexicana	Mexico	Blvd. V. Carranza 2378-A – Mexicali, BV Mexico CP		100.00
Vilmorin Iberica SL	Spain	Calle Joaquim Orozco 17 – 03006 Alicante		99.78





Name	% financial control	Conso- lidation method	Equity before results	Permanent headcount on 06.30.07	Book value of shares		Sales of goods	Net income for the fiscal year
					Gross	Net		
Asamia Cold Storage Ltd	100.00	IG	26		1	1	0	3
Biotech Mah Management	50.00	IP	1		0	0	0	- 1
Clause Harris Moran Tézier	100.00	IG	156		109	109	192	- 37
Clause Tézier Australia	99.97	IG	328	6	85	85	1 881	- 80
Clause Tézier India	99.97	IG	33	38	10	10	1 920	17
Clause Tézier Do Brazil	99.97	IG	667	14	36	36	7 395	1 537
Clause Tézier Iberica SA	99.97	IG	4 062	61	1 532	1 532	20 163	1 701
Clause Tézier Italia SPA	99.97	IG	2 189	33	1 438	1 438	17 200	951
Harris Moran Seeds	100.00	IG	42 770	246	29 111	29 111	54 053	- 6 684
Hazera Canaria	100.00	IG			30	30	0	
Hazera Espana	100.00	IG	966	14	682	548	6 663	- 164
Hazera Genetics Ltd	100.00	IG	64 212	302	83 523	83 523	51 914	6 947
Hazera Seeds Inc	100.00	IG	362	7	0	0	9 375	80
Hazera Holding International BV	100.00	IG	2 179		16	16	0	288
Hazera Mauritius Ltd	100.00	IG	2	21	0	0	0	0
Hazera Tohumculuk Ve Ticaret AS	99.99	IG	129	11	103	103	2 242	- 234
Henderson Seeds	74.03	IG	2 976	13	3 207	3 207	2 176	- 1 114
Marco Polo Seed Nusantara	90.00	IG	156	24	272	147	731	9
Marco Polo Seed Thailand	100.00	IG	1 612	30	2 070	1 154	240	-307
Mikado Kyowa Seed	58.02	IG	9 778	145	12 015	10 681	57 791	1 048
Mikado Seeds Holding	54.99	IG	1 472		2 281	2 281	0	- 15
Nickerson Zwaan BV	99.95	IG	17 001	144	16 256	16 256	23 858	1 400
Nickerson Zwaan GmbH	99.95	IG	668	17	127	127	5 901	209
Nickerson Zwaan India	99.95	IG	- 4	12	4	4	303	2
Nickerson Zwaan Ltd	99.95	IG	2 057	16	243	243	9 259	571
Nickerson Zwaan Sp. Z o.o.	99.95	IG	901	7	64	64	2 325	244
Nickerson Zwaan South Africa	99.96	IG	263	15	710	710	1 793	85
Semillas Harris Moran Mexicana	100.00	IG	889	27	0	0	13 633	107
Vilmorin Iberica SL	99.73	IG	623	29	711	711	6 535	763

Name	Country	Head Office	N° SIREN	% voting rights
Vilmorin Inc	United States	2551 North Dragon 85745 Tucson AZ		100.00
Vilmorin Italia Srl	Italy	Center Gross CP 97 - Blocco 22 – Via dei Notai 123, 40050 Funo		100.00
Vilmorin do Brasil	Brazil	Rua Maria Monteiro, 830, 2 <sup>nd</sup> andar, sala 21 Campinas, Estado de Sao Paulo, 13025-151 CAMBUI - 151 Campinas/SP		100.00
<b>Home Garden</b>				
Oxadis	France	65, rue de Luzais – BP 37 St Quentin Fallavier (38291)	959 503 111	99.99
Top Green	France	ZA Les Pains - Les Alleuds Brissac Quince (49320)	432 004 679	33.33
CH Van den Berg	Netherlands	Nijverheidsweg 1& 8A – Po Box 4 1693 AM Wervershoof		90.00
CNOS Vilmorin Sp. Z o.o.	Poland	UI Kopanina 28/32 – 60 951 Poznan		51.00
Flora Frey GmbH	Germany	Dellenfeld 25 Industriegebiet Dycker Feld 42653 Solingen		100.00
Flora Geissler	Switzerland	Müliwisstrasse 212 - 5467 Fisibach		100.00
Sperling GmbH	Germany	Hamburger Str 35 – D 21316 Luneburg		100.00
Suttons Ltd	United Kingdom	Woodview road – Paignton – Devon – TQ4 7NG		100.00



Name	% financial control	Conso- lidation method	Equity before results	Permanent headcount on 06.30.07	Book value of shares		Sales of goods	Net income for the fiscal year
					Gross	Net		
Vilmorin Inc	100	IG	1 709	17	1 320	1 320	4 379	121
Vilmorin Italia Srl	99.95	IG	67	15	64	64	9 627	732
Vilmorin do Brasil	99.95	IG	19	4	18	18	38	- 64
<b>Home Garden</b>								
Oxadis	99.99	IG	7 071	376	7 775	7 775	93 034	3 765
Top Green	33.33	ME	4 394		1 000	1 000	14 694	329
CH Van den Berg	89.99	IG	107	18	230	70	8 328	- 104
CNOS Vilmorin Sp. Z o.o.	51.00	IG	1 215	51	890	890	3 631	98
Flora Frey GmbH	100.00	IG	- 3 345	121	12 385	0	15 098	4 286
Flora Geissler	99.99	IG	- 6	9	346	137	2 100	8
Sperling GmbH	100.00	IG	81		80	80	0	6
Suttons Ltd	100.00	IG	2 236	166	5 445	5 445	25 194	- 436

# Chairman's report on the functioning of the Board of Directors and on internal control

Under the responsibility of the Board of Directors, it is the role of the General Management to define and implement adequate and efficient internal control procedures. In application of article L225-37 of the French Commercial Code, it is my responsibility, as Chairman of the Board of Directors, to report on:

- > the conditions for preparing and organizing the work of the Board of Directors,
- > internal control procedures,
- > where relevant, the limitations that the Board of Directors applies to the powers granted to the CEO and the CEO delegate.

## Conditions for preparing and organizing the work of the Board of Directors

Vilmorin directly holds the majority of the companies in the consolidation scope of its accounts.

The role of the Board of Directors consists primarily in ensuring optimization of the management of all the operating structures. For this purpose, it is more particularly required to define the global strategy of Vilmorin, check that the policies adopted are coherent, and insure that the main risks have been identified and adequately dealt with.

In order to attain these objectives, the Directors of Vilmorin have full responsibility in Board Meetings or any equivalent meetings in its main subsidiaries. Moreover, strategic decisions are regularly prepared and discussed by the members of the Board of Directors and the operational Vice-Presidents.

The Board of Directors comprises seven members.

During the course of the fiscal year 2006-2007, your Board of Directors met six times, following a work schedule that is established on an annual basis. The attendance rate of its members was 95%.

Your Board of Directors closed the corporate accounts and the consolidated accounts of Vilmorin and the associated reports during its meeting of October 3<sup>rd</sup> 2007.

## Procedures for internal control

### ■ Objectives of internal control

The main objectives of Vilmorin concerning internal control are to use all appropriate means to insure that the policies followed in the group's different companies are coherent, and that the procedures adopted to apply them are respected. In particular, these measures should make it possible to:

- > insure that management policies are respected and that operations are seen through,
- > prevent and control any risks that result from the company's business and similarly any risks of error or fraud. However, as with any control system, it cannot insure total guarantee that these risk are totally eliminated,
- > check that the accounting, financial and management information supplied to the corporate bodies are a sincere reflection of the company's business and situation,
- > insure that the accounting and financial information given to the shareholders is appropriate and respects regulations and legislation.





## ■ Analysis of the main risks

During fiscal 2006-2007 Vilmorin's activity covered different sectors of activity, both on professional and home garden markets, entailing various risks caused by the highly seasonal nature of its business, a relative dependence on the whims of the weather, and the importance of the high tech products and processes used. Suitable solutions are implemented to insure that these risks are reasonably controlled.

### Risks with regard to production

Controlling such risks is essential to insure the appropriate supply of markets, and also adequate inventory management.

In particular, this is a major concern that is taken into account when the production plans are laid down, involving all those concerned in each of the companies. Its implementation involves several different parameters, such as the life span of the products, the state of previous harvests, the potential impact of weather conditions or the agronomic value of the products.

### Risks with regard to the climate

Meteorological uncertainty may have an effect on both professional and consumer-oriented businesses.

For professional activities the diversified and internationally spread production networks mean that this risk can be covered better and that regular, high quality seed production can be insured.

With regard to consumer-oriented activities, the diversification of the product line-ups means that, to a large extent, the consequences of a year with poor weather can be attenuated by proposing different products that are not dependent on seasons.

### Risks with regard to products and processes

The products sold by the subsidiaries of Vilmorin are intended either for a professional clientele or a consumer clientele for gardening products.

In both cases, any product non-conformance may have severe financial consequences, often extending far beyond the sales price of the products. Such consequences may well be amplified by the multiplying effect of all agricultural production, by the wide distribution of consumer products, or by the complexity of the regulations applicable to different aspects (products, environment, etc.).

As far as the processes and production tools go, the subsidiaries of Vilmorin are concerned in many respects: fire risks, legally controlled product treatment, approved installations, environmental risks, information technology security, etc.

Faced with these different issues, the group has set up a number of processes:

- > scrupulous respect for any applicable regulations,
- > rigorous quality control procedures,
- > the introduction of specialized teams to deal with crisis situations,
- > the development of a prevention policy to provide greater safety for persons and equipment.

### Risks inherent in research

For Vilmorin, maintaining and developing original, quality research programs is the best possible guarantee for its future prosperity.

On top of the risks linked to the physical protection of its specialized facilities, germplasm and know-how, Vilmorin needs to insure at all times that its programs have a reasonable chance of succeeding.

The means adopted to reach these objectives primarily involve:

- > making sure the facilities, germplasm and know-how are all physically secure (fencing, access restriction, duplication of resources, etc.),
- > the protection of secrets and know-how,
- > a suitable intellectual protection policy,
- > regular consultation to ensure that strategic orientations are pertinent when compared with the competition, market needs and scientific evolution.

### Risks regarding clientele

Vilmorin is not globally confronted with an excessive concentration of its clientele, with the risk of a brutal drop in business, particularly since the relative reduction of its consumer activities as a proportion of its total business. Moreover debt recovery risks are moderate.

Vilmorin's subsidiaries are all capable of dealing with this question, providing solutions adapted to their own circumstances.

## Legal risks

In order to conduct their business, Vilmorin and its subsidiaries occasionally have to settle disputes of various kinds.

Such disputes are immediately analyzed in detail with regard to risk and responsibility and are dealt with accordingly in liaison with Vilmorin's legal department.

With the exception of provisions already made for disputes on June 30<sup>th</sup> 2007, Vilmorin had not identified any dispute that might affect its financial situation significantly.

## Risks regarding exchange rates and cash

Bearing in mind the size of Vilmorin and its international dimension, procedures have been set up in order to better identify these risks and control them. For this reason Vilmorin manages both for itself and its subsidiaries:

- > the search for diversified and suitable financial resources,
- > an intra-group mutual management procedure to deal with currency translation risks with group forward cover strategies,
- > specialized cash-flow and interest rate risk management tools (cash-flow agreements, forward cover).

On June 30<sup>th</sup> 2007, 94.5% of Vilmorin's bank debt involved funding at variable rates.

In order to reinforce the structure of its bank debt, in July 2006 Vilmorin set up syndicated credit facilities of 300 million euros over a duration of 5 years, in partnership with 13 banking establishments.

It was agreed that the repayment of this credit and the evolution of its interest payments should be calculated according to the respect of two consolidated financial ratios (financial debt/Ebitda, Ebitda/financial costs); on June 30<sup>th</sup> 2007, Vilmorin was totally on line with these commitments.

## Insurance

Vilmorin has insurance policies that provide broad cover of the risks facing its different subsidiaries, with a view to protecting their assets and responsibility. This cover is provided through several group policies that apply to most of the subsidiaries in the following areas:

- > Consequential and operating loss.

The contractual compensation limit has been fixed at a maximum claim of 152.45 million euros. This limit applies to each claim and each facility.

- > General public liability and products liability.

This policy is intended to cover liability both before and after delivery, with a 15.25 million euros compensation limit per claim, and a fixed annual ceiling of the same amount for liability after delivery.

- > Professional third party liability.

The professional economic environment of Vilmorin is characterized by complex contractual relationships, as product development requires the use of more varied and sophisticated technologies, and as intellectual property issues grow more complex too (protection through patents, proprietary variety certificates, infringement risks, etc.). On July 1<sup>st</sup> 2002 Vilmorin set up a policy in conjunction with Limagrain intended to perfect the cover of specific risks in terms of contractual liability and actions for infringement, whether this involves brands, patents or proprietary variety certificates. The policy is valid for five years until July 1<sup>st</sup> 2007.

The capital insured amounts to 43 million dollars for the aggregate of all claims over this period; to date, the amount already used stands at 18 million dollars.

- > Third party liability for the corporate representatives.

This policy covers the third party liability of managers resulting from a claim that calls into question the personal public liability or joint and several liability attributable to professional misconduct committed in the exercise of their functions. It concerns the de jure or actual managers of the company and all the subsidiaries in France or any other country in which it has a stake or voting rights of more than 50%.

The compensation limit is 25 million euros of insurance per year, and includes any benefits and legal defense expenses laid out.

Certain risks are the result of regulatory constraints or specific situations in certain countries which require customized insurance policies.

## ■ General organization of the internal control procedures

In its role as a holding structure, the company Vilmorin is central to the management of internal control. Apart from making sure the general policies are coherent, it exercises the functions of management, advice and control for its subsidiaries. In order to do so it has an internal audit and financial control department.

Within this general framework, the subsidiaries define and implement operational procedures that are suited to their own specific situations.



Management rules, function definitions and company and group procedures are all part of the reference system used to implement and apply internal control rules.

Systems involving the delegation of powers are generally set up by the Board of Directors in each company.

### ■ Procedures used to produce financial and accounting information

The production of financial and accounting information comes within an overall procedure that involves several phases:

#### > The medium-term plan.

A medium-term plan is the working reference that describes the main strategic orientations, and is set out in each of the operating structures. It is updated every year, confirmed at the level of Vilmorin, and consolidated in accordance with a formal process.

#### > The short-term financial budget.

A short-term financial budget is set out every year by each subsidiary during the first semester with detailed operations. This is also confirmed by Vilmorin and consolidated in accordance with a formal process.

This budget is updated as a forecast at least once over the course of the fiscal year.

#### > Monthly reporting.

Each company produces monthly performance indicators adapted to its business. These are compared to the budget, and any differences are analyzed to detect any significant discrepancies. Data from reporting is also compared with the general accounts.

Such monitoring generally concerns business (sales and margins) and the results, evolution of the headcount, cash-flow and funding, and the investment plan.

The main indicators of this reporting are also consolidated every month in accordance with a formalized process.

#### > The half-yearly and yearly financial statements.

Preparation of the half-yearly and yearly financial statements comes under the responsibility of the financial departments and general management of each subsidiary.

Procedures are defined locally to match the business of the different companies, but must respect a general schedule defined by Vilmorin.

Any significant decisions that need to be taken when the financial statements are established are confirmed by the company before being definitively adopted by the respective Boards of Directors.

Consolidation operations are carried out using a set of tables filled in by each company in compliance with procedures and a specific schedule.

### ■ Limits to the powers granted to the CEO and the CEO delegate

The General Management of Vilmorin is the responsibility of the Chairman of the Board of Directors. During the course of the fiscal year 2006-2007, he was assisted by a CEO delegate, Mr. Daniel CHÉRON until February 5<sup>th</sup> 2007, and then by Mr. Adrian HUIGE as of this date.

The CEO has the widest powers to act in all circumstances on behalf of the company. He exercises these powers within the scope of the object of the company, and within the limits of the powers granted by the French law governing Associations of shareholders and Boards of Directors.

The CEO delegate has the same powers as those of the CEO with regard to third parties.

For purposes of the company's internal organization, the powers of the CEO and the CEO delegate have been partially limited by the Board of Directors (meeting of December 13<sup>th</sup> 2005), but these limits are not available against third parties.

### ■ Token payments or allowances paid to corporate representatives

As in previous fiscal years, the Directors carried out their duties in 2006-2007 without any remuneration or allowances.

The remuneration of corporate representatives who have a work contract (CEO delegate) comprise:

- > a fixed salary that is reviewed every year,
- > a variable part defined in relation to the financial performance of each fiscal year and based on the consolidated net income,
- > the benefits of a company car.

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1, cours Valmy  
92923 Paris la Défense Cedex – France

Visas 4 Commissariat  
56, bd Gustave Flaubert  
63010 Clermont-Ferrand – France

## Statutory Auditors' Report

Vilmorin & Cie S.A.  
Head Office: 4, Quai de la Mégisserie – 75001 Paris  
Capital: 204 225 819,25 euros

Statutory Auditors' Report set out in application of article L.225-235 of the French Commercial Code, based on the report of the Chairman of the Board of Directors of the company Vilmorin & Cie concerning the procedures of internal control related to the production and processing of accounting and financial information.

Year ended June 30<sup>th</sup> 2007

To the Shareholders,

In order to fulfill our mission as statutory auditors of the company Vilmorin & Cie, and in application of the provisions of article L.225-235 of the French Commercial Code, we hereby present our report on the report set out by the Chairman of your company in compliance with article L.225-37 of the French Commercial Code for the fiscal year closed on June 30<sup>th</sup> 2007.

The Chairman is required, in particular, to provide information, in his report, on the conditions in which the work of the Board of Directors has been prepared and organized, and on the internal control procedures implemented in the company.

Part of our mission is to provide you with our opinions on the information set out in the Chairman's report concerning internal control procedures related to the production and processing of any accounting and financial information.

We conducted our mission in accordance with the professional standards applicable in France. Those standards require that we plan and perform our mission to obtain reasonable assurance about whether the information set out in the Chairman's report on internal control procedures related to the production and processing of any accounting and financial information is free of material misstatement. This particular mission includes:

> examining the objectives and general organization of internal control, and the internal control procedures related to the production and processing of accounting and financial information presented in the Chairman's report,

> examining the work underlying the information set out in this report.

On the basis of our work, we have no particular comments to make on the company's internal control procedures related to the production and processing of accounting and financial information presented in the report of the Chairman of the Board of Directors, set out in compliance with article L.225-37 of the French Commercial Code.

(Translation of the original report in French)

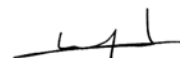
The Statutory Auditors

Paris La Défense and Clermont-Ferrand, October 8<sup>th</sup> 2007

KPMG Audit  
Département de KPMG SA  
Catherine PORTA  
Partner



Visas 4  
Commissariat  
Corinne BESSON  
Partner







# Report of the Board of Directors to the Joint Annual and Extraordinary Meeting of December 12<sup>th</sup> 2007

To the Shareholders,

The present Joint Annual General Meeting was convened in accordance with the law and the bylaws of your company:

> on one hand to submit for your approval the annual financial statements for the fiscal year closing on June 30<sup>th</sup> 2007,

> secondly to delegate to your Board of Directors the necessary powers to proceed with the purchase of your company's own shares in accordance with the provisions of article L225-209 of the French Commercial Code, and the issue of securities, through a call for savings, or otherwise, with the preservation or suppression of stock purchase rights, according to the best possible market conditions,

> finally, to renew the term of one of your Directors and to complete the composition of your Board of Directors by appointing two new Directors.

Notice to attend, all the corporate documents, financial statements, reports and other documents and relevant information have been made available under the conditions and deadlines stipulated according to the law.

## Activity for the fiscal year

### ■ The company Vilmorin

Vilmorin's corporate financial statements have been set out in accordance with French regulations.

Within the framework of its strategy and development policies, and in consultation with its reference shareholder, Limagrain, on July 3<sup>rd</sup> 2006 Vilmorin integrated all of Limagrain's field seeds businesses.

At the same time as this operation, Vilmorin reorganized all the management and control functions, and set up centralized management of the funding and cash-flow.

Besides this major evolution in scope and organization, Vilmorin pursued its policy of external growth and furthered its strategic partnerships, particularly in research and the development of new technologies.

Vilmorin's sales reached 27.3 million euros in 2006-2007 as opposed to 9.2 million euros the previous year.

These sales mainly correspond to services rendered by Vilmorin to its subsidiaries in the areas of general administration, human resource management and pooled upstream research programs.

These services are invoiced proportionately as business fees between the subsidiaries of Vilmorin using economic criteria (margin on the cost of sales, Ebitda, payroll and research costs).

Total operating expenses came to 27.8 million euros, a strong increase compared with 2005-2006 (+ 13.7 million euros) corresponding to the above-mentioned evolution in organization.

The total amount of costs not deductible from taxable income amounted to 64 353 euros for the fiscal year 2006-2007.

The operating income showed a profit of 0.9 million euros.

The financial result showed a net income of 25.9 million euros, down 3.1 million euros compared with the previous fiscal year.

This figure takes into account the dividends received from the subsidiaries, with the total amount this year standing at 34.7 million euros, compared with 27.9 million euros for the previous year.

It also includes a net allocation to financial provisions of 2.2 million euros.

Finally, this financial result also includes 6.7 million euros of net interest.

There was no extraordinary recording of any significance this fiscal year.

Income tax takes into account the impact of the fiscal integration system adopted on July 1<sup>st</sup> 2000 for a group of companies including Vilmorin, Clause Tézier SA and Oxadis SA; for the fiscal year 2006-2007 a net income of 3.7 million euros was recorded.

As a result of the above-mentioned considerations, the net corporate income came to 25.8 million euros on June 30<sup>th</sup> 2007.

The company's stock on June 30<sup>th</sup> 2007 stood at 204 225 819.25 euros, corresponding to 13 391 857 shares at nominal value of 15.25 euros each.

On June 30<sup>th</sup> 2007, loans and financial debts showed a gross value of 454.1 million euros.

Net of cash and investment securities, and also current accounts granted to subsidiaries as part of the group's cash-flow management system, financial debts stood at 228.8 million euros.

Moreover Vilmorin granted Limagrain Verneuil Holding (field seeds business in Europe) a medium-term loan of 67 million euros for structural funding of the European assets of Advanta, acquired in 2005.

In order to strengthen the structure of its bank debts, in July 2006 Vilmorin set up syndicated credit of 300 million euros for a duration of 5 years, in partnership with 13 banks.

This credit and the evolution of its interest payments are accompanied by a commitment to respect two consolidated financial ratios (net financial debt/Ebitda, Ebitda/net financial costs); on June 30<sup>th</sup> 2007, Vilmorin was totally on line with these commitments.

## ■ Vilmorin consolidated

At the close of fiscal 2006-2007 Vilmorin's consolidated financial statements were set out in accordance with the IFRS accounting and evaluation principles as adopted by the European Union on June 30<sup>th</sup> 2007.

After a fiscal year 2005-2006 that was already marked by sustained growth in its business and profitability, Vilmorin again achieved commendable performances in sales and income for the fiscal year 2006-2007.

As of fiscal 2006-2007, Vilmorin's consolidation scope includes not only the vegetable seeds activities intended for the professional and home garden markets, but also the field seeds activities contributed in July 2006 by Limagrain.

Consequently, financial data for 2005-2006 have been restated in a pro-forma version on the basis of this change in scope.

Like-for-like comparisons have therefore been made in reference to this pro-forma information; like-for-like comparisons are made in reference to the pro-forma information restated at currency rates for fiscal 2006-2007, and effects on the scope other than the integration of Limagrain's field seeds activity. The term "pro-forma" to describe this information has not been adopted in order to make this report easier to read.

Other significant changes to the consolidation scope in fiscal 2006-2007 were as follows:

- > global integration, starting in May 2006, of the Japanese company Mikado Seed Growers following its majority take-over in April 2006,

- > change in the consolidation method (from proportional integration to equity) for the French company Top Green following its majority take-over by the Danish group DLF,

- > global integration of the European straw cereals and protein pea activities run by Innoseeds, following their acquisition in September 2006 from DLF,

- > deconsolidation of the wholesale distribution activities for the forage and amenity grasses activities of Limagrain Verneuil Holding, a subsidiary of Vilmorin, following their sale to DLF,

- > full take-over of the Israeli company Hazera Genetics, previously held at 54.7%.

On June 30<sup>th</sup> 2007, Vilmorin's consolidated sales, including services and royalties, came to 938.5 million euros, up 1.8% compared with the previous fiscal year.

Like for like they were up 3.4%.

Restated for inventory write-off and depreciation, gross margin after cost of sales stood at 44.2%, up by 0.5 percentage points in comparison with 2005-2006. This year it was negatively impacted by the increase in obsolescence costs linked in particular to the redefinition of certain commercial line-ups.

The consolidated operating income stood at 95 million euros, an increase of 35.6 million euros compared with the previous year, and provided an operating margin of 10.1%, up 3.7 percentage points. Nevertheless it should be noted that the operating income for fiscal 2006-2007 takes into account an increase in the tax relief for research investment of 5.1 million euros and also non-recurrent positive items (particularly goodwill of 9 million euros) whereas for the previous fiscal year extraordinary costs were recorded for the reorganization of the field seeds business in Europe (23 million euros) and insurance income received by Biogemma following a fire in one of its laboratories (13.1 million euros).

Vilmorin has reached the objective set, and thus shown its capacity to develop profitable organic growth for its activities.

In 2006-2007 Vilmorin intensified its research programs both in conventional plant breeding and biotechnology. Total research investment stood at 98.2 million euros as opposed to 91.7 million euros in 2005-2006 and represents 13.8% of sales for professional activities.

The financial result shows a net charge of 19.8 million euros as opposed to 13.2 million euros in 2005-2006 and this fiscal year integrated a full year of the funding costs incurred for the integration of the field seeds activities. Cost of funds came to 21.7 million euros, reflecting Vilmorin's careful control of its indebtedness at a time when interest rates were back on the rise.

The net charge of income taxes came to 17.2 million euros as against 6.4 million euros the previous year.

Finally, the total net profit came to 57.3 million euros as opposed to 46.6 million euros on June 30<sup>th</sup> 2006, an increase of 10.7 million euros. The Group's share in this profit was 54.8 million euros, an increase of 29.2%.

Like for like, the balance sheet structure on June 30<sup>th</sup> 2007 globally showed relative stability in its main components.

Net of cash and bank in hand, total book indebtedness on June 30<sup>th</sup> 2007 stood at 345.3 million euros, as opposed to 342.1 million euros on June 30<sup>th</sup> 2006. The proportion of non-current indebtedness stood at 322.6 million euros.

### ■ The vegetables business

Sales for the vegetables business on June 30<sup>th</sup> 2007 came to 506.8 million euros, up 2% compared to the same period for fiscal 2006-2007. Like for like they rose by 1.9%. On the professional market, growing regularly throughout the world, this year Vilmorin continued to put down roots in certain key areas (Mediterranean basin, South America, etc.), and open up new areas for development (China, India, etc.).

Sales for this division came to 365 million euros and bear witness to the fine global performances of all the companies with the exception of Harris Moran, on the North American market, confronted with a contraction of its business. During fiscal 2006-2007 energy was also spent on the full take-over of the company Hazera Genetics and the merger of the two Japanese entities, Mikado Seed Growers and Kyowa Seed.

Overall the professional vegetable business showed an operating margin of 14.8% and a net contribution to the consolidated result of 34.5 million euros.

On the home garden market, Vilmorin continued the implementation of its global reorganization and repositioning plan of its activities towards the more dynamic market segments.

Sales for the home garden business (142 million euros) were once again highly influenced by the commercial reorganization of the German market.

Nevertheless fiscal 2006-2007 led to a significant improvement of the operating profits as a result of these strategic orientations and favorable weather conditions during the spring campaign.

The home garden business achieved an operating margin of 8.2% and thus contributed 8.3 million euros to the consolidated income. This result includes a non-recurring profit of 7.9 million euros made through the sale of its purchase option on the lease of the premises of its German subsidiary Flora Frey.

### ■ The field seeds business

Sales for the field seeds business on June 30<sup>th</sup> 2007 came to 431.5 million euros, an increase of 1.4%; like for like this growth was 5.3%, globally higher than objectives.

In Europe, with sales of 322 million euros, the commercial campaign was marked by the relative stability of markets in Western Europe, and by sustained development in certain countries in Eastern Europe.

Fiscal 2006-2007 was mainly devoted to finalizing the integration of Advanta (a group of companies acquired in 2005) into Limagrain Verneuil Holding and to fully exploit the synergies anticipated from this merger.

Moreover Vilmorin reinforced its position as European leader in cereal seeds by taking over the European assets of Innoseeds from the Danish group DLF.

At the same time, Vilmorin refocused its product portfolio by selling its research and production activities in forage and amenity grasses to DLF, along with its wholesale distribution business.

In North America, through its joint venture AgReliant with the German group KWS, Vilmorin strengthened its commercial positions and managed to take full advantage of the strong growth in the corn market both in volume and in value. With total turnover of 109.5 million euros, Vilmorin increased its sales by 26% like for like.

The overall picture for the field seeds business was a positive contribution to the consolidated income of 12.6 million euros, a significant improvement compared to the previous year.

Vilmorin's business in fiscal 2006-2007 covered different sectors of activity both on the professional and consumer markets, which means that there are various risks caused by the highly seasonal nature of its business, a relative dependence on the whims of the weather, and the importance of the high tech products and processes used. All the main risks involved in these activities, and the potential financial risks are specifically analyzed in the Chairman's report with regard to internal control.

## Environmental and social information

Vilmorin's strategy and business activities, by their very nature, have been built up in a long-term perspective, since plant breeding and the creation of new varieties can only be achieved over periods of several years.

Consequently the principles involved are those of sustainable development, in environmental, social and economic terms, and these same principles are an integral part of the culture for all the companies in Vilmorin, constituting one of the foundation stones of their general policy.

### ■ Environmental information

The products created or developed by Vilmorin almost exclusively come from a natural milieu, and are intended for food or leisure gardening. Accordingly, they cannot and must not cause any serious or repeated damage to the environment.

Vilmorin has therefore adopted a determined and responsible policy, in particular with regard to:

- > the rigorous respect of all regulations concerning biotechnology and genetically modified organisms,
- > the implementation of means devoted to monitoring and preventing any environmental risks (technical and regulatory watch, alert procedures and crisis management, certification, internal communication through an inter-company network, etc.),
- > the control and processing of effluents and the limitation of industrial pollution.

Thus, as for the previous fiscal year, in 2006-2007, Vilmorin has not had to deal with any environmental accident or answer any procedures involving the payment of damages.

### ■ Social information

On June 30<sup>th</sup> 2007, the consolidated headcount of Vilmorin stood at 4 431 permanent employees compared with 4 387 on June 30<sup>th</sup> 2006.

The average annual headcount for fiscal 2006-2007, stood at 5 114 people as opposed to 5 025 for the previous year.

During the course of the fiscal year, Vilmorin hired 462 new permanent employees (including 96 by transferring a temporary to a permanent contract), mainly in Europe and in the Americas.

Moreover, at certain times the group was required to call upon temporary staff because of the seasonal nature of its business.

During the fiscal year, 11 companies implemented reorganization measures that affected the personnel, either because of a drop in business, or as part of a restructuring program. These measures led to an overall drop in the headcount of 191 employees, including 74 dismissed.

Nearly half the companies run scheduled training programs that go beyond basic legal requirements.

In 2006-2007 the expenditure involved came to 0.9 million euros, and 29 138 hours were devoted to developing the know-how of employees.

With regard to the representative provisions for the personnel working at Vilmorin, these are generally set up throughout Europe, in accordance with applicable legislation, and concern works councils and/or shop stewards.

During fiscal 2006-2007, forty-three agreements were signed, dealing principally with salaries, company profit-sharing schemes and working conditions.

Finally, it should be noted that, bearing in mind the geographical dispersion of the different facilities in Vilmorin, the working time in each of the subsidiaries varies, depending on the country, from 32.5 to 45 hours per week.

## Events occurring after closing the accounts

Subsequent to the closing of the accounts on June 30<sup>th</sup> 2007, in July 2007 Vilmorin signed a strategic alliance with the Chinese company Xindaxin Co Ltd, the reference shareholder of the seeds group Yuanlongping High Tech Agriculture ("LPHT").

This agreement, approved by the Chinese authorities, was finalized through the creation of a joint venture in which Vilmorin Hong-Kong Limited (a 100% subsidiary of Vilmorin) holds 46.5% of the stock.

Recognized as one of the world leaders in hybrid rice, in 2006 LPHT made consolidated sales of almost 95 millions euros.

Furthermore, in July 2007 Vilmorin concluded the full take-over of the Turkish company Anadolu, in which until then it had held 47.5% of the stock.

## Perspectives for the future

The fiscal year for 2006-2007 was particularly devoted to succeeding the integration of the new field seeds activities and to pursuing a dynamic policy of external growth.





Fiscal 2007-2008 should confirm the potential for organic growth inherent in the professional market activities, both in vegetable seeds and field seeds, and should also be a transitional year in the repositioning of the home garden business.

Vilmorin must thus continue to build its development based on a certain number of strategic principles defined several years ago:

- > a progressive intensification of research investment in upstream technologies and conventional plant breeding,
- > permanent international development for all our business in the context of market globalization,
- > strengthening our companies or taking up new competitive positions through external growth operations,
- > accepting or seeking partnerships in sectors where technical expertise or a critical size can boost development in our companies,
- > maintaining a management model and policy that encourages autonomy in each company's decision-making processes, and the fulfillment of synergy between the different business units.

By adhering to this policy, Vilmorin will be able to reinforce its position as world leader and offer sustainable perspectives for regular growth.

## Acquisitions and sales of stock

NB: a detailed table of subsidiaries and participations is appended to this report on page 68.

Apart from the previously described operation to integrate Limagrain's field seeds business, the following points should be noted:

- > the global integration of Innoseeds' European straw cereals and protein pea businesses, following their acquisition in September 2006 from DLF,
- > the deconsolidation of Limagrain Verneuil Holding's wholesale distribution businesses for forage and amenity grass seeds following their sale to DLF,
- > consolidation using the equity method of the French company Top Green following its majority take-over by the Danish group DLF,
- > the full take-over of the Israeli company Hazera Genetics previously held at 54.7%,
- > the 4.6% stake acquired in the stock of Indian biotechnology company Avesthagen.

## Shareholders

In order to pay for the contribution by Limagrain of its field seeds activities grouped in the holding company Biofina, on July 3<sup>rd</sup> 2006 Vilmorin issued 3 824 878 new shares taking its stock up to 13 391 857 shares with a total value of 204 225 819.25 euros. Following this stock increase, Groupe Limagrain held 78.6% of Vilmorin.

In compliance with the commitments made when this operation was declared, in November 2006 Groupe Limagrain sold 800 000 shares representing 5.97% of Vilmorin's stock, through Groupe Limagrain Holding, and within the framework of a private investment. On June 30<sup>th</sup> 2007, the majority of the stock, 56.83%, was held by Groupe Limagrain Holding, 6.66% by Sélia and 6.66% by Coopérative Agricole Limagrain, all three of these companies belonging to Groupe Limagrain.

Vilmorin's bylaws grant double voting rights to any shares held nominatively for a period of more than four years. On June 30<sup>th</sup> 2007, 5 562 069 shares benefited from this right. Groupe Limagrain Holding, Coopérative Agricole Limagrain and Sélia were the main shareholders concerned, giving Groupe Limagrain combined voting rights of 78.9%.

On June 30<sup>th</sup> 2007, Vilmorin held 1 312 internal shares, corresponding to less than 0.1% of its stock.

In compliance with the provisions of article L225-102 of the French Commercial Code, we inform you that on June 30<sup>th</sup> 2007 no employee held a stake in the stock.

### ■ Appropriation of the profits

We propose that the profits of Vilmorin should be applied in the following manner:

Net profits on 06.30.07	25 818 025.23 €
Application to legal reserve	1 290 901.26 €
Profit available on 06.30.07	24 527 123.97 €
Brought forward	17 503 429.89 €
Dividends to distribute	22 230 482.62 €
To carry forward	19 800 071.24 €

The net dividend is set at 1.66 euro per share. As a proportion of the net profits for the group the sums distributed amount to 40.5%.

The total amount of dividends (22 230 482.62 euros), and the final sum to carry forward, do not take into account any possible treasury shares for control on the date the dividends are paid. Any dividends corresponding to these shares will be added to the sum carried forward.

Moreover we wish to inform you that for the last three financial years, dividends were distributed as follows:

	03-04	04-05	05-06
Number of shares	3 188 993	3 188 993	9 566 979 <sup>(1)</sup>
Nominal	45.75 €	45.75 €	15.25 €
Net dividend per share	4.60 €	4.85 €	1.62 €
Tax credit	2.30 €	-	-
Gross dividend per share	6.90 €	-	-

(1) 13 391 857 shares on the date the dividend was paid out, bearing in mind the stock increase of July 2006.

## ■ Table of the results of the company over the past five fiscal years

In compliance with the provisions of article 148 of the decree of March 23<sup>rd</sup> 1967, the following table shows the results of our company over the past five fiscal years.

En K€	06-07	05-06 <sup>(1)</sup>	04-05	03-04	02-03
Stock at the end of the year					
Stock	204 226	145 896	145 896	145 896	145 896
Number of issued shares	13 391 857	9 566 979	3 188 993	3 188 993	3 188 993
<b>Operations and results</b>					
Operations and results	27 309	9 171	8 100	7 034	8 431
Profit before tax, amortization, profit sharing, depreciation and provisions	25 609	19 778	19 614	17 609	18 198
Income taxes	- 3 697	- 2 074	- 3 371	70	293
Profit sharing for the year	-	-	-	-	-
Profit after tax, profit sharing, amortization, depreciation and provisions	25 818	22 507	20 659	12 204	12 094
Profits distributed	22 230	21 694	15 466	14 669	12 118
<b>Profit per share</b>					
Profit after tax and profit sharing, but before amortization, depreciation and provisions	2.18	2.28	6.86	4.20	4.21
Profit after tax, depreciation profit sharing, amortization, and provisions	1.93	2.35	6.48	3.83	3.79
Dividend per share	1.66	1.62	1.62	4.60	3.80
<b>Headcount</b>					
Average staff <sup>(2)</sup>	82	14	11	13	44
Total payroll	4 720	1 142	1 002	950	1 374
Benefits paid out for the fiscal year	3 127	1 031	851	698	893

(1) Taking into account the division of the nominal value of the share by three.

(2) Number of people.



## ■ Information to the Works Council

We inform you that, in compliance with the provisions of article L432-4 of the French Labor Code, the results of your company have been presented to the Works Council, which made no special remarks.

## ■ Regulatory agreements

We ask you to approve the regulatory agreements governed by the French Commercial Code, and which are regularly authorized by your Board of Directors for the fiscal year 2006-2007. The Statutory Auditors have been informed of these agreements, and present them in their special report.

## ■ Corporate management system

Administration of your company has been entrusted to a Board of Directors comprising seven members.

Following the operation to integrate Limagrain's field seeds business into Vilmorin's scope, during the course of fiscal 2006-2007 the Board of Directors was partially recomposed in order to insure a well-balanced representation of the different activities. Thus Mr. François DELOCHE, Mr. Raoul FAURE, Mr. Jean-Paul FAURE and Mr. Jean-Denis POULET resigned in order to allow the appointment by co-optation of Mr. Pierre PAGESSE, Mr. Joël ARNAUD, Mr. Philippe AYMARD and Mr. Jean-Yves FOUCAULT.

Moreover in December 2006, Mr. Daniel CHÉRON, Vilmorin's CEO delegate, was appointed General Manager of Groupe Limagrain. Consequently, in February 2007 he transferred his functions to Mr. Adrian HUIGE until then responsible for different operational missions and for management of Corporate Human Resources, within the Groupe.

On June 30<sup>th</sup> 2007, the Board of Directors and the General Management were composed of the following members:

> CEO: Gérard RENARD

> CEO delegate: Adrian HUIGE

> Directors: Joël ARNAUD, Philippe AYMARD, Daniel CHÉRON, Jean-Yves FOUCAULT, François HEYRAUD, Pierre PAGESSE.

A list of terms of office and functions for the members of the Board of Directors is appended to this report.

During the fiscal year for 2006-2007, your Board of Directors met six times.

Moreover, for the purpose of the offices they hold in the subsidiary companies of Vilmorin, the Members of the Board took part in thirty-nine meetings.

Your Board of Directors proposes that you approve the appointment of Mr. Pierre PAGESSE, Mr. Joël ARNAUD, Mr. Philippe AYMARD and Mr. Jean-Yves FOUCAULT as Vilmorin's Directors, and for the latter, to renew his term of office for another period of three years.

Moreover we propose that the composition of the Board of Directors be enlarged by the creation of two new positions of Director.

We thus submit for your approval the appointment of Monsieur Pascal VIGUIER, as Director of your company, for a term of office lasting three years, and thus ending on the occasion of the Annual General Meeting deliberating on the financial statements of the fiscal year closing June 30<sup>th</sup> 2010.

At the same time your Board of Directors proposes to appoint Mr. Didier MIRATON, as independent Director as a result of the suggestions made by the AFEP/MEDEF report of October 2003 and the recommendation of the European Commission on February 15<sup>th</sup> 2005.

A civil engineer, Didier MIRATON has since May 2007 been a member of the general management of the Michelin group as Managing Partner.

These different proposals are presented to you in sixth, seventh, eighth and ninth draft resolutions.

## ■ Token payments or allowances paid to corporate representatives

Just as in previous years, your Directors carried out their duties in 2006-2007 without any remuneration, and it is therefore unnecessary to come to a decision on any token payments or allowances.

Moreover since Mr. Daniel CHÉRON, Director and CEO delegate until February 2007, is also a salaried member of the staff of Groupe Limagrain, the main shareholder of Vilmorin, we declare that the proportion of gross remuneration paid for the function he held specifically for Vilmorin in 2006-2007 was 171.9 thousand euros, including a variable sum of 16,5 thousand euros.

In the same fashion, Mr. Adrian HUIGE, the new CEO delegate since February 2007, being a salaried member of Groupe Limagrain Holding, the proportion of gross remuneration paid for the new function held since this date was 104.4 thousand euros, including a variable sum of 24.7 thousand euros.

We also wish to inform you that the total commitments concerning end of career benefits for Mr. Daniel CHÉRON and Mr. Adrian HUIGE on June 30<sup>th</sup> 2007 stood respectively at 128 thousand euros and 6.5 thousand euros.

Each of the Directors holds three Vilmorin shares and no other operation or convention has been agreed by your company with its corporate representatives.

## ■ Program to buy back shares in accordance with article L225-209 of the French Commercial Code

In compliance with the provisions of article L225-211 of the French Commercial Code, we inform you that in order to stabilize our share value, and as part of the buy-back program approved by the Joint General Meeting of December 12<sup>th</sup> 2006, we carried out the following operations over the fiscal year:

Number of shares purchased	77 763
Average purchasing price	69.21 €
Number of shares sold	82 553
Average selling price	69.37 €

On June 30<sup>th</sup> 2007, our company held 1 312 shares, corresponding to less than 0.1% of the stock, at a purchasing value of 129 612 euros, which is an average unit price of 98.79 euros.

On September 30<sup>th</sup> 2007, our company held 898 treasury shares, corresponding to less than 0.1% of the stock, at a purchasing value of 85 016.98 euros, which is an average unit price of 94.67 euros.

In order to encourage the liquidity of transactions and a regular quotation for our share value, your Board of Directors proposes that once again you grant authorization, for a maximum duration of 12 months, to manage the company's treasury shares in compliance with the provisions of article L 225-209 of the French Commercial Code.

These operations will be carried out through a liquidity contract signed with an investment service provider in accordance with regulations in force and the following conditions:

- > the maximum purchasing price is fixed at 150 euros per share,
- > the maximum quantity of shares liable to be purchased is fixed at 1 000 000 shares representing a maximum potential commitment of 150 million euros.

## ■ Authorization to proceed with a public stock issue

During the course of the Joint General Meeting of December 12<sup>th</sup> 2006, a number of resolutions were made to authorize the Board to proceed, if relevant, with the issue of bonds or other assimilated debt securities, in the limit of a maximum value of 150 million euros.

This authorization had been granted for a period of eighteen months.

In compliance with article L25-100 of the French Commercial Code, we inform you that your Board of Directors did not exercise this authorization during the fiscal year 2006-2007.

However, we propose, in order to remain attentive to market reactivity and opportunities which might come up as part of any development projects for Vilmorin, that these authorizations be renewed in accordance with the provisions presented hereafter.

### Issue of bonds or other assimilated debt securities

We request that you grant full powers to your Board of Directors to take decisions to proceed in one or several operations, whether in France or another country and/or on international markets, in euros or any other currency or unit of account fixed in reference to several currencies, with the issue of bonds or other assimilated debt securities, with or without a public issue, up to the nominal value of 250 million euros or the equivalent of this sum if issued in a foreign currency, or in a unit of account fixed in reference to several currencies.

The Board of Directors may decide that the bonds, or other debt securities, will be of the perpetual floating or limited floating rate type, either for the stock and/or the interest accrued for these securities.

The Board of Directors may proceed with these issues in the limits fixed above, in compliance with legal provisions and with the bylaws, and may also:

- > determine the period or periods of issue,
- > determine the issue currency and the nominal value of the loan,
- > fix the terms and conditions of the bonds and/or debt securities to issue, and in particular: their nominal value, their issue price, their fixed and/or variable rates of interest, and the payment dates, their fixed or variable redemption price, with or without premium, and according to market conditions, fix the duration and conditions of amortization for the loan,
- > more generally sign any contract documents or agreements with any banks or institutes, make any provisions and fulfill any formalities concerning the issue, the quotation and the financial management of the aforementioned bonds and/or aforementioned debt securities, and constitute the body of bondholders in compliance with legal provisions, and in a general manner, do all that is required.

The Board of Directors will also have full powers to decide, where necessary, to attach a guarantee to the securities issued and, if this is the case, to define and grant this guarantee, and take any measures for this purpose.



### **Stock increase through the issue of shares, various securities and/or stock purchase warrants with either the confirmation or cancellation of stock purchase rights**

We request that you grant all powers to your Board of Directors to deliberate and then to proceed, in one or several operations, with the issue of shares, various securities and/or stock purchase warrants with either the confirmation or cancellation of stock purchase rights, with any such issue being subject, in particular, to the following conditions and provisions:

> each share issue for the company will bear a maximum nominal value of 250 millions euros, to which will be added, as relevant, the nominal amount of the shares for issue, in order to preserve the rights of the bearers of securities that open up rights to shares, in compliance with the law,

> each issue of securities, other than shares, that provide access to the stock, cannot be higher than 250 million euros, or than the counter value of this sum in the case of an issue in a foreign currency, or in a monetary value fixed in reference to several currencies,

> in the event of the cancellation of the stock purchase rights, the Board of Directors can grant shareholders a priority duration to subscribe for securities without creating negotiable and transferable rights. For this purpose the Board of Directors will fix a duration and the procedure to follow.

> the issue price for warrants issued alone must, for each share to be created, be such that the sum of this price and the exercise price of each warrant is at least equal to the weighted average of the rate of former shares recorded over the previous three trading sessions before the price is fixed, in certain cases reduced by a maximum discount of 5%.

Moreover, in cases where one of the companies in which your company holds, whether directly or indirectly, more than half the stock, issues securities providing access to your company's stock, the Board of Directors may exercise the authorizations granted to proceed with the issue of these securities. All the procedures for these delegations are set out in the ordinary and extraordinary draft resolutions (tenth to fourteenth resolutions inclusive) submitted for your approval, and also in the Statutory Auditors' special report.

### **Stock increase reserved for employees**

We wish to inform you, in compliance with article L225-129-6 of the French Commercial Code, that when any decision is made to increase the stock, we are obliged to present you with a draft resolution to proceed with a stock increase reserved for employees as part of a company or group savings scheme. This is the subject of the fifteenth draft resolution submitted for vote.

Since the provisions laid down by this legislation do not, in our opinion, appear to be suited to the specific situation of our company, on this particular occasion your Board of Directors will not be making any voting recommendations, and each shareholder will freely assess its relevance.

### **■ General provisions**

The rules for presentation and the methods of evaluation adopted to set down these documents respect legislation in force, and take into account the provisions resulting from the IFRS accounting and evaluation principles as they were adopted by the European Union on June 30<sup>th</sup> 2007.

In their general report your Statutory Auditors confirm that they have accomplished their mission.

With the exception of the fifteenth resolution, your Board of Directors invites you to adopt the ordinary and extraordinary resolutions which it is submitting for your approval.

## **APPENDIX**

### **■ List of terms of office of the Directors**

#### **Chairman of the Board and CEO: Gérard RENARD**

> Chairman of the Board and CEO:  
 Clause Tézier SA (France), Vilmorin & Cie SA (France).

> Chairman of the Board:  
 American Bio Corporation (United States), Clause Tézier Iberica SA (Spain), Harris Moran Seeds Co. (United States), Clause Tézier Italia Spa (Italy), Vilmorin SA (France), Vilmorin Iberica SA (Spain), Vilmorin Inc (United States), Vilmorin Italia Srl (Italy).

> Chairman of the Board of Trustees:  
 Nickerson Zwaan BV (Netherlands), Nickerson Zwaan GmbH (Germany).

> Member of the Board of Trustees:  
 CH Van den Berg BV (Netherlands).



> Member of the Board:

Coopérative Agricole Limagrain (France) (Vice-Chairman), Cylonie Re (Luxembourg), Groupe Limagrain Holding SA (France), Hazera Genetics Ltd (Israel), Maïcentre SCICA (France), Marco Polo Seed Ltd (Thailand), Oxadis SA (France), Oxadis SRL (Italy), Plant Development Australia Pty (Australia), Suttons Seeds (Holdings) Ltd (United Kingdom).

> Member of the Board Committee:

Sélia SAS (France).

> Member of the Supervisory Board:

Vilmorin Luxembourg SA (Luxembourg).

> Member of the Consultative Committee:

Flora Frey GmbH (Germany).

> Member of the Board of Management:

Semillas Limagrain de Chile SARL (Chile).

**Directors:**

**François HEYRAUD**

> Chairman of the Board and CEO:

Oxadis SA.

> Chairman of the Board:

Oxadis Srl (Italy), Suttons Seeds (Holdings) Ltd (United Kingdom).

> Chairman of the Supervisory Board:

CH Van den Berg BV (Netherlands).

> Chairman of the Board of Trustees:

Cnos Vilmorin (Poland).

> Chairman of the Consultative Committee:

Flora Frey GmbH (Germany).

> Member of the Board:

American Bio Corporation (United States) (until April 23<sup>rd</sup> 2007), Clause Tézier SA (France), Clause Tézier Ibérica SA (Spain), Clause Tézier Italia SPA (Italy), Coopérative Agricole Limagrain (France), Groupe Limagrain Holding SA (France), Harris Moran Seeds Company (United States), Maïcentre SCICA (France), Top Green SAS (France), Vilmorin & Cie SA (France), Vilmorin Ibérica SA (Spain), Vilmorin Inc. (United States), Vilmorin Italia SRL (Italy), Vilmorin SA (France).

> Member of the Board Committee:

Sélia SAS (France).

> Member of the Board of Trustees:

Nickerson Zwaan BV (Netherlands).

> Member of the Board of Management:

Semillas Limagrain de Chile SARL (Chile) (Sélia representative).

**Jean-Yves FOUCAULT**

> Chairman of the Board and CEO:

Jacquet SA (France), Pain Jacquet SA (France), Ulice SA (France).

> Chairman of the Board:

Céréales et Ingrédients SAS (France) (until January 1<sup>st</sup> 2007), Jacquet Belgium (Jacquet SA representative), Jacquet Panification SAS (France), Limagrain Céréales Ingrédients (France), Société de Viennoiserie Fine (SDVF) SASU (France), Westhove SAS (France).

> Member of the Board:

Coopérative Agricole Limagrain (France), Groupe Limagrain Holding SA (France), Le Groupement Domagri-Maïcentre GIE (France), Limagrain Agro Industrie SA (France) (until June 19<sup>th</sup> 2007), Maïcentre SCICA (France), Vilmorin & Cie (France).

> Member of the Board Committee:

Limaclub SAS (France), Sélia SAS (France).

> Member of the Board of Management:

Semillas Limagrain de Chile SARL (Chile).

**Joël ARNAUD**

> Chairman of the Board and CEO:

Limagrain Agro Industrie SA (France) (until June 19<sup>th</sup> 2007), Limagrain Verneuil Holding SA (France),

> Vice-Chairman and Member of the Board:

Coopérative Agricole Limagrain (France), Syndicat des Producteurs de Semences de Maïs et de Sorgho des Limagnes et Val d'Allier (France) (Limagrain representative), Valgrain (Coopérative Agricole) (France) (Limagrain representative).

> Chairman of the Board:

Limagrain Central Europe SA (France), Limagrain Ibérica (Spain).

> Member of the Board:

AgReliant Genetic LLC (United States) (until January 22<sup>nd</sup> 2007), Groupe Limagrain Holding (France), Jacquet SA (France), Le Groupement Domagri-Maïcentre GIE (France), Limagrain Genetic Corp (United States) (until February 16<sup>th</sup> 2007), Limagrain Genetic Inc. (Canada) (until November 30<sup>th</sup> 2006), Limagrain Italia Spa (Italy), Maïcentre SCICA (France), Soltis SA (France), Ulice SA (France), Vilmorin & Cie (France).

> Chairman of the Supervisory Board:

Limagrain GmbH (Germany), Nickerson Advanta UK Ltd (United Kingdom).

> Member of the Supervisory Board:

Advanta BV (Netherlands), Vilmorin Luxembourg SA (Luxembourg).



> Member of the Board Committee:  
 Céréales et Ingrédients SAS (France) (until January 1<sup>st</sup> 2007),  
 Limaclub SAS (France), Limagrain Céréales Ingrédients SAS  
 (France), Sélia SAS (France).

> Member of the Board of Management:  
 Semillas Limagrain de Chile (Chile) (GLH representative).

### **Philippe AYMARD**

> Chairman of the Board and CEO:  
 Grains Auvergne Innovation (France) (Limagrain representative)  
 (Union de Coop), Limaclub SAS (France), Limagrain Italia Spa  
 (Italy), Maïcentre SCICA (France).

> Chairman of the Board of Management:  
 Cave Saint VERNY SARL (France).

> Chairman of the Supervisory Board:  
 Advanta BV (Netherlands), Eurodur SA (France).

> Member of the Board:  
 AgReliant Genetics LLC (United States), Coopérative Agricole  
 Limagrain (France), Groupe Limagrain Holding SA (France), Le  
 Groupement Domagri-Maïcentre GIE (France), Limagrain Agro  
 Industrie SA (France) (until June 19<sup>th</sup> 2007), Limagrain Central  
 Europe SA (France), Limagrain Genetics Corp (United States),  
 Limagrain Genetics Inc, (Canada), Limagrain Iberica (Spain),  
 Limagrain Verneuil Holding SA (France), Société Meunière du  
 Centre SA (France) (Groupe Limagrain Holding representative),  
 Ulice SA (France) (Limaclub representative), Vilmorin & Cie SA  
 (France).

> Member of the Supervisory Board:  
 Limagrain GmbH (Germany), Nickerson Advanta Ltd (United  
 Kingdom).

> Joint manager and Founder:  
 Dôme 2000 (France).

> Member of the Board Committee:  
 Céréales et Ingrédients SAS (until January 1<sup>st</sup> 2007), Limagrain  
 Céréales Ingrédients SAS (France), Sélia SAS (France).

> Member of the Board of Management:  
 Semillas Limagrain de Chile Ltd (Chile).

### **Pierre PAGESSE**

> Chairman:  
 Coopérative Agricole Limagrain (France).

> Chairman of the Board Committee:  
 Sélia SAS (France).

> Chairman of the Board and CEO:  
 Groupe Limagrain Holding SA (France).

> Chairman of the Board:  
 Cylonia Re (Luxembourg), Vilmorin Luxembourg (SA)  
 (Luxembourg).

> Chairman of the Strategic Committee:  
 Biogemma SAS (France).

> Member of the Supervisory Board:  
 Advanta BV (Netherlands).

> Member of the Board:  
 Le Groupement Domagri-Maïcentre GIE (France), Limagrain  
 Verneuil Holding SA (France), Maïcentre SCICA (France), Ulice  
 SA (France), Vilmorin & Cie SA (France).

> Member of the Board of Management:  
 Cave Saint VERNY SARL (France), Semillas Limagrain de Chile  
 (Chile) (Limagrain representative).

> Member of the Board Committee:  
 Limaclub SAS (Limagrain representative).

> Ex-officio member:  
 LG Compagnons (Association).

### **Daniel CHÉRON**

> CEO:  
 Coopérative Agricole Limagrain (France), Sélia SAS (France).

> CEO Delegate:  
 Groupe Limagrain Holding (France), Limagrain Agro Industrie SA  
 (France) (until June 19<sup>th</sup> 2007).

> Member of the Board:  
 Cylonia Re (Luxembourg), Genoplante Valor SAS (France),  
 Limagrain Genetic Corp. (United States) (until March 30<sup>th</sup> 2007),  
 Vilmorin & Cie (France).

> Member of the Supervisory Board:  
 Méristem Thérapeutics.

# Consolidated financial statements on June 30<sup>th</sup> 2007

- I. Consolidated income statement
- II. Consolidated balance sheet
- III. Consolidated cash flow statement
- IV. Variation in consolidated equity
- V. Notes to the consolidated financial statements

## I. Consolidated income statement

In millions of euros	Notes	06-07	05-06 pro-forma	05-06 disclosure
<b>Revenue from ordinary activities</b>	6	<b>938.5</b>	<b>922.2</b>	<b>497.5</b>
Cost of goods sold	-	- 523.8	- 519.2	- 249.7
Marketing and sales costs	-	- 150.8	- 146.4	- 83.6
Research and development costs	9	- 76.9	- 75.3	- 36.3
Administrative and general costs	-	- 106.5	- 109.9	- 71.5
Other income and operating charges	10	14.5	- 12.1	- 0.9
<b>Operating income</b>	-	<b>95.0</b>	<b>59.3</b>	<b>55.5</b>
Interest costs	11	- 21.7	- 15.1	- 5.2
Other profits and financial costs	12	1.9	2.0	1.5
Profit from associated companies	19	- 0.7	1.3	1.6
Income taxes	13	- 17.2	- 6.4	- 9.7
<b>Profit from continuing operations</b>	-	<b>57.3</b>	<b>41.1</b>	<b>43.7</b>
<b>Profit from discontinued operations</b>	-	<b>0.0</b>	<b>5.5</b>	<b>5.5</b>
<b>Net income for the period</b>	-	<b>57.3</b>	<b>46.6</b>	<b>49.2</b>
<i>Group share</i>	-	54.8	42.4	43.8
<i>Minority share</i>	-	2.5	4.2	5.4

In euros	06-07	05-06 pro-forma	05-06 disclosure
Profit from continuing operations for one share – Group share	4.1	2.8	4.0
Profit from discontinued operations for one share – Group share	0.0	0.4	0.6
Net income for the period for one share – Group share	4.1	3.2	4.6



## II.1. Consolidated balance sheet Assets

In millions of euros	Notes	06.30.07	06.30.06 pro-forma	06.30.06 disclosure
Goodwill	15	275.9	272.2	22.1
Other intangible fixed assets	16	385.2	383.6	155.0
Tangible fixed assets	17	134.5	143.0	88.0
Financial assets	18	24.5	31.1	12.1
Equity shares	19	9.3	8.4	6.8
Deferred taxes	26	13.9	11.3	3.6
<b>Total assets less current liabilities</b>	-	<b>843.3</b>	<b>849.6</b>	<b>287.6</b>
Inventories	20	259.0	294.3	164.7
Trade receivables and other receivables	21	379.3	363.7	180.9
Cash and cash equivalents	22	150.6	168.9	92.1
<b>Total current assets</b>	-	<b>788.9</b>	<b>826.9</b>	<b>437.7</b>
<b>Total assets</b>	-	<b>1 632.2</b>	<b>1 676.5</b>	<b>725.3</b>

## II.2. Consolidated balance sheet Liabilities

In millions of euros	Notes	06.30.07	06.30.06 pro-forma	06.30.06 disclosure
Share capital	23	204.2	204.2	145.9
Reserves and income – Group share	23	404.2	373.6	176.9
<b>Equity – Group share</b>	23	<b>608.4</b>	<b>577.8</b>	<b>322.8</b>
<b>Minority interests</b>	24	<b>97.2</b>	<b>137.9</b>	<b>47.6</b>
<b>Consolidated equity</b>	-	<b>705.6</b>	<b>715.7</b>	<b>370.4</b>
Provisions for employee benefits	25	23.6	33.4	19.7
Non-current financial debts	28	322.6	138.1	44.1
Deferred income taxes	26	84.0	90.4	35.1
<b>Total non-current liabilities</b>	-	<b>430.2</b>	<b>261.9</b>	<b>98.9</b>
Other provisions	27	19.9	27.8	11.7
Accounts payable	29	296.7	295.8	126.4
Deferred income	30	6.5	2.4	0.6
Current financial debts	28	173.3	372.9	117.3
<b>Total current liabilities</b>	-	<b>496.4</b>	<b>698.9</b>	<b>256.0</b>
<b>Total liabilities</b>	-	<b>1 632.2</b>	<b>1 676.5</b>	<b>725.3</b>

### III. Consolidated cash flow statement

In millions of euros	06.30.07	06.30.06 pro-forma	06.30.06 disclosure
<b>1 – Trading operations</b>			
Income for the year	57.3	46.6	49.2
Results of companies consolidated under equity method after dividends	0.7	- 1.3	- 1.6
Depreciation and amortization	80.3	83.1	38.7
Net non-current provisions	- 15.9	6.8	- 2.6
Variation in deferred taxes	- 3.5	- 4.3	- 1.1
Income from capital operations	- 10.5	- 11.8	- 12.1
Profits on the disposal of financial assets	- 0.2	0.0	-
<b>Cash flow</b>	<b>108.2</b>	<b>119.1</b>	<b>70.5</b>
Variation in working capital needs with comparable scope			
> Inventory	15.9	- 23.8	- 3.5
> Trade debts	- 21.9	- 4.8	- 7.8
> Short-term debts	8.9	11.0	- 12.5
<b>Cash from operating activities</b>	<b>111.1</b>	<b>101.5</b>	<b>46.7</b>
<b>2 – Investment operations</b>			
Sale of fixed assets <sup>(1)</sup>	21.5	24.9	23.9
Acquisition of fixed assets			
> Intangible fixed assets	- 75.0	- 68.5	- 30.3
> Tangible fixed assets	- 28.5	- 21.9	- 12.5
> Financial fixed assets <sup>(3)</sup>	- 50.1	- 145.7	- 22.0
Decrease in other fixed financial assets	12.4	19.9	19.3
Cash flow acquired through scope entries <sup>(2)</sup>	77.5	1.3	1.3
Cash flow conceded through scope exits	- 0.2	- 2.9	- 2.3
Variation in fixed financial assets	21.9	0.0	-
Net increase/decrease in cash and cash equivalents	0.1	- 0.5	0.6
<b>Cash flows from investing activities</b>	<b>- 20.4</b>	<b>- 193.4</b>	<b>- 22.0</b>
<b>3 – Cash flows from financing activities</b>			
Increase in financial liabilities <sup>(3) (4)</sup>	- 10.2	93.1	- 1.3
Others	- 0.4	0.0	-
Dividends received on non consolidated participations	0.3	0.0	-
Dividends paid out	- 21.7	- 14.5	- 16.3
<b>Net cash used in financing operations</b>	<b>- 32.0</b>	<b>78.6</b>	<b>- 17.6</b>
<b>4 – Net effect of currency translation in cash and cash equivalents</b>	<b>- 0.2</b>	<b>- 3.0</b>	<b>- 1.3</b>
<b>5 – Net increase/decrease in cash and cash equivalents</b>	<b>58.5</b>	<b>- 16.3</b>	<b>5.8</b>
<b>6 – Cash and cash equivalents at beginning of period</b>	<b>92.1</b>	<b>185.2</b>	<b>86.3</b>
<b>7 – Cash and cash equivalents at end of period</b>	<b>150.6</b>	<b>168.9</b>	<b>92.1</b>

(1) Including 16.8 million euros linked to the discontinued activity of Ferry Morse on June 30th 2006.

(2) This concerns the integration of the field seeds business (cf. Note 3).

(3) Including the impact of the contribution of Groupe Limagrain's field seeds business

(4) Increase in the non-current financial debts 333,3

Repayment of non-current financial debts - 127,3

Net increase/decrease of current financial debts - 216,2

- 10,2



## IV. Variation in consolidated equity

In millions of euros	Group share					Minority interests	Total
	Capital	Premiums	Income and other reserves	Currency translation	Total		
<b>On 06.30.05</b>	<b>145.9</b>	<b>29.3</b>	<b>123.9</b>	<b>1.5</b>	<b>300.6</b>	<b>41.0</b>	<b>341.6</b>
Currency translation				- 6.2	- 6.2	- 1.5	- 7.7
Gains and losses recorded directly in equity			0.6		0.6	0.8	1.4
Net income			43.8		43.8	5.4	49.2
<b>Total gains and losses for the fiscal year</b>			<b>44.4</b>	<b>- 6.2</b>	<b>38.2</b>	<b>4.7</b>	<b>42.9</b>
Variation of treasury shares			0.2		0.2		0.2
Dividends paid out			- 15.5		- 15.5	- 0.8	- 16.3
Variations in scope						2.3	2.3
Effect of share purchase commitments							0.0
Variation in capital of the parent company							0.0
Others			- 0.7		- 0.7	0.4	- 0.3
<b>On 06.30.06</b>	<b>145.9</b>	<b>29.3</b>	<b>152.3</b>	<b>- 4.7</b>	<b>322.8</b>	<b>47.6</b>	<b>370.4</b>
Currency translation				- 6.4	- 6.4	0.6	- 5.8
Gains and losses recorded directly in equity			0.6		0.6	0.2	0.8
Net income			54.8		54.8	2.5	57.3
<b>Total gains and losses for the fiscal year</b>		<b>0.0</b>	<b>55.4</b>	<b>- 6.4</b>	<b>49.0</b>	<b>3.3</b>	<b>52.3</b>
Variation of treasury shares			0.3		0.3		0.3
Dividends paid out			- 21.7		- 21.7	- 0.4	- 22.1
Variations in scope					0.0	47.7	47.7
Effect of share purchase commitments					0.0	- 0.8	- 0.8
Variation in capital of the parent company	58.3	182.9			241.2		241.2
Costs lined to the contribution operation deducted from the premium		- 1.3			- 1.3		- 1.3
Impact of the contribution of Groupe Limagrain's field seeds business			15.0		15.0		15.0
Others <sup>(1)</sup>			3.1		3.1	- 0.2	2.9
<b>On 06.30.07</b>	<b>204.2</b>	<b>210.9</b>	<b>204.4</b>	<b>- 11.1</b>	<b>608.4</b>	<b>97.2</b>	<b>705.6</b>

(1) "Others" mainly concern the review of the deferred taxation rate applied to the elimination of inventory margins.

### Details of the gains and losses for the fiscal year:

In millions of euros	06-07	05-06
Variation of the fair value of assets available for sale	0.3	1.4
Change in method	0.5	0.0
<b>Net profit recorded directly in equity</b>	<b>0.8</b>	<b>1.4</b>
Income for the period	57.3	49.2
<b>Total of income and charges for the period</b>	<b>58.1</b>	<b>50.6</b>
Group share	55.4	44.4
Minorities share	2.7	6.2

## V. Notes to the consolidated financial statements

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### Note 1 - Accounting methods and principles in IFRS standards

#### 1.1 – General context and declaration of compliance

These financial statements present the consolidated accounts in accordance with the international accounting standards (IFRS standards) published by the International Accounting Standards Board (IASB) and with the interpretations of the IFRS published by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as adopted by the European Union on June 30<sup>th</sup> 2007.

The consolidated financial statements were closed by the Board of Directors on October 3<sup>rd</sup> 2007.

#### 1.2 – Basis of evaluation used to establish the consolidated financial statements

The consolidated financial statements have been established using the historical cost convention, with the exception of certain categories of assets and liabilities, in compliance with IFRS rules. The categories concerned are mentioned in the following notes.



### 1.3 – The use of estimates

In order to establish its financial statements, the Management of Vilmorin must carry out a number of estimates and hypotheses that affect the book value of the assets and liabilities, the income and the charges, and also the information provided in notes.

The Management of Vilmorin carries out these estimates and assessments on an ongoing basis, taking into account its experience and various other factors deemed to be reasonable that form the basis of these decisions.

The figures appearing in future financial statements are liable to differ from these estimates, depending on the evolution of these hypotheses or different conditions.

The main significant estimates made by the Management of Vilmorin in particular concern the evolution of commitments to employees, goodwill, other intangible fixed assets and provisions.

### 1.4 – Accounting treatment adopted in the absence of an IFRS standard or IFRIC interpretation with regard to certain operations

In the absence of an IFRS standard or IFRIC interpretation, Vilmorin has chosen to adopt the following accounting treatment, pending any possible standards or interpretations to come.

#### 1.4.1 – Accounting of put options granted to certain minority shareholders

Vilmorin has granted to the minority shareholders of certain of its subsidiaries consolidated by global integration commitments to buy back their minority stakes. These commitments may take the form of a put option or a firm commitment to buy the stakes at a pre-fixed date.

In IFRS standards, until there is a specific IFRIC interpretation or IFRS standard, the following accounting treatment has provisionally been adopted:

> At initial recording in the accounts, the commitment to buy back a minority stake is recorded as a financial debt at the discounted value of the price of the option or firm commitment to buy back the stake, in return for the minority interests, and for the balance, for the consolidated goodwill.

> Any ultimate variation in the value of the commitment is recorded to adjust for the total consolidated goodwill.

> Where necessary, when the commitment and its subsequent variations are first recorded in the accounts, the anticipated loss on the acquisition cost is recorded in “Other financial charges”.

> When the commitment reaches maturity, if there is no acquisition, previous recordings are cancelled. If the acquisition materializes, the amount recorded as a financial debt is cancelled out by the disbursement for the acquisition of the minority stake.

#### 1.4.2 – Acquisition of minority interests in companies consolidated by global integration

When minority interests concerning companies controlled by Vilmorin are acquired, any assets, liabilities and potential liabilities of the company are recorded at their fair value within twelve months and retroactively to the acquisition date. Any surplus between the acquisition cost and the proportion of the purchaser in the fair values of the assets, liabilities and potential liabilities is recorded as goodwill.

Any negative difference is recognized through the exercise of complementary acquisition.

#### 1.4.3 – Application and interpretation of standards and regulations

New standards, interpretations and amendments to existing standards applicable to accounting periods open as of January 1<sup>st</sup> 2007 or later (refer to the details hereafter) have not been adopted in anticipation by Vilmorin:

- IFRS 7: Financial instruments: disclosures.
- IAS 1: Amendments re capital disclosures.
- IFRIC 10: Interim Financial Reporting and Impairment.
- IFRIC 11: Group and treasury share transactions.
- IFRIC 12: Service concession arrangements.
- IFRIC 13: Customer loyalty programs.
- IFRS 8: Operating segments.
- IAS 23 R: Borrowing costs.

### 1.5 – Consolidation methods (IAS 27 – 28 – 31)

The following rules have been applied:

> A subsidiary is an entity controlled by the company. Controlled subsidiaries are consolidated using global integration.

Control is defined as when the company holds the power to govern, whether directly or indirectly, the financial and operating policies of the entity in order to obtain advantages from its business.

The criteria used to appreciate whether control exists are as follows:

- either direct or indirect holding of the majority of voting rights, including potential voting rights which can currently be exercised or converted,
- or the appointment over two successive fiscal years of the majority of the members of the board of directors or equivalent governing body, the management or supervision,

- or the possibility to exert dominant influence. The financial statements of the subsidiaries are included in the consolidated financial statements as from the date when this control is obtained right up until the date when this control ends.

> Companies controlled conjointly, as the result of a contractual agreement, with a limited number of partners, are consolidated by proportional integration: the consolidated financial statements include Vilmorin's proportion of the assets, liabilities, income and charges grouped together, line by line, with the similar elements of the financial statements, as of the date when the joint control starts right up until the date when it ends.

> Associated companies in which Vilmorin exerts significant influence, which is presumed to be the case when the voting rights are higher than 20%, are consolidated using the equity method. Consolidated financial statements include Vilmorin's proportion in the total amount of profits and losses accounted for by the associated companies (equity method), as of the date when significant influence is first exerted right up until the date it ends. If Vilmorin's proportion in a company's losses is higher than its stake in this company, the book value of the shares integrated using the equity method is recorded as zero, and Vilmorin no longer accounts for its proportion of losses to come, unless Vilmorin has a legal or implicit obligation to participate in the losses or make payments on behalf of the associated company.

> Any internal transactions are eliminated in consolidation, particularly:

- reciprocal transactions and accounts,
- dividends paid out between consolidated companies,
- provisions and write-back of amortization on consolidated securities,
- internal margins on inventory,
- capital gains or losses on internal transfers or sales.

## 1.6 – Business combinations (IFRS 3)

The way business combinations are recorded in accounts depends on the acquisition method. Thus, for the first consolidation of a controlled company, the assets, liabilities and potential liabilities of the acquired company are assessed at their fair value in compliance with the provisions presented in the IFRS standards. Positive or negative goodwill appearing at this time is accounted for in the assets and liabilities concerned, including for minority shares, and not just for the proportion of acquired securities. The difference between acquisition cost and the proportion of net assets evaluated at their fair value is accounted for as positive or negative "Goodwill".

Negative goodwill that results from acquisitions is recorded directly as income for the fiscal year when the acquisition was materialized.

## 1.7 – Segment information

Segment information is presented on the basis of the internal organization of Vilmorin that reflects the risk level for profitability to which it is exposed.

The first level of segment information, as defined by IAS 14, is organized according to business segments.

The breakdown adopted by Vilmorin for the different business segments is as follows:

- Vegetables activity – professional market.
- Vegetables activity – home garden market.
- Field seeds activity – European and North American markets

The second level of segment information, as defined by IAS 14, is organized according to geographic area:

- Europe
- Americas
- Asia
- Africa
- Oceania
- Middle East

## 1.8 – Converting statements expressed in foreign currencies (IAS 21)

Vilmorin's financial statements are presented in euros.

Balance sheets of companies whose functional currency is not the euro are converted into euros at the exchange rate in force at close, and their income statements and cash flows at exchange rates as close as possible to the transaction dates.

Resulting translation differences are recorded in the equity on the line "Currency translations" and on the line "Minority interests" for the minorities share.

Goodwill and adjustments in fair value originating in the acquisition of a foreign entity are considered as the assets and liabilities of the foreign entity. They are therefore expressed in the functional currency of the entity and translated at the closing rate for the year.

## 1.9 – Translation of transactions expressed in foreign currencies

At the end of the fiscal year, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate in force at the closing rate for the year. The resulting exchange differences are recorded in the income statement (in "Other income and operating charges").

Translation differences for financial instruments expressed in foreign currencies and corresponding to net forward investment in a foreign subsidiary are recorded in equity in the line "Currency translation". They are recorded in the income statement when the activity is taken out of the foreign country.



For a foreign exchange hedge to be eligible for hedge accounting (cash flows or fair value), the hedge relation needs to be defined and documented, and its efficiency demonstrated throughout its lifespan. Fair value hedges can be used for protection against variations in the value of assets, liabilities or firm commitments. Future flow hedges are used for protection against variations in the value of future cash flows (turnover generated by the company's assets for example).

Derivatives are assessed at their fair value. Variations in the fair value of these instruments are dealt with in the following ways:

- > Fair value variations for instruments eligible for cash flow hedges are recorded in two places: directly in the equity for the efficient part of the hedge and in the financial income for the inefficient part.
- > Fair value variations for instruments eligible for fair value hedges are recorded in the income where they compensate for variations in the fair value of assets, liabilities or firm covered commitments.

### 1.10 – Other intangible fixed assets (IAS 38)

Other intangible fixed assets are recorded at acquisition cost, and other intangible fixed assets created internally are recorded at cost value.

When their duration of use is defined, intangible assets are amortized over their expected duration of use by Vilmorin. This duration is determined for each individual case depending on the nature of the items included in this line.

When their duration of use is undefined, intangible fixed assets are not amortized, but they are submitted to systematic annual value loss tests.

Consequently, intangible fixed assets with a defined duration of use are valued at cost price less amortization and any loss of value, whereas intangible fixed assets with an undefined duration of use are valued at cost price less the aggregate of losses in value.

The main categories of other intangible fixed assets at Vilmorin are as follows:

#### a. Development costs

Development costs are recorded as intangible fixed assets when the activation conditions meet all five of the following conditions:

- > The projects are clearly identified and the costs concerned are treated individually and are evaluated in a reliable manner.
- > Technical feasibility of the projects is shown.
- > There is both an intention and capacity to see the projects through to the end.
- > There is a potential market for the production generated by these projects, or their internal utility has been demonstrated.
- > The resources necessary to run the projects right up to their conclusion are available.

Vilmorin considers that it is capable of satisfying these conditions as described above. As a consequence, its development projects are recorded as fixed assets in the following conditions:

#### Nature and contents of the projects recorded as fixed assets

Projects recorded as fixed assets correspond to work leading to the development of new products, or to industrial processes relative to Vilmorin's business.

The business field concerned is that of Vilmorin's seed activities.

Work taken into account when costing development projects recorded as fixed assets include, in particular:

- > Plant improvement as such, and particularly conventional breeding, genome analysis work on species the company does research into, molecular marking and routine laboratory work used by breeders.
- > Trials, tests and experiments, the production of seeds at a pilot stage, registration fees, homologation fees or fees to maintain rights on products being launched.
- > The development of new technologies that aim to improve the performance of seeds such as: coating, pelleting, priming, etc.
- > Intellectual property activities connected to the registration of patents, Soleau envelopes, Proprietary Variety Certificates, freedom to operate studies, etc.
- > The development of new processes or industrial pilots for the transformation of plant-based raw materials or more elaborate products, including food and ingredients.

Work done before the above-described process is not taken into account in the definition of development costs (for example: transgenesis, the search for new genetic resources).



Moreover, only the charges that can be directly allocated to the programs concerned can be included in the calculation of the cost of projects recorded as fixed assets.

Development programs recorded as fixed assets are amortized using the straight-line method over a five-year period as of the first year.

#### **b. Goodwill**

Goodwill represents the difference between the acquisition price of the consolidated securities (plus any additional costs) and the share of Vilmorin in the fair value of their assets, liabilities and any potential liabilities that can be identified on the date of the purchase of the participation.

This goodwill is not amortized in accordance with IFRS 3 “Business Combinations”.

Henceforth any goodwill will be subject to a value loss test once every year. The methodology adopted is described hereafter in Note 1.24. Any impairment recorded is irreversible.

Goodwill concerning companies consolidated under the equity method is recorded in “Equity shares”. If the criteria for loss of value as defined by IAS 39 come into play, the amount of the loss is determined according to the rules defined by IAS 36.

#### **c. Brands, patents, licenses**

The cost of assets corresponds:

- To the purchasing price plus any cost that can be directly shown to be due to the preparation of the asset for its planned use, for assets acquired separately.
- To the fair price, at acquisition date, for any assets acquired through business combinations.

Any amortization should be linear.

#### **(c1) – Brands**

Their economic life span is considered to be indefinite and consequently brands are not amortized. The classification of a brand as an asset with an unlimited life results, in particular, from the following indicators:

- positioning of the brand on the market in terms of volume of business and image,
- long-term perspectives for profitability,
- risk factor with regard to one-off accidents,
- major event occurring in the business sector, likely to leave its mark on the future of the brand,
- age of the brand,
- regular expenses on advertising and promotion.

They are regularly assessed and tested using the defined Cash Generating Units (CGUs).

#### **(c2) – Brands**

The duration of use for brands corresponds to the legal duration of protection.

#### **(c3) – Licenses**

The duration of use corresponds to the period during which they can be used by contract.

#### **(c4) – Software**

Depending on the application area of the software and taking into account the technological obsolescence, the economic life varies from three to seven years.

For certain specific needs, Vilmorin sometimes develops its own software applications. In such cases, the costs considered for recording them as fixed assets include:

- the costs of materials and services used,
- salaries and other labor costs directly involved in the production of these assets.

#### **d. Germplasm**

Germplasm comprises all the plant material used to breed new varieties of seeds. It constitutes a genetic pool used for the identification and use of different genes necessary for plant breeding (e.g. agronomic interest, disease resistance, tolerance to drought, greater yield, improvement of nutritive qualities, etc.).

Generally it is acquired through business combinations and is evaluated at fair price on the day of acquisition.

Bearing in mind that it needs to be kept permanently in good condition, regularly maintained and continually used in the process of plant breeding, Vilmorin considers that its economic life is indefinite. Consequently these assets are not amortized.

They are regularly assessed and tested using the defined Cash Generating Units (CGUs).

### **1.11 – Tangible fixed assets (IAS 16)**

Tangible fixed assets are recorded at their acquisition cost or, where appropriate, their production cost less impairment and loss of value.

#### **a. Loan interests**

In compliance with standards IAS 16 and IAS 23, interests on loans taken out for purposes of construction and the acquisition of tangible assets are recorded as financial charges and not as the cost of a fixed asset.



## **b. Components approach**

The different components of a tangible fixed asset are recorded separately when their estimated duration of use and therefore their impairment durations are significantly different.

## **c. Depreciation**

### **(c1) – Basis for depreciation**

Bearing in mind their specific nature, most of Vilmorin's industrial assets, are intended to be used until the end of their life span, and as a general rule, it is not envisaged that they should be sold, which justifies the fact that there is no residual value for these fixed assets.

### **(c2) – Depreciation method**

The depreciation method adopted by Vilmorin is the straight-line method.

### **(c3) – Duration of depreciation**

Depreciation is calculated according to the estimated durations of use for the following assets, reviewed every year:

- Land: not depreciated
- Land management: 10 to 20 years
- Constructions: 10 to 40 years <sup>(1)</sup>
- Specialized complex installations: 5 to 10 years
- Machines, industrial equipment: 3 to 10 years
- Office equipment: 3 to 10 years
- Other tangible fixed assets: 3 to 10 years

### **(c4) – Presentation of the income statement**

Amortization and depreciation are recorded in the income statement in accordance with the purpose of the fixed asset (cost of sales, commercial expenses, research costs, overheads and administrative costs, etc.).

## **d. Impairment tests**

As part of the Cash Generating Units (CGUs), tangible fixed assets are liable to be tested for loss of value if the circumstances so require.

A CGU is the smallest identifiable group of assets that generate cash entries clearly independent of cash entries generated by other assets or groups of assets.

This test has been implemented at Vilmorin, and is carried out in accordance with the rule explained in paragraph 1.24 hereafter.

## **1.12 – Lease agreements (IAS 17)**

### **1.12.1 – Financial lease agreements**

Goods acquired through financial lease agreements are recorded as fixed assets when the lease agreement transfers almost all the risks and rewards incident to ownership of these goods. Criteria used to assess these agreements are based, in particular, on:

- the relationship between the lease term for the assets and their life duration,
- the minimum total amount paid in the future compared with the fair value of the fixed asset being funded,
- the existence of transfer of property at the end of the lease agreement,
- the existence of a favorable purchase option,
- the specific nature of the asset being leased.

Assets held by virtue of lease contracts are depreciated over the same duration as similar freehold assets.

Goods acquired through lease agreements are recorded as tangible fixed assets at the lowest amount of the fair value, or the current value of minimum payments at the date of the beginning of the agreement, and the loans are recorded as liabilities.

### **1.12.2 – Simple rental agreements**

Rental agreements that do not have the characteristics of a financial lease agreement are recorded as operating rental contracts and only the installments paid are recorded in the income statement.

## **1.13 – Inventory and production in progress**

Inventory and production in progress are evaluated at their lowest cost and their net realizable value.

Costs are generally calculated according to the method of weighted average cost; they include an appropriate proportion of overheads based on the normal production capacity, but excluding financial charges and any costs of a drop in activity.

The net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to achieve the sale.

Where relevant impairment is recorded. It is generally intended to cover the following risks:

- realizable value lower than market price,
- adjustment according to sales perspectives,
- bad product quality (mainly poor germination and problems of sanitary quality).

<sup>(1)</sup> 10 to 20 years for light constructions,  
 20 to 40 years for more robust constructions.

## 1.14 – Trade receivables

Receivables are valued at their fair value at their initial evaluation, and then at their amortized cost after any later evaluations. Impairment is recorded when the recoverable amount is lower than the book value.

## 1.15 – Own shares

Own shares are recorded at their cost of acquisition less equity. Income from the sale of these shares is recorded directly as equity, and does not contribute to the profit for the fiscal year.

## 1.16 – Employee benefits (IAS 19)

In accordance with the laws and practices of each country in which it operates, Vilmorin participates in various pension, early retirement and post-employment benefit schemes.

### a. Defined contribution plans

For basic plans and other plans with defined contributions, the contributions payable are recorded as charges for the fiscal year in which they are due, and no provision is made, since Vilmorin is only committed within the limit of the contributions paid.

### b. Defined benefit plans

For such plans, Vilmorin records provisions which are determined as follows:

> The method used is that known as “Projected Unit Credits” which stipulates that each period of employment triggers a benefit right unit. Each of these units is assessed separately in order to obtain the final obligation. Calculations include hypotheses on mortality, staff turnover and a prediction of future salaries.

A readjustment rate based on the average duration of this commitment is applied. These evaluations are made once every year for all the plans.

> Actuarial gains and losses for commitments or the financial assets of the plan are generated by changes in hypotheses or experience differences (differences between what was planned and what actually happened).

> These differences are recorded in the income statement using the “corridor” method. Thus any actuarial gains and losses that exceed 10% of the defined benefit obligation or the fair value of plan assets, whichever is greater, are recorded. They are amortized over the remaining average service period of the employees concerned by the plan.

External funds can be called up to cover pension commitments, including the unrecognized part of the actuarial gains and losses because of their deferment. It may therefore be the case that financial assets exceed the estimated commitments thus generating the recognition of a financial asset in the balance sheet.

Recognition of this asset is nevertheless limited to the aggregate:

- of net actuarial losses and the cost of the unrecognized past service period,
- and the adjusted value of economic value of benefits that come from reimbursements the plan or an expected reduction future contributions.

### c. Other long-term subsequent benefits

Provisions are made for certain other long-term benefits which are determined using an actuarial calculation that is comparable to that used for pension provisions.

For Vilmorin these benefits mainly correspond to bonuses that accompany “work medals” for long service and lump sums paid at retirement, and concern almost exclusively the French companies.

### d. Presentation of the balance sheet and the income statement

The total amount of provisions calculated for employee benefits appear on the balance sheet in the line “Provisions for employee benefits” because of their long-term nature.

In the income statement the charge representing the evolution of these commitments is recorded in the operating result.

## 1.17 – Provisions (IAS 37)

### a. General principle

IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” defines the rules applicable to provisions.

It is mandatory to record a provision in cases where:

- > It is intended to meet a current, legal or implicit obligation.
- > This obligation exists at the date of the close of the fiscal year.
- > It is probable or certain that settlement will lead to an outflow of resources to a third party.
- > A reliable evaluation of the provision can be made.

These provisions are estimated taking into account the most probable hypotheses at the closing date of the accounts.



## **b. Application to Vilmorin**

Within the normal conditions of its activity Vilmorin is subject to various risks (commercial litigation, reorganization, fiscal litigation, social litigation, etc.). It applies the following rules:

### **(b1) – Provisions for reorganization**

Provisions for the cost of reorganization programs are made in full during the fiscal year in which an irreversible obligation for Vilmorin arises with regard to third parties. This obligation is the result of a decision taken by the invested management authority and materialized before the end of the closing date by informing the third parties concerned.

The amount of the provision mainly includes the following costs:

- severance pay,
- early retirement benefits,
- unworked period between notice given and termination of contract,
- training of employees laid off,
- other costs linked to the closing of sites.

Disposal of fixed assets, impairment of inventories and other assets that are the direct result of reorganization costs are also recorded in the reorganization costs.

### **(b2) – Provisions for litigation (commercial, fiscal, intellectual property, etc.)**

These litigations are assessed individually and/or based on a statistical estimate of the litigations observed for similar cases bearing in mind what is known at the end of the fiscal year.

Moreover, in order to ensure better management control of the certain specific risks (in particular contractual responsibility, litigation concerning intellectual property and also certain risks with regard to damages), Vilmorin has set up a captive reinsurance company. This company sets out provisions in accordance with the general rules presented above.

### **(b3) – Presentation in the accounts**

Except in particular justified cases, provisions are presented in the balance sheet in the current liabilities.

## **1.18 – Government grants (IAS 20)**

In compliance with IAS 20, Vilmorin records government grants in the balance sheet on the line “Deferred income” and includes them in the income for the useful life of the assets for which they were received.

Government grants received for fixed assets that cannot be depreciated (land) are directly recorded in income for the fiscal year, when they cannot be linked to an asset that is depreciated. If they can be linked to a depreciated asset, they are depreciated at the same rhythm as this asset.

## **1.19 – Deferred taxes (IAS 12)**

In compliance with IAS 12, deferred taxes are calculated for all temporary differences (except for goodwill) between the tax base and the book value of the assets and liabilities. The main items taken into account for this purpose are:

> consolidation restatement showing a divergence between book value and tax base (special tax exemption, lease agreements, margins on inventory, income from sales of inter-group fixed assets, retirement benefits, etc.),

> recognized evaluation differences in the case of business combinations to the extent they concern clearly identified and controlled assets,

> the differences between the book value and the tax base for certain assets based on favorable fiscal systems such as the provisions for mergers in France.

The balance sheet approach to the variable carry forward method is applied and the effects of taxable rate modifications are recorded in the income for the fiscal year during which the change in rate is fixed, as long as these tax modifications have no effect on the deferred taxes that had been recorded directly in equity.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that they can be recovered in later years. Assessment of the capacity of Vilmorin to recover these assets in particular depends on the following criteria:

> future forecasts of fiscal results,

> the share of exceptional charges must not be renewed in the future and included in past losses,

> the net liabilities position can, in certain circumstances, be reduced in accordance with tax deficits carried forward reasonably recordable in consideration.

With respect to IAS 12, deferred tax assets and liabilities are not readjusted. Depending on the case, they are presented in the balance sheet as non-current assets or liabilities.

## 1.20 – Accounts payable

Debts that concern the normal operating cycle are recorded on the line “Accounts payable” for the fair value fixed at the initial evaluation and then adjusted for the cost of depreciation/amortization for subsequent evaluations.

## 1.21 – Financial instruments (IAS 32 and IAS 39)

### 1.21.1 – Unconsolidated participation securities and other non-current financial assets

In compliance with IAS 39 “Financial instruments”, the participation securities in unconsolidated companies are considered to be available for sale and are therefore recorded at their fair value which is determined in the following conditions:

> For listed securities, the fair value corresponds to the stock market value.

> For other securities whose fair value in general cannot be determined reliably, the securities are recorded at cost price less any losses in value.

Variations in fair value are recorded directly in equity. If there is an objective indication of impairment of the financial asset concerned, an irreversible impairment is recorded in income. Write-back of the provision in the income will only come into play when the securities are sold.

Loans are recorded at amortized cost price. They can be amortized if there is an objective indication of any loss in value. Any impairment corresponding to the difference between the book value and the recoverable amount is recorded in the income, and is reversible if evolution is favorable in the future.

In cases where loans, advance payments or other medium - or long-term receivables do not receive interest, or if the interest rate is lower than market rates, the assets are adjusted in accordance with the real interest rate.

At each close, an examination of the portfolio of unconsolidated securities and other financial assets is made in order to assess the objective indications of a loss in value of these assets. Where necessary, any impairment is recorded in the accounts.

### 1.21.2 – Accounts receivable

Medium- or long-term receivables that do not receive interest are adjusted in the conditions described above in paragraph 1.21.1 above.

## 1.21.3 – Recording financial assets and derivatives

Vilmorin applies the following principles:

### a. Derivatives

Vilmorin uses derivatives to manage and reduce its exposure to currency exchange risks.

The accounting principles applicable to forward cover instruments for foreign currency are presented above in paragraph 1.9.

Financial instruments for forward cover of interest rates are recorded in the accounts at their fair forward value. Financial liabilities covered by interest rate swaps are reassessed at the fair value of the loan linked to the evolution of interest rates. Variations in fair value are recorded in the income of the period concerned by the symmetrical variations of the rate swaps for their efficient part.

### b. Conditional advanced payments

Conditional advanced payments appear in accordance with IFRS principles on the line “Deferred income”. They are included in the income if the funded programs concerned fail.

### c. Loan issue costs

Costs incurred by the issue of loans are, in accordance with IAS 39, recorded at the book value of the loans concerned.

These costs are recorded as charges for the full duration of the loan using the effective interest rate method.

### 1.21.4 – Financial debts – Compound instruments

Certain financial instruments include both a financial debt component and an equity component.

In order to respect IAS 32, the different components of these instruments are recorded in equity and financial debts in respective proportions.

The component classified as financial debts is evaluated on date of issue. It corresponds to the future agreed cash-flow value adjusted to the market rate of a similar instrument with the same conditions, but without an option of conversion or redemption as shares.





## 1.22 – Accounts payable

In cases of deferred interest-free payment greater than one year, rules for adjustment are applied in compliance with the principles presented above in paragraph 1.21.

## 1.23 – Cash and cash equivalents – Investment securities

### a. Cash and cash equivalents

In accordance with IAS 7 “Cash-flow statement”, the line “Cash and cash equivalents” appearing in the balance sheet includes:

- > cash and bank in hand,
- > short term investments that are liquid and easily convertible into a determinable amount of cash with negligible risk and variation in value,
- > current accounts recoverable at short notice.

Investments at more than three months without the possibility of an anticipated exit, and bank accounts carrying restrictions (blocked accounts) are excluded from cash-flow. Overdrafts assimilated to funding instruments are also excluded from cash-flow.

### b. Investment securities

In compliance with IAS 39 “Financial instruments” investment securities are evaluated at their fair value. No investment is analyzed as being held all the time until its due date. The manner in which investment securities are recorded in accounts depends on the aim of the operations:

- > For investment held for purposes of transaction, variations in fair value are systematically recorded in income.
- > For investments available for sale, variations in fair value are recorded directly in the equity, or in the income where there is an objective indication of impairment that is greater than the temporary impairment of the security concerned.

## 1.24 - Amortization/Depreciation of intangible and tangible assets

The book values of Vilmorin’s intangible and tangible assets are examined at the close of each fiscal year in order to assess whether there is any indication that an asset has lost value. If there are any such indications, the recoverable amount of the asset is assessed (using the method described hereafter).

For goodwill, intangible fixed assets with an undefined useful life, or intangible fixed assets which are not yet ready to be put into service, the recoverable amount is assessed at least once per year.

A loss in value is recorded if the book value of an asset or its Cash Generating Unit is higher than its recoverable amount. Losses in value are recorded in the income statement.

A loss in value recorded for a Cash Generating Unit is first of all recorded as a reduction in the book value of all the goodwill allocated to the Cash Generating Unit (or group of units), and then to a reduction in the book value of the other assets of the unit (or group of units) in proportion to the book value of each asset in the unit (or group of units).

### a. Calculation of the recoverable amount

The recoverable amount of intangible and tangible assets is the highest amount between their fair value less selling costs and their going concern value. In order to assess the going concern value, estimated future cash flows are adjusted to a pre-tax rate that reflects the market’s current appreciation of the time value of money and specific asset risks. For an asset which does not generate independent cash entries, the recoverable amount is determined by the Cash Generating Unit to which the asset belongs.

### b. Write-back of the loss in value

Loss of value recorded as goodwill cannot be written back. Loss of value recorded for another asset is written back if there has been a change in the estimates used to determine the recoverable amount. The book value of an asset which has been increased because of the write-back of a loss in value cannot be greater than the book value that would have been determined, net of amortizations, if no loss of value had been recorded.

## 1.25 – Breakdown of assets and liabilities into current / non-current

### a. General principle

The provisions of IAS 1 state that assets and liabilities must be classified as either “current” or non-current”.

### b. Application to Vilmorin

Vilmorin has adopted the following rules to classify the main aggregate amounts of the balance sheet:

- > Assets and liabilities that form part of the working capital needs of a normal business operating cycle are classified:
  - as “current” if the realization of the assets or the liquidation of the liabilities is expected to occur within one year following the closing date or if they are held for the purposes of trading.
  - as “non-current” in all other cases.
- > Fixed assets are classified as “non-current”.
- > Provisions that are part of the normal operating cycle are classified as “current”.
- > Provisions for employee benefits are classified as “non-current” bearing in mind the long-term horizon of such commitments.
- > Financial debts are classified as “current” and “non-current” depending on whether their due dates fall in less than one year or more than one year after the closing date.
- > Deferred taxes are all presented as “non-current” assets or liabilities.

## 1.26 – Revenue from ordinary activities

### a. General principle

Revenue from ordinary activities is presented in IAS 18.

This revenue comprises the sale of products, goods and services produced as part of Vilmorin’s main business activities and also income from royalties and operating licenses.

### b. Application to Vilmorin

Income is recorded in the sales when the company has transferred the important risks and advantages inherent in the property of the goods to the purchaser. The transfer date generally corresponds:

- > For sold goods and products to the date they are made available to the customers.
- > For services this depends on the extent to which the service has been rendered on closing date, and if its income can be considered to be reliable.
- > For royalties, income is recorded in accordance with the provisions of the contract which generally stipulate calculation based on sales or quantities sold by the licensor.

These royalties generally correspond to the remuneration of licenses for proprietary plant varieties or parental lines.

> Revenue from ordinary operations includes:

- the sales of products,
- the sales of services,
- royalties received from commercial activities.

From this revenue a certain number of items are deducted:

- payments on accounts, discount for early pick-up,
- returns of goods and products,
- end of year discount,
- retroactive discount to distributors, where relevant.

## 1.27 – Income per share

The basic income per action is calculated on the basis of the weighted average number of shares in circulation over the financial year.

The average number of shares in circulation is calculated on the basis of the different valuations of the shareholders’ stock, corrected, where appropriate, for Vilmorin’s treasury shares.

The diluted income per share is calculated by dividing the group share of the income by the number of ordinary shares in circulation to which is added all the dilutive potential ordinary shares.



## Note 2 - Events occurring during the period

The main changes to Vilmorin's scope during the course of the fiscal year were as follows:

### a. Integration of Groupe Limagrain's field seeds business

By way of contribution Vilmorin received all the securities of the company Biofina, the holding that controlled all of Groupe Limagrain's field seeds activity.

The value of this contribution was fixed in accordance with the net book value of Biofina, namely 241.2 million euros. As remuneration for this contribution, Vilmorin issued 3 824 878 new shares thus raising its stock to 13 391 857 shares with a total value of 204 225 819.25 euros.

All the characteristics of this operation are available for consultation in the document concerning this operation registered on June 1<sup>st</sup> 2006 under the reference E06-079 with the Autorité des marchés financiers, and are accessible on the company's website ([www.vilmorin.info](http://www.vilmorin.info)) and that of the Autorité des marchés financiers ([www.amf-france.org](http://www.amf-france.org)).

As a result of this stock increase, Groupe Limagrain held 78.6% of the new group on July 3<sup>rd</sup> 2006 as opposed to 70% beforehand.

Groupe Limagrain, Vilmorin's reference shareholder, had fixed the objective of getting its float stock back down to a level comparable to the level before the operation. The reclassification of more than 8% of the stock occurring during the fiscal year meant that Limagrain's stake came back down to 70.2%, and the stock held by minority shareholders was extended to 29.8%.

### b. Participation in Hazera Genetics

In July 2006, Vilmorin acquired the stake that Megadlei Zeraim Ltd held in Hazera Genetics. Consequently Vilmorin increased its stake to 90%.

Furthermore in November 2006 Vilmorin purchased all the remaining shares (10%) through a take-over bid on the Tel Aviv Stock Market. Vilmorin now holds 100% of the shares of Hazera Genetics.

This operation generated a surplus in the purchaser's interest share in the net fair value of the acquired proportions of the identifiable assets, liabilities and potential liabilities of the purchased shares, compared with the acquisition cost of the shares of around 9 million euros. This surplus has been accounted for directly in the income statement of June 30<sup>th</sup> 2007.

### c. Strategic alliance with Avesthagen

In December 2006 Vilmorin purchased a stake of 4.56% in the company Avestha Gengraine Technologies Pvt. Ltd (Avesthagen).

This participation will soon result in a strategic agreement, with the creation of joint ventures set up to develop a vegetable and field seeds unit on the Indian market.

Furthermore, in full respect of their respective existing partnerships, Vilmorin and Avesthagen recently launched a cooperation project in biotechnology applied to plant breeding. In particular, this project involves running joint research programs and mutual access to the proprietary technology platforms of the two companies.

### d. Global agreement with the Danish seeds company DLF

In September 2006 Vilmorin signed a global agreement with the Danish seeds company DLF.

Vilmorin transferred its forage and amenity grass seed research and production activities as well as wholesale distribution (the sale of pure varieties to wholesalers) to DLF. However, for a certain number of European markets, Vilmorin kept privileged and exclusive access to products that come out of DLF's research and for which Vilmorin will maintain responsibility for distribution.

As compensation, Vilmorin acquired the cereals business of Innoseeds, which means that commercial cooperation between the two companies in Europe will be strengthened.

Vilmorin took control of the research, production and sales activities for cereal seeds (mainly wheat and barley) grouped within Innoseeds, a subsidiary of DLF. This acquisition thus enabled Vilmorin to strengthen its position as European leader in these activities.

The main countries covered commercially are Benelux, the United Kingdom, Germany, France, the Czech Republic and Slovakia. The research activities are mainly based in the Netherlands and the Czech Republic.

## Note 3 - Pro-forma financial information on the integration of the field seeds business

### 1 – Reminder of the facts

The shares of the holding company Biofina were transferred to Vilmorin through the contribution operation approved on July 3<sup>rd</sup> 2006 by the Extraordinary General Meetings of Limagrain Agro-Industrie and Vilmorin (Information document n°E 06-079 available on the company's website ([www.vilmorin.info](http://www.vilmorin.info)) and that of the Autorité des marchés financiers ([www.amf-france.org](http://www.amf-france.org)).)

Prior to this contribution, the shares of the following companies were contributed and/or transferred to Biofina during the course of the third quarter of the fiscal year closing on June 30<sup>th</sup> 2006.

- 55.01% of the company Biogemma
- 100.00% of the company Limagrain Genetics Inc
- 38.96% of the company Limagrain Genetics Corp
- 79.96% of the company Limagrain Verneuil Holding
- 49.99% of the company Groupe Limagrain Luxembourg, in which Vilmorin already held 49.99% of the shares.

The simplified balance sheet of the holding Biofina on June 30<sup>th</sup> 2006 following the contribution operations stood as follows:

Assets in millions of euros			Liabilities in millions of euros	
Acquisition by contribution	Limagrain Verneuil Holding shares	241.2	Equity	241.2
Acquisition by the transfer of shares	Shares: North America (Limagrain Genetics Inc, Limagrain Genetics Corp) Biogemma, Groupe Limagrain Luxembourg	122.4	Debts	122.4

The capital of the holding company Biofina stood at 241.2 million euros following a stock increase on April 27<sup>th</sup> 2006 as remuneration for the contribution of the shares of Limagrain Verneuil Holding.

The debts correspond to the acquisition of the Limagrain Genetics Inc, Limagrain Genetics Corp, Biogemma and Groupe Limagrain Luxembourg shares at a cost of 122.4 million euros.

On August 8<sup>th</sup> 2006, Vilmorin absorbed the holding Biofina through complete transfer of assets and liabilities. Consequently, Vilmorin became the direct holder of the stock held in Biofina's subsidiaries and its debts.

### 2 – Simplified consolidation scope of the activities contributed

The main companies in the field seeds business sector included in the scope of pro-forma financial information consolidated on June 30<sup>th</sup> 2006 are as follows:

Company name	% control	% interest	Consolidation method
Limagrain Verneuil Holding and its subsidiaries	79.96	79.96	IG
including: <i>Advanta BV and its subsidiaries</i>	100.00	79.96	IG
<i>Limagrain Central Europe and its subsidiaries</i>	99.99	79.95	IG
Limagrain Genetics Corp	100.00	100.00	IG
Limagrain Genetics Inc	100.00	100.00	IG
AgReliant LLC	50.00	50.00	IP
AgReliant INC	50.00	50.00	IP
Soygenetics	37.00	37.00	EQ
Biogemma and its subsidiaries	55.01	55.01	IG
Groupe Limagrain Luxembourg and its subsidiary	99.99	99.99	IG

### 3 – Main accounting rules and methods applied to the business contributed

The rules and methods applied to the business contributed are identical to those described in the Reference Document registered by Vilmorin with the Autorités des marchés financiers on November 9<sup>th</sup> 2006 under the reference D 06-1051.

The consolidated accounts closing on June 30<sup>th</sup> 2006 for the companies included in the scope of the company Vilmorin and used as the basis for establishing the pro-forma financial information have been prepared in accordance with the IFRS international accounting standards on June 30<sup>th</sup> 2007 as adopted in the European Union and known to date.

### 4 – Accounting for the contribution operations

#### 4.1 – Accounting in the corporate financial statements of Vilmorin

In the corporate financial statements, in compliance with regulation CRC n° 2004-01 of May 4<sup>th</sup> 2004, the contribution of participation securities representative of the control of these participations is assimilated to a partial contribution of assets that constitute a business area.

In this particular situation, the operation to contribute securities involves companies that are all under the same control.

In such cases, regulation CRC n° 2004-01 stipulates that the contributions must be accounted for at their net book value.

These contributions have been remunerated through an increase in the stock of Vilmorin to the benefit of Limagrain Agro-Industrie, the holding company for the securities of the company Biofina.

#### 4.2 – Accounting in the consolidated financial statements of Vilmorin

In accordance with IFRS standards, for Vilmorin, this operation is explicitly excluded from the scope of application of the standard IFRS 3 that stipulates in paragraph 3 that the standard does not apply to business combinations involving entities or activities under the same control.

In cases where IFRS standards are unclear as to the accounting procedures applicable to a given transaction, standard IAS 8 stipulates that “management must use its judgment in developing and applying an accounting policy that results in information that is relevant and reliable”.

In order to do so, Vilmorin’s management has chosen to account for the transaction by assessing at their fair value the assets and liabilities of the entities that were contributed.

Consolidation of the subsidiaries held by Vilmorin has generated goodwill through these pro-forma considerations which have been accounted for by the group referred to as “Biofina consolidated”. Such goodwill has been determined

on the basis of the latest financial statements available, namely on June 30<sup>th</sup> 2006.

#### a. Date of integration into the consolidated financial statements of Vilmorin

Vilmorin consolidated the field seeds business into its accounts on July 1<sup>st</sup> 2006 because of the date of the General Board Meetings of Limagrain Agro-Industrie and Vilmorin which approved the project on July 3<sup>rd</sup> 2006.

#### b. Cost of acquisition

The cost of acquisition comprises the acquisition price fixed by contract, plus the acquisition expenses net of taxes.

#### c. Quota of equity acquired

The quota of equity acquired on July 1<sup>st</sup> 2006, determined in compliance with the IFRS referential and Vilmorin’s accounting rules stands at 302.4 million euros.

#### d. Global acquisition differential

The difference between the cost of acquisition and the quota of field seeds business contributed at fair value of assets and liabilities acquired has been recorded in the accounts in acquisition differential for a total value of 76 million euros on July 1<sup>st</sup> 2006.

### 5 – Pro-forma financial information at the end of June 2006

The balance sheet and the income statement for the new “Vilmorin” + “Biofina” pro-forma scope for the end of June 2006 are presented in the following manner:

> “Pro-forma consolidated Biofina” and “published consolidated Vilmorin” present their income statement according to allocation.

> The elimination of intra-group operations carried out between the two consolidation scopes has been taken into account in order to establish this pro-forma financial information.

### 6 – Calculation of goodwill resulting from the operation

#### In millions of euros

Quota of equity acquired for the field seeds business (Biofina consolidated)	302.4
Acquisition price (contribution + acquisition of the securities)	363.6
- Goodwill generated by the operation	61.2
- Adjustment of the goodwill linked to the fair value recording of the operation in the accounts	15.0
<b>Goodwill resulting from the operation</b>	<b>76.2</b>



## 7 – Pro-forma balance sheet and income statement on 06.30.2006

### 7.1 – Pro-forma balance sheet on 06.30.2006

#### Balance sheet Assets

(En K€)	Biofina Consolidated Pro-forma	Vilmorin Consolidated Disclosed	New scope Vilmorin + Biofina
Goodwill <sup>(1)</sup>	250 135	22 101	272 236
Other intangible fixed assets	228 574	154 980	383 554
Tangible fixed assets	55 049	88 009	143 057
Equity shares	1 617	6 761	8 378
Financial assets	19 027	12 055	31 083
Deferred taxes	7 607	3 659	11 266
<b>Total assets less current liabilities</b>	<b>562 009</b>	<b>287 565</b>	<b>849 574</b>
Inventories	129 640	164 645	294 285
Trade receivables and other receivables	183 050	180 999	363 731
Cash and cash equivalents	76 774	92 080	168 854
<b>Total current assets</b>	<b>389 464</b>	<b>437 724</b>	<b>826 870</b>
<b>Total assets</b>	<b>951 473</b>	<b>725 289</b>	<b>1 676 444</b>

(1) Goodwill calculated on the basis of the accounts closed on June 30<sup>th</sup> 2006.

#### Balance sheet Liabilities

(En K€)	Biofina Consolidated Pro-forma	Vilmorin Consolidated Disclosed	New scope Vilmorin + Biofina
Equity - group share	254 948	322 818	577 765
Minority interests	90 388	47 568	137 956
<b>Consolidated equity</b>	<b>345 336</b>	<b>370 386</b>	<b>715 721</b>
Non-current financial debts	94 029	44 097	138 127
Provisions for employee benefits	13 740	19 707	33 447
Deferred income taxes	55 246	35 107	90 353
<b>Total non-current liabilities</b>	<b>163 015</b>	<b>98 911</b>	<b>261 927</b>
Current financial debts	255 628	117 246	372 874
Other provisions	16 069	11 674	27 742
Accounts payable	169 665	126 470	295 818
Deferred income	1 760	602	2 362
<b>Total current liabilities</b>	<b>443 122</b>	<b>255 992</b>	<b>698 796</b>
<b>Total liabilities</b>	<b>951 473</b>	<b>725 289</b>	<b>1 676 444</b>



## 7.2 – Pro-forma income statement on 06.30.20006

Income (En K€)	Biofina Consolidated Pro-forma	Vilmorin Consolidated Disclosed	New scope Vilmorin + Biofina
Net sales	392 658	497 080	888 875
Other revenue from ordinary activities	32 878	424	33 296
<b>Total revenue from ordinary activities</b>	<b>425 536</b>	<b>497 504</b>	<b>922 171</b>
<b>Margin on cost of sales</b>	<b>155 260</b>	<b>247 823</b>	<b>402 981</b>
Marketing and sales costs	- 62 704	- 83 667	- 146 370
Research and development costs	- 40 643	- 39 264	- 79 908
Administrative and general costs	- 38 309	- 71 548	- 109 857
Other income and operating charges	13 877	- 3 041	10 938
Income from the sale of tangible and intangible assets	- 264	3 927	3 663
Reorganization costs	- 22 211	- 854	- 23 064
Impairment of goodwill and other intangible assets	- 2 728	- 899	- 3 627
<b>Operating income</b>	<b>2 278</b>	<b>52 477</b>	<b>54 756</b>
Interest costs	- 9 967	- 5 198	- 15 165
Financial income	2 022	3 236	5 258
Other profits and financial costs	- 1 496	- 1 756	- 3 253
<b>Financial result</b>	<b>- 9 441</b>	<b>- 3 718</b>	<b>- 13 160</b>
<b>Profit from associated companies</b>	<b>- 315</b>	<b>1 636</b>	<b>1 321</b>
<b>Profit from continuing operations before income taxes</b>	<b>- 7 478</b>	<b>50 395</b>	<b>42 917</b>
Income taxes	4 886	- 6 693	- 1 807
Profit from continuing operations	- 2 592	43 702	41 110
Profit from discontinued operations	0	5 509	5 509
Net income for the period	- 2 592	49 211	46 619
Group share	- 1 369	43 814	42 445
Minority share	- 1 223	5 397	4 174

## Note 4 - Consolidation scope

### 1 – Consolidation scope

At the end of June 2007, Vilmorin consolidated 96 companies in accordance with the rules set out in paragraph 1.5 of the “Accounting methods and principles in IFRS standards”.

	06.30.07	06.30.06
By global integration	84	48
By proportional integration	5	4
By the equity method	7	2
<b>Total</b>	<b>96</b>	<b>54</b>

A detailed list of the consolidated companies can be found in the appendix.

The main variation in scope occurring during the fiscal year 2006-2007 concerned the integration of Groupe Limagrain's field seeds business.

### 2 – Information concerning variations in consolidation scope

The most significant operations concerning the consolidation scope occurring during the fiscal year 2006-2007 had the following consequences:

> On July 3<sup>rd</sup> 2006, by way of contribution, Vilmorin received all the securities of the company Biofina, the holding that controls Groupe Limagrain's field seeds business.

The total value of this contribution was determined according to the net book value of Biofina of 241.2 million euros. Thus, Vilmorin issued 3 824 878 new shares to increase its capital to 13 391 857 shares with a total value of 204 225 819.25 euros.

In compliance with the provisions of the general regulations of the Autorité des marchés financiers, pro forma information is presented in Note 3 (pro-forma information) in the appendix. The company Biofina was absorbed on August 8<sup>th</sup> 2006 by Vilmorin.

> Following its acquisition, the company Ferax, now known as Nickerson Zwaan South Africa, entered the scope on July 1<sup>st</sup> 2006. Its contribution to consolidated sales came to 1.8 million euros for the fiscal year.

> The cereals companies or activities of Innoseeds entered the scope as of July 1<sup>st</sup> 2006.

The company Innoseeds SA was integrated into Limagrain Verneuil Holding.

> Vilmorin's forage activities exited the scope as of July 1<sup>st</sup> 2006.

> Following the agreements reached with the Danish seeds group DLF, the company Top Green S.A.S. is consolidated using the equity method, whereas it was previously consolidated using the proportional integration method.

> As indicated in Note 2 “Events occurring during the period” Vilmorin held 100% of the Hazera Group at the end of June 2007.

> Henderson Seeds based in Australia is now held at 74.03% as opposed to 61.08% at the end of June 2006.

> The company Carl Sperling held by Flora Frey was merged with its parent company Flora Frey.

> Certain companies were wound up (Oxadis SRL, PK Woldijk Beheer BV and Eerste Euro Graan BV).

> A company was founded in Brazil: Vilmorin Do Brazil.

> The company Kyowa took over the company Mikado Seed Growers and adopted a new name: Mikado Kyowa Seeds.

### 3 – Comparability of the income statements

In order to compare the results with comparable scope a pro-forma statement for 2005-2006 has been established, taking into account the companies that are part of the field seeds business that was contributed on July 3<sup>rd</sup> 2006 (refer to Note 3) in the following conditions:

> In order to neutralize the impact of currency variations, the income statement for June 30<sup>th</sup> 2006 has been restated by applying the average rate for June 30<sup>th</sup> 2007.

> In order to neutralize variations in scope, results for the following companies have been restated:

- By including the companies that entered the scope:
  - The Innoseeds companies,
  - Nickerson Zwaan South Africa,
  - Mikado Seed Growers (for 10 months).
- By excluding figures linked to the forage activity sold to DLF.
- By integrating Top Green using the equity method rather than proportionally.

> Restated information is presented as follows:

In millions of euros	Variation %	06-07	05-06 pro-forma
Revenu from ordinary activities	+ 3.5	938.5	907.2
Operating income	+ 49.1	95.0	63.7
Income from continuing operations	+ 16.5	57.3	49.2
Income from discontinued operations		0.0	5.5
<b>Total consolidated net income</b>	<b>+ 4.8</b>	<b>57.3</b>	<b>54.7</b>

## Note 5 - Segment information

### 1 – General principles

The rules applicable to the presentation of segment information are defined in paragraph 1.7 of the “Accounting methods and principles in IFRS standards”.

The breakdown adopted by Vilmorin includes two levels of information:

- a first level according to business segment,
- a second level according to geographic area.

### 2 – Information according to business segment

Vilmorin is organized and managed in three main segments:

- the professional vegetables business.
- the home garden vegetables business.
- the field seeds business.

The presentation of a third business is the result of the contribution of Groupe Limagrain’s field seeds business on July 1<sup>st</sup> 2006.

Each of the columns in the tables presented below contains the figures for each segment. The figures shown for fiscal 2006-2007 represent the contributions with regard to Vilmorin which implicitly ignore inter-segment operations since they are not considered to be significant.

#### 2.1 – Information concerning fiscal 2006-2007

In millions of euros	Professional vegetables	Home garden vegetables	Field seeds	Holdings and others	Unallocated	Total
Revenue from ordinary activities	365.0	142.0	431.5			938.5
Operating income	53.9	11.6	25.8	3.7		95.0
Income from continuing operations	34.5	8.3	12.6	1.9		57.3
Income from discontinued operations						0.0
Total consolidated net income	34.5	8.3	12.6	1.9		57.3

In millions of euros	Professional vegetables	Home garden vegetables	Field seeds	Holdings and others	Unallocated	Total
Non-current assets	249.7	23.1	549.5	21.0		843.3
Current assets	299.3	70.3	350.5	68.8		788.9
<b>Total Assets</b>	<b>549.0</b>	<b>93.4</b>	<b>900.0</b>	<b>89.8</b>	<b>0.0</b>	<b>1 632.2</b>
Equity					705.6	705.6
Non-current liabilities	81.9	16.0	236.2	96.1		430.2
Current liabilities	140.1	57.2	193.5	105.6		496.4
<b>Total Liabilities</b>	<b>222.0</b>	<b>73.2</b>	<b>429.7</b>	<b>201.7</b>	<b>705.6</b>	<b>1 632.2</b>

(1) The line “Equity” for Vilmorin is not analyzed by business segments.

## 2.2 – Information concerning fiscal 2005-2006

In millions of euros	Professional vegetables	Home garden vegetables	Holdings and others	Unallocated	Total
Revenue from ordinary activities	348.4	149.1			497.5
Operating income	59.3	5.7	- 9.5		55.5
Income from continuing operations	45.4	2.3	- 4.0		43.7
Income from discontinued operations		5.5	0.0		5.5
Total consolidated net income	45.4	7.8	- 4.0	0.0	49.2

In millions of euros	Professional vegetables	Home garden vegetables	Holdings and others	Unallocated	Total
Non-current assets	241.5	28.7	17.4		287.6
Current assets	303.1	98.6	36.0		437.7
<b>Total Assets</b>	<b>544.6</b>	<b>127.3</b>	<b>53.4</b>	<b>0.0</b>	<b>725.3</b>
Equity <sup>(1)</sup>				370.4	370.4
Non-current liabilities	69.9	16.5	12.5		98.9
Current liabilities	146.0	96.7	13.3		256.0
<b>Total Liabilities</b>	<b>215.9</b>	<b>113.2</b>	<b>25.8</b>	<b>370.4</b>	<b>725.3</b>

(1) The line "Equity" for Vilmorin is not analyzed by business segments.

## 3 – Information according to geographic area

This information is available in Note 6 "Revenue from ordinary activities".

## Note 6 - Revenue from ordinary activities

### 1 – Analysis by nature

In millions of euros	Variation	06-07 <sup>(1)</sup>	05-06
Sales of goods and finished products	x 1.8	890.4	494.2
Sales of services	x 2.4	7.1	2.9
Royalties received	x 102.5	41.0	0.4
<b>Total</b>	<b>x 1.9</b>	<b>938.5</b>	<b>497.5</b>

(1) Following the integration of the field seeds business (refer to Note 3).

The rules applied for the recording and evaluation of revenue from ordinary activities appear in paragraph 1.26 des "Accounting methods and principles in IFRS standards".

### 2 – Analysis by geographic area

The geographic breakdown of sales of goods and finished products is as follows:

In millions of euros	Variation	06-07 <sup>(1)</sup>	05-06
Europe	x 1.9	572.2	296.8
Americas	x 2.2	193.2	86.9
Asia	x 1.2	72.1	59.0
Middle East	x 0.9	27.9	28.4
Africa	x 1.2	19.1	16.7
Oceania	x 0.9	5.9	6.4
<b>Total</b>	<b>x 1.8</b>	<b>890.4</b>	<b>494.2</b>

(1) Following the integration of the field seeds business (refer to Note 3).



### 3 – Analysis by product

The breakdown of sales of finished goods into product families is as follows:

In millions of euros	06-07 <sup>(1)</sup>	05-06
Forage and lawn seeds	40.3	7.7
Other field seeds	347.8	10.5
Vegetable and flower seeds	322.0	330.6
Home garden products	102.7	63.5
Other products	77.6	81.9
<b>Total</b>	<b>890.4</b>	<b>494.2</b>

(1) Following the integration of the field seeds business (refer to Note 3).

### 4 – Revenue from ordinary activities at constant exchange rate

With a constant exchange rate and scope for the period, without the integration of the field seeds business, the revenue for ordinary activities for the previous financial year would have come to 487.7 million euros, a drop of 2% (497.5 million euros the previous year).

As stated in Note 4, like for like revenue from ordinary activities would have come to 901 million euros as opposed to 938.5 million euros for this fiscal year, a increase of 4.3%.

### 5 – Royalties received

Royalties received for the field seeds business mainly concern:

In millions of euros	06-07
Autogamous species (mainly straw cereals)	38.9
Hybrid species (mainly corn)	2.1
<b>Total</b>	<b>41.0</b>

## Note 7 - Personnel costs

### 1 – Evolution of personnel costs

In millions of euros	06-07 <sup>(1)</sup>	05-06
Gross salaries	177.5	97.4
Social charges	58.2	34.6
Profit-sharing schemes	5.5	4.6
<b>Total</b>	<b>241.2</b>	<b>136.6</b>

(1) Following the integration of the field seeds business (refer to Note 3).

### 2 – Further information

Bearing in mind the seasonal nature of its business Vilmorin releases information on its permanent headcount and its average annual headcount.

#### 2.1 – Average annual headcount

##### a. Analysis France/Non-France

	06-07 <sup>(1)</sup>	05-06
France	2 052	1 354
Non-France	3 062	1 670
<b>Total</b>	<b>5 114</b>	<b>3 024</b>

(1) Following the integration of the field seeds business (refer to Note 3).

##### b. Analysis by employee status

	06-07 <sup>(1)</sup>	05-06
Management	1 262	679
Non-Management	3 852	2 345
<b>Total</b>	<b>5 114</b>	<b>3 024</b>

(1) Following the integration of the field seeds business (refer to Note 3).

#### 2.2 – Permanent headcount at the end of the fiscal year

##### a. Analysis France/Non-France

	06-07 <sup>(1)</sup>	05-06
France	1 756	1 207
Non-France	2 675	1 607
<b>Total</b>	<b>4 431</b>	<b>2 814</b>

(1) Following the integration of the field seeds business (refer to Note 3).

##### b. Analysis by employee status

	06-07 <sup>(1)</sup>	05-06
Management	1 276	760
Non-Management	3 155	2 054
<b>Total</b>	<b>4 431</b>	<b>2 814</b>

(1) Following the integration of the field seeds business (refer to Note 3).

##### c. Analysis by function

	06-07 <sup>(1)</sup>	05-06
Administration	649	400
Research	1 125	568
Agronomic production and factory	1 185	945
Sales and marketing	1 472	901
<b>Total</b>	<b>4 431</b>	<b>2 814</b>

(1) Following the integration of the field seeds business (refer to Note 3).

## Note 8 - Provisions for the depreciation and amortization of tangible and intangible fixed assets

### 1 – Movements on provisions

In millions of euros	06-07 <sup>(1)</sup>	05-06
Provisions for intangible fixed assets		
- Development programs	- 58.4	- 23.1
- Other intangible fixed assets	- 7.7	- 4.5
<b>Sub-total</b>	<b>- 66.1</b>	<b>- 27.6</b>
Provisions for tangible fixed assets	- 11.5	- 10.1
<b>Total</b>	<b>- 77.6</b>	<b>- 37.7</b>

(1) Following the integration of the field seeds business (refer to Note 3).

## Note 9 - Research and development costs and studies

### 1 – Evolution of costs

In millions of euros	06-07 <sup>(1)</sup>	05-06
Development programs activated during the fiscal year	71.9	28.4
Provisions for the amortization of development programs recorded as fixed assets	- 58.4	- 23.1
Other research costs	- 100.1	- 44.6
Tax relief for research <sup>(2)</sup>	9.7	3.0
<b>Total</b>	<b>- 76.9</b>	<b>- 36.3</b>

(1) Following the integration of the field seeds business (refer to Note 3).

(2) As of the fiscal year closing on June 30<sup>th</sup> 2007, tax relief for research are recorded in the line "Research costs" in order to provided a fairer picture of the net cost of this function.

For the previous fiscal year, it appears that the net cost of the research function, without taking this relief into account (a total of 3 millions euros), would have stood at - 39.3 million euros.

Vilmorin records the cost of its development programs as intangible assets in the conditions set out in paragraph 1.10 of the "Accounting methods and principles in IFRS standards".

Other research costs are recorded directly as charges for the fiscal year.

## 2 – Further information

a. The impact of the activation of development programs on the result for the year is as follows:

In millions of euros	06-07 <sup>(1)</sup>	05-06
Costs identified and recorded as intangible fixed assets (cf. Note 14)	71.9	28.4
Provisions for amortization	- 58.4	- 23.1
<b>Impact on the result of the fiscal year before deferred taxes</b>	<b>13.5</b>	<b>5.3</b>

(1) Following the integration of the field seeds business (refer to Note 3).

b. It is important to note that out of a total investment of 100.1 million euros in research and development, only 71.9 million euros met the criteria set out in paragraph 1.10 of the "Accounting methods and principles in IFRS standards". Research and development costs increased by 55.5 million euros mainly because of the change in scope following the integration of the field seeds business, where research and development costs were 41.1 million euros (cf. Note 3), the rest being due to an increase in research costs.

c. Effect of activation on the cash flow table:

In millions of euros	06-07 <sup>(1)</sup>	05-06
Effect on the income for the period	13.5	5.3
Effect on amortization and depreciation	58.4	23.1
Effect on the cash-flow	71.9	28.4
Effect on the investment flows	71.9	28.4
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

(1) Following the integration of the field seeds business (refer to Note 3).

## Note 10 - Other operating income and charges

### 1 – Evolution of other operating income and charges

In millions of euros	06-07	05-06
Litigation	- 0.5	- 1.8
Income from the sale of fixed assets	1.7	3.9
Government subsidies recorded in the income	0.5	0.1
Reorganization costs	- 1.5	- 0.9
Loss of value on fixed assets	2.5	- 0.9
Negative goodwill recorded in the income	9.0	0.0
Other charges and income	2.8	- 1.3
<b>Total</b>	<b>14.5</b>	<b>- 0.9</b>

## 2 – Further information

### 2.1 – On operations for 2005-2006

- a.** Reorganization costs mainly concern Oxadis
- b.** Losses in value concerned Flora Frey's goodwill for a value of - 0.9 million euros.
- c.** Income from the sale of assets comprises a brand name and a plot of land, respectively for 2.4 million euros and 1.5 million euros.

### 2.2 – On operations for 2006-2007

- a.** Negative goodwill included in the income (+ 9 million euros) involves the purchase by Vilmorin of the balance of the Hazera stock held by minorities.
- b.** Losses of value in assets mainly concern:
- The write back of the impairment on Flora Frey's lease following the sale of the option on this lease: 4,8 M€
  - Impairment of goodwill for Limagrain Italia: - 2,5 M€
  - Others: 0,2 M€
- c.** Income from the sale of assets concerns :
- Tangible fixed assets of - 1,8 M€
  - Intangible fixed assets of 3,6 M€ (mainly the sale of sunflower germplasm and goodwill for the forage business)
  - The sale of shares for 0,1 M€
  - Others: - 0,2 M€
- d.** Other charges and income:  
This line mainly concerns the income of 4.7 million euros from the sale of Flora Frey's lease option.

## Note 11 - Interest costs

### 1 – Evolution

In millions of euros	06-07 <sup>(1)</sup>	05-06
Interest on loans and bank overdrafts	- 21.5	- 4.7
Interest on financial leasing agreements	- 0.3	- 0.5
Losses and gains of fair value on forward cover instruments	0.2	0.0
Losses and gains on the sale of forward cover instruments	- 0.1	0.0
<b>Total net income</b>	<b>- 21.7</b>	<b>- 5.2</b>

(1) Following the integration of the field seeds business (refer to Note 3).

## Note 12 - Other financial income and charges

### 1 – Evolution

In millions of euros	06-07 <sup>(1)</sup>	05-06
Gains or losses on the sales of securities and dilution profits	- 0.6	- 1.9
Interest received	1.3	0.8
Provisions for the impairment of securities and other financial assets	0.0	2.0
Gains/losses currency translation	- 0.1	0.1
Other financial gains and losses	1.3	0.5
<b>Total net income</b>	<b>1.9</b>	<b>1.5</b>

(1) Following the integration of the field seeds business (refer to Note 3).

### 2 – Further information

#### 2.1 – On operations for fiscal 2005-2006

Losses on the sales of securities involve:	
- Income from the sale of Exelixis securities by the American Bio Corporation	- 1,7 M€
- Other operations	- 0,2 M€
<b>Total</b>	<b>- 1,9 M€</b>

#### 2.2 – On operations for fiscal 2006-2007

Losses on the sales of securities involve the definitive exit of the value of securities for Advanta Hungary	- 0,6 M€
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## Note 13 - Income taxes

### 1 – Evolution

In millions of euros	06-07 <sup>(1)</sup>	05-06
Current income taxes		
- Taxes	- 20.7	- 10.9
- Tax relief for research <sup>(2)</sup>	0.0	0.0
<b>Sub-total</b>	<b>- 20.7</b>	<b>- 10.9</b>
Deferred taxes	3.5	1.2
<b>Total</b>	<b>- 17.2</b>	<b>- 9.7</b>

(1) Following the integration of the field seeds business (refer to Note 3).

(2) As stated in Note 9 "Research and development costs and studies", tax relief for research (9.7 million euros as opposed to 3 million euros for the previous fiscal year) are recorded in the research costs in order to provide a fairer picture of the net cost of this function as of the fiscal year closing on June 30<sup>th</sup> 2007. Nevertheless they do contribute to reducing charges for income taxes.

The rules applied for the recording of deferred taxes are described in paragraph 1.19 of the “Accounting methods and principles in IFRS standards”.

Sources of deferred taxes are the result both of temporary differences between the tax base and the book value of assets and liabilities, and the recording of deferred tax assets dependent on forecasts of future tax results and on the net liabilities position.

## 2 – Further information

### 2.1 – Evolution of income taxes

This evolution was marked by several phenomena:

> An increase of 10.5 million euros in income taxes paid as a result of the extra taxes incurred because of the increase in the taxable income of certain subsidiaries.

> An increase in tax relief (6.7 million euros) following a change in the method used to calculate this relief and the decision to opt for European tax relief for research.

> A rise of 2.3 million euros in deferred taxes mainly due to changes in the notional amounts and the deferred tax rates during the fiscal year in spite of a provision of 1.3 million euros on active deferred taxes.

### 2.2 – Fiscal integration operations

The following fiscal integration scope was set up in Vilmorin between different French companies.

Integrating companies	Member companies	Effective Date
Vilmorin & Cie	Clause Tézier	01.07.2000
	Oxadis	01.07.2000
Limagrain	Limagrain	01.07.2004
Verneuil Holding	Central Europe	

The provision for such fiscal integration programs is described in article 223 A of the French General Taxation Code for parent companies and their French subsidiaries controlled at least 95%.

Moreover, provisions for fiscal integration also exist in certain other countries, as follows:

Integrating companies	Countries	Member companies
American Bio Corporation	United States	Vilmorin INC
		Harris Moran Seeds
Advanta BV	Netherlands	Limagrain Advanta Nederland BV
Groupe Vilmorin Luxembourg	Luxembourg	Cylonie Re

### 2.3 – Current taxes

**a.** The charge of current taxes corresponds to the total taxes on profits owed to the tax authorities for the fiscal year in accordance with the rules and taxation rates in force in different countries.

**b.** A tax relief system in favor of research exists in France and in certain other countries. The amount of this relief is deducted from the taxes due. As stated in Note 9, tax relief for research has been recoded in the Research function in order to provide a fairer picture of the Research function.

### 2.4 – Tax rate applicable

**a.** The basic rate for income (corporation) tax in France is 33.33%.

The law on the funding of social security n° 99-1140 of December 29<sup>th</sup> 1998 fixed an additional contribution of 3.3% of the total basic tax due when payable taxes are greater than 763 000 euros. Thus, for French companies, the legal tax rate is increased by 1.1%.

As a result, total tax rate applicable to Vilmorin is as follows:

- Fiscal 2004-2005	33,83%
- Fiscal 2005-2006	33,33%
- Fiscal 2006-2007	<b>33,33%</b>

**b.** A comparison between the recorded income tax charge and the theoretical income tax charge is as follows:

As a %	06-07	05-06 <sup>(1)</sup>
<b>Theoretical tax rate</b>	<b>- 33.33</b>	<b>- 33.33</b>
Non-deductible charges and other non-taxable profits	11.39	6.87
Tax relief <sup>(2)</sup>	14.97	5.45
Untaxed income deficits, tax base and rate differentials	- 5.78	8.68
<b>True tax rate</b>	<b>- 12.75</b>	<b>- 12.33</b>

(1) Does not take into account income tax on discontinued operations.

(2) Tax relief for research is presented in “Research costs”. Nevertheless they do contribute to reducing charges for income taxes. (cf. Note 9).

### 2.5 – Details of the tax receivables and debts due

In millions of euros	06-07	05-06
Tax receivables due	15.3	2.9
Tax debts due	2.7	2.0

## 2.6 – Information on tax deficits

At the end of June, the situation of tax deficits for Vilmorin was as follows:

In millions of euros	Total deficits		Usable deficits	
	France	Other	France	Other
Deficits with limited carry forward	0.0	29.6	0.0	3.9
Deficits with unlimited carry forward	11.8	17.5	11.8	5.0
Long-term capital losses	0.0	0.0	0.0	0.0
<b>Total</b>	<b>11.8</b>	<b>47.1</b>	<b>11.8</b>	<b>8.9</b>

Deferred tax assets corresponding to the total deficits, and not recorded in the accounts, amount to 7 million euros.

For any fiscal years opening as of January 1<sup>st</sup> 2007, taxation calculations concerning long-term capital gains and losses have changed in France. Henceforth, any capital gains made on the sale of stock securities or securities recorded as fixed

assets for more than two years are exempted, on condition a set quota of the costs and charges have been taxed. To counterbalance the exemption of capital gains, net long-term capital losses are no longer deductibles from the taxable income.

Consequently, long-term capital losses are no longer usable as of July 1<sup>st</sup> 2007 and are therefore lost for good.

## Note 14 - Income per share

> The group share income for one share is calculated on the basis of the number of Vilmorin shares in circulation at the closing date for the fiscal year.

The income considered for this calculation takes into the fact that sales options granted to certain minority shareholders of Vilmorin's subsidiaries are treated as minority interests.

The evolution of this income for one share is as follows:

In millions of euros	06-07	05-06
Group share in continuing operations	54 790 820	38 305 089
Group share in discontinued operations	-	5 509 302
<b>Group share in the consolidated income</b>	<b>54 790 820</b>	<b>43 814 391</b>
Number of Vilmorin shares	13 391 857	9 566 979
Income from continuing operations for one share	4.1	4.0
Income from discontinued operations for one share	-	0.6
<b>Income for one share</b>	<b>4.1</b>	<b>4.6</b>

Income per share has been calculated on the basis of the new number of shares, namely 13 391 857 shares following the stock increase of July 3<sup>rd</sup> 2006.

> Dividends paid out per share

	Dividends distributed in 06-07	Dividends distributed in 05-06
Amount distributed	21 694 808.34 €	15 466 616.05 €
Details <sup>(1)</sup>	1.62 € x 13 391 857 shares	1.62 € x 9 566 979 shares

(1) The dividend paid out in December 2006 was calculated on the basis of 13 391 857 shares, following the stock increase made on July 3<sup>rd</sup> 2006.



## Note 15 - Goodwill

### 1 – Evolution of net book values

#### 1.1 – Gross values

In millions of euros	Total
<b>On 07.01.05</b>	<b>23.8</b>
- Acquisitions and increases	1.5
- Exits	-
- Losses in value	-
- Variations in scope and others	1.3
- Reclassifications	1.4
- Currency translations	- 0.3
<b>On 06.30.06</b>	<b>27.7</b>
- Acquisitions and increases	0.6
- Exits	0.0
- Reduction in value	- 1.0
- Variations in scope and others <sup>(1) (2)</sup>	260.4
- Reclassifications	4.7
- Currency translations	- 1.0
<b>On 06.30.07</b>	<b>291.4</b>

#### 1.2 – Amortization and value losses

In millions of euros	Total
<b>On 07.01.05</b>	<b>4.7</b>
- Provisions	0.9
- Exits	-
- Losses in value	-
- Variations in scope and others	-
- Reclassification	-
- Currency translations	-
<b>On 06.30.06</b>	<b>5.6</b>
- Provisions	0.0
- Exits	0.0
- Losses in value	2.7
- Variations in scope and others <sup>(1) (2)</sup>	7.4
- Reclassification	0.0
- Currency translations	- 0.2
<b>On 06.30.07</b>	<b>15.5</b>

### 1.3 – Net values

In millions of euros	Total
On 07.01.05	19.1
On 06.30.06	22.1
<b>On 06.30.07 <sup>(1) (2) (3)</sup></b>	<b>275.9</b>

(1) Variations in scope concern:

In millions of euros	Gross	Amortization and loss in value	Net
Integration of the field seeds business (2) - cf. Note 3	257.5	- 7.4	250.1
Acquisition of DLF's cereals business	2.8	0.0	2.8
Acquisition of Nickerson Zwaan South Africa	0.5	0.0	0.5
Change in consolidation method for Top Green	- 0.4	0.0	- 0.4
<b>Total</b>	<b>260.4</b>	<b>- 7.4</b>	<b>253.0</b>

(2) The goodwill contributed, including the extra goodwill (3) of 250.1 million euros should be analyzed as follows:

In millions of euros	Gross	Amortization and loss in value	Net
Field seeds Europe	158.3	- 0.2	158.1
Field seeds America	66.8	- 4.5	62.3
Research	30.4	- 2.7	27.7
Others	2.0	0.0	2.0
<b>Total</b>	<b>257.5</b>	<b>- 7.4</b>	<b>250.1</b>

(3) The amount of extra goodwill linked to the contribution of Groupe Limagrain's field seeds businesses came to 76.2 million euros (refer to Note 3 - paragraph 6).

### 2 – Analysis by business segments

In millions of euros	06-07 (Net)	05-06 (Net)
Professional vegetables	15.7	16.0
Home garden vegetables	4.8	5.2
Field seeds <sup>(1)</sup>	252.4	0.0
Holdings and various	3.0	0.9
<b>Total</b>	<b>275.9</b>	<b>22.1</b>

(1) Following the integration of the field seeds business (refer to Note 3).



### 3 – Further information

#### 3.1 – Amortization and value loss tests

A value loss test has been performed in compliance with the methodology described in paragraph 1.24 of the “Accounting methods and principles in IFRS standards”. Evolution was as follows:

In millions of euros	Total
<b>On 06.30.05</b>	<b>4.7</b>
Fiscal 2005-2006	0.9
<b>On 06.30.06</b>	<b>5.6</b>
Fiscal 2006-2007	9.9
<b>On 06.30.07</b>	<b>15.5</b>

a. Value loss for fiscal 2005-2006 concerns goodwill on the acquisition of new Flora Frey securities.

b. Value loss for fiscal 2006-2007 concerns:

- Entry into the consolidation scope following the integration of the field seeds - cf. Note 1.3 <sup>(2)</sup>	7,4
- Impairment goodwill for Limagrain Italia	2,5
- Impairment goodwill for Flora Frey	0,2
- Others	- 0,2
<b>Total</b>	<b>9,9</b>

#### 3.2 – Variations in scope

Variations in scope concern the following operations:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
- Acquisition of Mikado Seed Growers <sup>(4)</sup>	2.0
- Sale of Ferry Morse	- 0.7
<b>Total <sup>(5)</sup></b>	<b>1.3</b>
<b>Fiscal 2006-2007</b>	
- Integration of the field seeds business (cf. Note 3)	250.1
- Acquisition of DLF's cereals business	2.8
- Others	0.1
<b>Total <sup>(5)</sup></b>	<b>253.0</b>

(4) We remind you that any allocation is provisional until the end of the 12 month period in accordance with IFRS 3: the goodwill concerned was reduced by 0.8 million euros over the fiscal year

(5) These amounts take into account both changes in the gross values and amortizations.

## Note 16 - Other intangible fixed assets

### 1 – Evolution of net book values

#### 1.1 – Gross values

In millions of euros	Development costs	Germplasm	Software	Patents licenses	Brands	Other intangible fixed assets	Current fixed assets	Total
<b>On 07.01.05</b>	<b>105.9</b>	<b>53.6</b>	<b>21.8</b>	<b>13.2</b>	<b>40.3</b>	<b>1.0</b>	<b>0.4</b>	<b>236.2</b>
Acquisitions and increases	28.4		1.2			0.6	0.2	30.4
Exits			- 0.2			- 0.3		- 0.5
Variations in scope and others		2.8	- 0.3					2.5
Currency translations	- 2.0	- 1.5	- 0.3		- 0.3			- 4.1
Reclassifications		- 1.4	0.5	- 0.8			- 0.4	- 2.1
<b>On 06.30.06</b>	<b>132.3</b>	<b>53.5</b>	<b>22.7</b>	<b>12.4</b>	<b>40.0</b>	<b>1.3</b>	<b>0.2</b>	<b>262.4</b>
Acquisitions and increases	71.9		0.9	0.9		0.4	0.7	74.8
Exits		- 3.0	- 0.4	- 0.2				- 3.6
Variations in scope and others	173.1	147.7	5.3	28.0	4.7		3.0	361.8
Currency translations	- 2.3	- 1.4	- 0.3	0.1	- 0.2			- 4.1
Reclassifications			2.9		- 4.7		- 2.9	- 4.7
<b>On 06.30.07</b>	<b>375.0</b>	<b>196.8</b>	<b>31.1</b>	<b>41.2</b>	<b>39.8</b>	<b>1.7</b>	<b>1.0</b>	<b>686.6</b>

#### 1.2 – Amortization and value losses

In millions of euros	Development costs	Germplasm	Software	Patents licenses	Brands	Other intangible fixed assets	Current fixed asset	Total
<b>On 07.01.05</b>	<b>59.9</b>	<b>2.6</b>	<b>10.2</b>	<b>8.2</b>	<b>1.1</b>	<b>0.8</b>	<b>0.0</b>	<b>82.8</b>
Provisions	23.1		3.5	0.8		0.2		27.6
Exits			- 0.2			- 0.3		- 0.5
Value losses								
Variations in scope and others			- 0.3					- 0.3
Currency translations	- 1.2	- 0.1	- 0.1					- 1.4
Reclassifications				- 0.8				- 0.8
<b>On 06.30.06</b>	<b>81.8</b>	<b>2.5</b>	<b>13.1</b>	<b>8.2</b>	<b>1.1</b>	<b>0.7</b>	<b>0.0</b>	<b>107.4</b>
Provisions	58.4	0.1	4.2	3.2		0.2		66.1
Exits			- 0.4	- 0.1				- 0.5
Value losses								
Variations in scope and others	107.0	1.1	4.7	17.4				130.2
Currency translations	- 1.6	- 0.1	- 0.2	0.1				- 1.8
Reclassifications								0.0
<b>On 06.30.07</b>	<b>245.6</b>	<b>3.6</b>	<b>21.4</b>	<b>28.8</b>	<b>1.1</b>	<b>0.9</b>	<b>0.0</b>	<b>301.4</b>

## 1.3 – Net values

In millions of euros	Development costs	Germplasm	Software	Patents licenses	Brands	Other intangible fixed assets	Current fixed assets	Total
On 06.30.05	46.0	51.0	11.6	5.0	39.2	0.2	0.4	153.4
On 06.30.06	50.5	51.0	9.6	4.2	38.9	0.6	0.2	155.0
<b>On 06.30.07</b>	<b>129.4</b>	<b>193.2</b>	<b>9.7</b>	<b>12.4</b>	<b>38.7</b>	<b>0.8</b>	<b>1.0</b>	<b>385.2</b>

## 2 – Further information

### 2.1 – Internally generated fixed assets

In addition to development programs whose evolution is tracked above, movements concerning internally generated fixed assets are as follows:

In millions of euros	Patents	Software	Total
<b>On 07.01.05 (Net value)</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>
New fixed assets	0.0	0.0	0.0
Currency translations	0.0	- 0.1	- 0.1
Provisions for amortization	0.0	- 0.9	- 0.9
<b>On 06.30.06 (Net value)</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>
New fixed assets	0.2	0.0	0.2
Variation in scope	3.2	0.0	3.2
Currency translations	0.0	- 0.1	- 0.1
Reduction	- 0.1	0.0	- 0.1
Provisions for amortization	- 0.4	- 0.9	- 1.3
Reclassifications	0.0	2.6	2.6
<b>On 06.30.07 (Net value)</b>	<b>2.9</b>	<b>2.6</b>	<b>5.5</b>

### 2.2 – Value loss test

A value loss test has been conducted in accordance with the methodology described in paragraph 1.24 of “Accounting methods and principles in IFRS standards”. The evolution is as follows:

In millions of euros	Germplasm	Brands	Total
<b>On 07.01.05</b>	<b>1.4</b>	<b>1.0</b>	<b>2.4</b>
Fiscal 2005-2006	-	-	-
<b>On 06.30.06</b>	<b>1.4</b>	<b>1.0</b>	<b>2.4</b>
Fiscal 2006-2007	0.4	-	0.4
<b>On 06.30.07</b>	<b>1.8</b>	<b>1.0</b>	<b>2.8</b>

### 2.3 – Variations in scope

Variations in scope concern the following operations:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	2.8
<b>Total</b>	<b>2.8</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business <sup>(1)</sup>	228.6
Acquisition of DLF's cereals business	3.0
<b>Total</b>	<b>231.6</b>

(1) See Note 3.

## Note 17 - Tangible fixed assets

### 1 – Evolution of net book values

#### 1.1 – Gross values

In millions of euros	Land and fittings	Constructions and fittings	Complex Installations	Industrial equipment	Office equipment	Other tangible-fixed assets	Current fixed assets	Total
<b>On 07.01.05</b>	<b>15.8</b>	<b>91.0</b>	<b>31.1</b>	<b>47.9</b>	<b>6.8</b>	<b>18.0</b>	<b>4.1</b>	<b>214.7</b>
Acquisitions and increases	0.3	1.0	1.6	1.8	0.2	1.4	6.2	12.5
Exits	- 0.7	- 1.5	- 0.2	- 0.8	- 0.4	- 0.5		- 4.1
Variations in scope and others	3.9	3.1		- 1.8	- 0.4	0.5		5.3
Currency translations	- 0.6	- 1.7	- 0.1	- 0.7	- 0.2	- 0.5	- 0.1	- 3.9
Reclassification		1.9	1.0	1.6	0.3		- 5.4	- 0.6
<b>On 06.30.06</b>	<b>18.7</b>	<b>93.8</b>	<b>33.4</b>	<b>48.0</b>	<b>6.3</b>	<b>18.9</b>	<b>4.8</b>	<b>223.9</b>
Acquisitions and increases	3.2	4.7	3.0	3.6	0.4	3.2	10.3	28.4
Exits	- 2.5	- 17.4	- 0.1	- 6.3	- 1.0	- 1.9	- 0.1	- 29.3
Variations in scope and others	5.1	43.0	12.8	51.6	7.2	16.8	2.1	138.6
Currency translations	- 1.1	- 2.5	- 0.1	- 0.7	- 0.1	- 0.2	- 0.1	- 4.8
Reclassification	0.1	4.3	1.1	3.4		- 1.2	- 9.5	- 1.8
<b>On 06.30.07</b>	<b>23.5</b>	<b>125.9</b>	<b>50.1</b>	<b>99.6</b>	<b>12.8</b>	<b>35.6</b>	<b>7.5</b>	<b>355.0</b>

#### 1.2 – Amortization and value losses

In millions of euros	Land and fittings	Constructions and fittings	Complex Installations	Industrial equipment	Office equipment	Other tangible-fixed assets	Current fixed assets	Total
<b>On 07.01.05</b>	<b>0.8</b>	<b>52.1</b>	<b>21.6</b>	<b>37.3</b>	<b>5.5</b>	<b>13.0</b>	<b>0.0</b>	<b>130.3</b>
Provisions / value losses	0.1	3.7	1.8	2.6	0.6	1.3		10.1
Exits		- 1.1	- 0.2	- 0.7	- 0.4	- 0.4		- 2.8
Variations in scope and others		2.1		- 1.4	- 0.4	0.4		0.7
Currency translations		- 0.9	- 0.1	- 0.5	- 0.2	- 0.4		- 2.1
Reclassification		- 0.4	- 0.1	0.2				- 0.3
<b>On 06.30.06</b>	<b>0.9</b>	<b>55.5</b>	<b>23.0</b>	<b>37.5</b>	<b>5.1</b>	<b>13.9</b>	<b>0.0</b>	<b>135.9</b>
Provisions / value losses	0.1	0.1	2.2	5.3	1.1	2.7		11.5
Exits		- 7.1		- 5.2	- 0.9	- 1.5		- 14.7
Variations in scope and others	0.4	22.9	10.4	40.6	5.9	11.4		91.6
Currency translations		- 1.3	- 0.1	- 0.5	- 0.1	- 0.3		- 2.3
Reclassification			- 0.2	0.5	- 0.4	- 1.4		- 1.5
<b>On 06.30.07</b>	<b>1.4</b>	<b>70.1</b>	<b>35.3</b>	<b>78.2</b>	<b>10.7</b>	<b>24.8</b>	<b>0.0</b>	<b>220.5</b>



## 1.3 – Net values

In millions of euros	Land and fittings	Constructions and fittings	Complex Installations	Industrial equipment	Office equipment	Other tangible-fixed assets	Current fixed assets	Total
On 06.30.2005	15.0	38.9	9.5	10.6	1.3	5.0	4.1	84.4
On 06.30.2006	17.8	38.3	10.4	10.5	1.2	5.0	4.8	88.0
<b>On 06.30.2007</b>	<b>22.1</b>	<b>55.8</b>	<b>14.8</b>	<b>21.4</b>	<b>2.1</b>	<b>10.8</b>	<b>7.5</b>	<b>134.5</b>

## 2 – Further information

### 2.1 – Fixed assets acquired by financial leasing

Fixed assets acquired by financial leasing represent the following amounts (net value):

In millions of euros	Land and fittings	Constructions and fittings	Complex Installations	Industrial equipment	Office equipment	Total
On 06.30.05	1.8	4.9	0.3	-	-	7.0
On 06.30.06	1.8	4.4	0.2	0.1	0.1	6.6
<b>On 06.30.07</b>	<b>0.0</b>	<b>1.7</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>2.2</b>

### 2.2 – Value loss test

A value loss test has been conducted in accordance with the methodology described in paragraph 1.24 of “Accounting methods and principles in IFRS standards”. The evolution is as follows:

In millions of euros	Installations, equipment and others	Constructions and fittings	Total
<b>On 07.01.05</b>	<b>0.0</b>	<b>4.7</b>	<b>4.7</b>
Fiscal 2005-2006	0.0	-	-
<b>On 06.30.06</b>	<b>0.0</b>	<b>4.7</b>	<b>4.7</b>
Fiscal 2006-2007	0.2	<sup>(1)</sup> - 4.7	4.5
<b>On 06.30.07</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>

(1) During the course of the fiscal year, Flora Frey sold its purchase option on the lease of its factory to a third party company in the original contract. Because of this sale, a new rental contract was established, which does not fulfill the conditions laid down by the standard IAS17. Consequently, the new contract is considered as being a simple lease contract.

### 2.3 – Variations in scope

Variations in scope concern the following operations (net of amortization):

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	5.4
Sale of Ferry Morse	- 0.8
<b>Total</b>	<b>4.6</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business <sup>(1)</sup>	55.0
Operation to sell the forage business to DLF	- 8.0
Deconsolidation of Oxadis SRL	- 0.1
Acquisition of Nickerson Zwaan South Africa	0.1
<b>Total</b>	<b>47.0</b>

(1) See Note 3.

### 2.4 – Commitments on leasing contracts

In millions of euros	Total	< 1 year	1 to 5 years	> 5 years
Direct financing lease	2.1	0.2	1.9	0.0
Simple lease contract	50.9	10.2	18.4	22.3

## Note 18 - Financial Assets

### 1 – Evolution of net book values

#### 1.1 – Gross values

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
<b>On 07.01.05</b>	<b>5.2</b>	<b>7.9</b>	<b>2.6</b>	<b>15.7</b>
Increases			19.0	19.0
Exits	- 3.7	- 0.6	- 18.6	- 22.9
Variations in scope and others	1.9		0.6	2.5
Currency translations	- 0.3		- 0.1	- 0.4
Reclassifications	- 1.2			- 1.2
<b>On 06.30.06</b>	<b>1.9</b>	<b>7.3</b>	<b>3.5</b>	<b>12.7</b>
Increases	5.4	0.1	2.2	7.7
Exits	- 2.3	- 10.0	- 1.1	- 13.4
Variations in scope and others <sup>(1)</sup>	3.0	9.3	9.3	21.6
Currency translations	- 0.2		- 0.7	- 0.9
Reclassifications		- 0.2		- 0.2
<b>On 06.30.07</b>	<b>7.8</b>	<b>6.5</b>	<b>13.2</b>	<b>27.5</b>

(1) Following the integration of the field seeds business (refer to Note 3).

#### 1.2 – Provisions

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
<b>On 07.01.05</b>	<b>3.3</b>	<b>0.0</b>	<b>0.0</b>	<b>3.3</b>
Provisions	0.2			0.2
Write back	- 2.2			- 2.2
Value losses				0.0
Variations in scope and others <sup>(1)</sup>	0.2		0.4	0.6
Currency translations	- 0.1			- 0.1
Reclassification	- 1.2			- 1.2
<b>On 06.30.06</b>	<b>0.2</b>	<b>0.0</b>	<b>0.4</b>	<b>0.6</b>
Provisions	0.1			0.1
Write back			- 0.2	- 0.2
Value losses				0.0
Variations in scope and others <sup>(1)</sup>	0.3	2.1	0.2	2.6
Currency translations			- 0.1	- 0.1
Reclassification				0.0
<b>On 06.30.07</b>	<b>0.6</b>	<b>2.1</b>	<b>0.3</b>	<b>3.0</b>

(1) Following the integration of the field seeds business (refer to Note 3).



## 1.3 – Net values

In millions of euros	Financial assets available for sale	Other non-current financial assets	Loans and other receivables	Total
On 06.30.05	1.9	7.9	2.6	12.4
On 06.30.06	1.7	7.3	3.1	12.1
<b>On 06.30.07</b>	<b>7.2</b>	<b>4.4</b>	<b>12.9</b>	<b>24.5</b>

## 2 – Further information

### 2.1 – Blocked current accounts

This line concerns the original investment made in the company Soygenetics in the United States.

This company, set up in the form of a Limited Liability Partnership, did not issue securities representative of stock shares; the investment was made in the form of a simple investment that appears on this line.

Soygenetics is a company consolidated using the equity method.

This line shows the proportion of income for each fiscal year.

### 2.2 – Financial assets available for sale

Non-consolidated equity interests appear on this line. They are evaluated in compliance with the rules described in paragraph 1.21.1 of the “Accounting methods and principles in IFRS standards”.

The contents of this item are set out below.

In millions of euros	Totals on 06.30.07		Totals on 06.30.06		Financial data in last known balance sheet	
Companies	% held	Net	% held	Net	Equity	Income
SCI Coq Héron	-	0.3	-	-		
CRCA	-	0.1	-	-		
Maïcentre	-	1.2	-			
Chiba Kogyo Bank	-	0.1	-	1.3		
TM Ball	-	0.1	-	-		
Avesthagen <sup>(1)</sup>	4.56	5.0	-	-		
Oxadix Italia Srl <sup>(2)</sup>	100.00	0.0	-	-		
Divers	-	0.4	-	0.4		
<b>Total</b>	<b>-</b>	<b>7.2</b>		<b>1.7</b>		

(1) Following the purchase of a stake in Avesthagen, an Indian biotechnology company.

(2) Company being wound up.

## 2.3 – Other non-current financial assets

This line mainly comprises a guarantee of 4 million euros, or 5.7 million US dollars (7 millions euros on June 30<sup>th</sup> 2006) deposited by the company Cylonic Re in the conditions explained in Note 32 “Off balance sheet commitments”.

## 2.4 – Variations in scope

Variations in scope correspond to the following operations (net of provisions):

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	1.9
<b>Total</b>	<b>1.9</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business <sup>(1)</sup>	19.0
<b>Total</b>	<b>19.0</b>

(1) See Note 3.

## Note 19 - Equity shares

### 1 – Details of equity shares

In millions of euros	06-07	05-06	04-05
Anadolu	5.0	3.9	3.5
BioSeeds	3.0	2.9	2.5
Top Green	1.6	0.0	0.0
Soltis <sup>(1)</sup>	4.0	0.0	0.0
Unisigma <sup>(1)</sup>	0.3	0.0	0.0
Genoplante Valor <sup>(1)</sup>	1.7	0.0	0.0
Soygenetics <sup>(1)</sup>	- 6.3	0.0	0.0
<b>Total</b>	<b>9.3</b>	<b>6.8</b>	<b>6.0</b>
<b>Variation for the fiscal year</b>	<b>2.5</b>	<b>0.8</b>	

(1) Following the integration of the field seeds business (refer to Note 3).

### 2 – Further information

Variation for the fiscal year corresponds to the items below:

In millions of euros	06-07	05-06
Proportion of income for the fiscal year	- 0.7	1.6
Anadolu	0.6	1.2
BioSeeds	0.3	0.4
Genoplante Valor	- 0.1	-
Soltis	- 0.3	-
Soygenetics	- 0.9	-
Top Green	0.1	-
Unisigma	- 0.4	-
Variation in scope, variation in percentages of interest and others <sup>(1)</sup>	2.3	
Currency translation	0.9	- 0.8
<b>Total</b>	<b>2.5</b>	<b>0.8</b>

(1) Change for Top Green from the proportional integration to the equity method of consolidation on July 1<sup>st</sup> 2006 as a result of our agreements with DLF.

### 3 – Financial information concerning the equity shares

In millions of euros	Anadolu	BioSeeds	Top Green	Soltis <sup>(1)</sup>	Unisigma <sup>(1)</sup>	Genoplante Valor <sup>(1)</sup>	Soygenetics <sup>(1)</sup>
Sales	9.9	12.4	14.7	2.2	1.9	1.8	12.1
Net income	1.4	1.4	0.3	- 0.2	- 0.9	- 0.1	- 2.5
Assets	12.3	23.1	7.2	<sup>(2)</sup>	2.3	5.9	3.1
Liabilities (Excluding net situation)	1.7	8.1	2.6	<sup>(2)</sup>	1.5	2.7	20.2

(1) Following the integration of the field seeds business (refer to Note 3).

(2) Information not available.

## Note 20 - Inventories

### 1 – Evolution of net book values

In millions of euros	Totals on 06.30.07			Totals on 06.30.06			Totals on 06.30.05
	Gross	Provisions	Net	Gross	Provisions	Net	Net
Raw materials and other supplies	43.0	- 3.4	39.6	37.3	- 3.6	33.7	37.3
Production in progress	33.0	- 3.7	29.3	22.6	- 3.0	19.6	20.7
Goods	140.5	- 10.1	130.4	53.2	- 3.9	49.3	46.1
Finished products	91.0	- 31.3	59.7	84.6	- 22.5	62.1	63.2
<b>Total</b>	<b>307.5</b>	<b>- 48.5</b>	<b>259.0</b>	<b>197.7</b>	<b>- 33.0</b>	<b>164.7</b>	<b>167.3</b>
<b>Variation for the fiscal year</b>			<b>94.3</b>			<b>- 2.6</b>	

### 2 – Further information

a. Variations for the fiscal year correspond to the following items:

In millions of euros	06-07 <sup>(1)</sup>	05-06
Variation in scope (net of provisions)	113.6	- 2.2
Variation of gross values	- 10.6	4.9
Variation of provisions including:	- 4.7	- 1.6
<i>New provisions</i>	- 30.5	- 19.3
<i>Provisions used</i>	23.1	17.2
<i>Provisions written back</i>	2.7	0.5
Currency translations	- 4.0	- 3.7
<b>Total</b>	<b>94.3</b>	<b>- 2.6</b>

(1) Following the integration of the field seeds business (refer to Note 3).

b. Variations in scope concern:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	4.3
Sale of Ferry Morse	- 6.6
Change in the consolidation method (CHMT)	0.1
<b>Total</b>	<b>- 2.2</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business <sup>(1)</sup>	129.6
Sale of the forage business to DLF	- 15.5
Acquisition of Nickerson Zwaan South Africa	0.3
Change in the consolidation method of Top Green	- 0.8
<b>Total</b>	<b>113.6</b>

(1) See Note 3.

Provisions are made in accordance with the methods described in paragraph 1.13 of the "Accounting methods and principles in IFRS standards". Their evolution, as a percentage of the gross value of inventory was as follows:

- on June 30<sup>th</sup> 2005: 15.8%
- on June 30<sup>th</sup> 2006: 16.7%
- on June 30<sup>th</sup> 2007: 15.8%.



## Note 21 - Trade receivables

### 1 – Evolution of net book values

In millions of euros	06-07	05-06	04-05
Customer receivables	316.3	162.2	167.1
Advance payments to suppliers	4.8	2.4	2.5
Personnel and social security	2.1	0.8	0.9
Tax receivables	38.4	8.0	9.2
Other operating receivables	19.0	6.6	6.3
Prepayments	10.1	8.0	6.2
<b>Gross total</b>	<b>390.7</b>	<b>188.0</b>	<b>192.2</b>
Customer receivables	- 11.2	- 7.0	- 6.6
Other operating receivables	- 0.2	- 0.1	- 0.1
<b>Total provisions</b>	<b>- 11.4</b>	<b>- 7.1</b>	<b>- 6.7</b>
<b>Net book values</b>	<b>379.3</b>	<b>180.9</b>	<b>185.5</b>
<b>Variation for the fiscal year</b>	<b>198.4</b>	<b>- 4.6</b>	

### 2 – Further information

a. Variations for the fiscal year include the following main items:

In millions of euros	06-07	05-06
Variation in scope (net of provisions) <sup>(1)</sup>	180.0	- 7.4
Variation in provisions including:	0.2	- 0.2
<i>New provisions</i>	- 2.2	- 2.7
<i>Provisions used</i>	1.9	2.3
<i>Provisions written back</i>	0.5	0.2
Other variations	22.8	7.2
Currency translations	- 4.6	- 4.2
<b>Total</b>	<b>198.4</b>	<b>- 4.6</b>

(1) The variations in trade receivables are due to the integration of the field seeds for which the balance of trade receivables stood at 183 million euros on July 1<sup>st</sup> 2006.

b. Variations in scope concern:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	4.4
Sale of Ferry Morse	- 11.8
<b>Total</b>	<b>- 7.4</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business <sup>(1)</sup>	183.0
Sale of the forage business to DLF	- 1.0
Acquisition of Nickerson Zwaan South Africa	0.2
Deconsolidation of Oxadis SRL	- 0.5
Change in the consolidation method of Top Green	- 1.7
<b>Total</b>	<b>180.0</b>

(1) See Note 3.

c. The securitization program for receivables through the company Oxadis ended during the course of the fiscal year. The company's customer receivables were no longer restated on June 30<sup>th</sup> June 2007:

In millions of euros	06-07	05-06
Receivables retained in the balance sheet	00.0	26.8
Cancellation of the guarantee deposit made when the receivables were sold	00.0	- 4.5
Corresponding increase of the current financial indebtedness	00.0	22.3

## Note 22 - Cash and cash equivalents

### 1 – Evolution of fair values

In millions of euros	06-07	05-06	04-05
Financial current accounts	1.5	29.4	26.9
Placement securities held for purposes of transaction	14.6	32.9	26.8
Cash and bank in hand	134.5	29.8	32.6
<b>Total</b>	<b>150.6</b>	<b>92.1</b>	<b>86.3</b>
<b>Variation for the fiscal year</b>	<b>58.5</b>	<b>5.8</b>	

The evaluation rules applicable for this line are described in paragraph 1.23 of the "Accounting methods and principles in IFRS standards".

## 2 – Further information

### a. Analysis of the variations for the fiscal year

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Variation in scope	- 1.0
<i>Acquisition of Mikado Seed Growers</i>	1.3
<i>Sale of Ferry Morse</i>	- 2.3
Variation in gross values	8.2
Currency translations	- 1.4
<b>Total</b>	<b>5.8</b>
<b>Fiscal 2006-2007</b>	
Variation in scope	78.2
<i>Integration of field seeds <sup>(1)</sup></i>	76.8
<i>Sale of the forage business to DLF</i>	1.6
<i>Deconsolidation of Oxadis SRL</i>	- 0.2
Variation of gross values <sup>(1)</sup>	- 19.4
Currency fluctuations	- 0.3
<b>Total</b>	<b>58.5</b>

(1) Variations in cash and cash equivalents is mainly due to the integration of the field seeds, whose balance of cash and cash equivalents stood at 76.8 million euros on July 1<sup>st</sup> 2006, and by the purchase of the minority interests in Hazera, leading to a significant reduction in cash.

## Note 23 - Shareholders' equity – Group share

### 1 – Composition of the shareholders' equity – Group share

In millions of euros	06.07	05.06	04.05
Parent stock	204.2	145.9	145.9
Issue premium	210.9	29.3	29.3
Parent legal reserve	7.7	6.5	5.5
Other reserves and parent carry forward	17.5	17.8	13.7
Consolidation reserve	124.1	84.2	72.4
Currency translation reserve	- 10.8	- 4.7	1.5
Income for the fiscal year	54.8	43.8	32.3
<b>Total</b>	<b>608.4</b>	<b>322.8</b>	<b>300.6</b>
<b>Variation for the fiscal year</b>	<b>285.6</b>	<b>22.2</b>	

Variations for the fiscal year are analyzed in table IV "Variations in consolidated equity".

## 2 – Further information

Vilmorin's stock comprises 13 391 857 shares, each with a nominal value of 15.25 euros. Over the course of the fiscal year 2006-2007, the number of shares increased from 9 566 979 to 13 391 857 following the stock increase made on July 3<sup>rd</sup> 2006.

Consequently, the variation for the fiscal year is mainly due to the stock increase and the issue premium following the integration of the field seeds business and the income for the fiscal year.

Moreover equity notes have been issued by the company Limagrain Verneuil Holding with a total value of 11.5 million euros, treated as equity instruments (refer to principles and methods).

The company's bylaws stipulate that for the purpose of General Meetings, without prejudice to restrictions resulting from any laws and decrees in force, each member of those entitled to attend General Meetings may cast as many votes as the number of shares he or she owns or represents, without any limits.

Nevertheless, double voting rights compared to other shares, considering the stock quota they represent, are granted to any shares fully paid up for which it can be proven that they have been registered in the name of the same shareholder for a period of at least four years.

This right is also granted in the case of any increase in stock through incorporation of reserves, and as soon as they are issued, for any nominative shares granted without cost to any shareholder who holds former shares that benefit from this right.

## Note 24 - Shareholders' equity – Minority interests

### 1 – Composition of shareholder's equity – Minority interests

In millions of euros	06-07	05-06	04-05
Consolidation reserves	95.2	43.6	38.4
Currency translation reserves	- 0.5	- 1.4	0.1
Income for the fiscal year	2.5	5.4	2.5
<b>Total</b>	<b>97.2</b>	<b>47.6</b>	<b>41.0</b>
<b>Variation for the fiscal year</b>	<b>49.6</b>	<b>6.6</b>	

Variation for the fiscal year is mainly due to the purchase by Vilmorin of the minority interests in Hazera and to the integration of the field seeds business. This variation is analyzed in table IV "Variation in consolidated equity".

## 2 – Further information

### a. Stocks options of the company Hazera Genetics

Following the purchase of the minority interests in Hazera, both from the Kibbutzim and the Tel Aviv Stock Exchange, the stock options were exercised and purchased at the time of the take over.

### b. Characteristic of the equity notes issued by Limagrain Verneuil Holding (LVH) following the integration of the field seeds business

Issuing companies	LVH	LVH
Date of entitlement	06.15.2003	06.15.2003
Number of securities issued	9 032	9 082
Issue premium	636.60 €	633.19 €
Total income from the issue	5.7 M€	5.8 M€
Interest rate	Euribor 6 months + 2 %	Euribor 6 months + 2 %
Due date	12.31.2010	12.31.2011
Normal redemption rate	1 LVH share for 1 equity note	1 LVH share for 1 equity note

## Note 25 - Provisions for employee benefits

We remind the reader that the 2007 figures include companies from the field seeds business (cf. Note 3). Consequently the opening figures have been restated to take into account this entry into the Vilmorin scope.

Provisions for employee benefits are analyzed as follows:

In millions of euros	06-07	05-06
Provisions for lump sums paid at retirement	7.9	7.5
Commitments for "work medal" bonuses and other benefits	0.8	0.4
Pension plans	15.8	12.5
<b>Total</b>	<b>24.5</b>	<b>20.4</b>
<i>Including Provision for employee benefits (Non-current share)</i>	<i>23.7</i>	<i>19.7</i>
<i>Provision for employee benefits (Current share)</i>	<i>0.8</i>	<i>0.7</i>
<b>Total</b>	<b>24.5</b>	<b>20.4</b>

The evaluation rules applied to this line are described in paragraph 1.16 of the "Accounting methods and principles in IFRS standards".

> Lump sums paid at retirement mainly concern French companies.

> Commitments for "work medal" bonuses and other benefits mainly concern French companies.

> There are also multi-employer plans which are accounted for in the same way as defined benefit schemes, since insufficient information is available to account for them otherwise.

> Write-back of provisions exercised for fiscal 2006-2007 in particular involves the provisions of 9.4 million euros previously made for British pension schemes. The companies Suttons, Nickerson UK and Advanta UK made an exceptional payment to trustees of pension funds for which provisions had previously been made.

### 1 – Evolution over the course of the fiscal year

The evolution of the true value of obligations with regard to defined contribution plans is as follows:

<b>True value of the obligation at opening of fiscal year</b>	<b>136.1</b>
Cost of services rendered for the year	3.4
Financial cost	7.0
Participants' contributions	0.5
Actuarial losses (gains)	- 8.8
Welfare services paid out	- 6.2
Cost of past services recorded	0.2
Effect of liquidations/reduction of future services	- 0.6
Variations in scope	0.0
Currency translations and others	- 0.1

### Fair value of the obligation at close of the fiscal year 131.5

Evolution of the fair value of the assets of defined contribution plans is as follows:

<b>Fair value of forward assets at opening of the fiscal year</b>	<b>102.5</b>
Expected returns on forward assets	6.8
Actuarial differences (losses or gains)	0.8
Employer contributions	12.3
Participant contributions	0.5
Welfare services paid for	- 5.8
Variations in scope	0.0
Currency translations and others	0.5

### Fair value of forward assets at close of the fiscal year 117.6

## 2 – Further information

### a. Information on the funding assets

Employee benefit assets do not include land and premises occupied by the companies of Vilmorin or any other assets used by Vilmorin.

These distinct assets are insurance contracts taken out by companies in Vilmorin that cover benefits provided after employment.

The fair value of employee benefit assets does not include any securities issued by Vilmorin.

### b. The fair value of employee benefit assets is analyzed as follows:

- Ordinary shares	51%
- Bonds	22%
- Real estate	7%
- Others	20%

### c. The true yield for employee benefit assets, in 2007, was 7.6 million euros.

## 3 – Reconciliation of assets and liabilities recorded on the balance sheet

A comparison of balance sheet data with the actuarial obligation concerning defined contribution plans can be analyzed as follows at the end of June 2007:

In millions of euros	06-07	05-06
Updated value of the commitment	131.5	55.8
Fair value of assets of defined contribution plans	- 117.6	- 36.4
<b>Deficit/(Excess)</b>	<b>13.9</b>	<b>19.4</b>
Actuarial differences not recorded in the balance sheet	10.8	0.5
Costs of used services not yet recorded	- 0.8	- 0.1
Others	0.6	0.0
<b>Net recorded commitment</b>	<b>24.5</b>	<b>19.8</b>
<i>Including Provision for pensions and similar schemes</i>	<i>25.0</i>	<i>20.0</i>
<i>Financial assets</i>	<i>- 0.5</i>	<i>- 0.2</i>
<b>Total</b>	<b>24.5</b>	<b>19.8</b>

## Further information

### a. Method used to record actuarial gains and losses (the corridor method)

Actuarial gains and losses that exceed 10% of the commitment or assets are amortized over the estimated residual period of the participants.

### b. General description of the types of schemes

Defined benefit pension schemes are mainly to be found in the United Kingdom and the United States. There is no other scheme that comes into effect after employment of the post retirement health scheme. Other long-term benefits are "work medal" long service bonuses. Non-financed commitments cover lump sums for retirement paid out in France.

### c. The figures for commitments for defined employee benefit schemes have been determined by qualified actuaries.

## 4 – Recorded charge

The total recorded charge for defined contribution plans are analyzed as follows:

In millions of euros	06-07	05-06
Cost of services rendered	3.4	2.7
Financial cost	7.0	2.7
Expected return on assets	- 6.8	- 2.4
Other charges	0.0	0.1
Recognized actuarial losses (gains)	- 0.1	0.1
Cost of past services recognized	0.3	0.0
Effect of liquidations/reductions	- 1.0	- 0.2
<b>Recorded charge for defined employee benefit schemes</b>	<b>2.8</b>	<b>3.0</b>

## 5 – Actuarial hypotheses

The main actuarial hypotheses used to estimate Vilmorins obligations are as follows:

### Europe Zone

As a %	Europe Zone (Except United Kingdom)		United Kingdom Zone	
	06-07	05-06	06-07	05-06
Adjustment rate	4.75 à 5.00	4.25 à 4.75	5.70 à 6.00	5.40 à 7.50
Expected return on assets	4.00 à 5.00	4.00 à 4.75	6.95 à 8.00	5.75 à 7.50
Salaries progression rate	1.50 à 3.00	1.50 à 3.00	4.00	3.50
Pension fund inflation rate	1.50 à 2.00	1.50 à 3.00	3.30 à 3.50	3.00

## Americas Zone

As a %	06-07	Americas Zone 05-06
Adjustment rate	6.10	6.25
Expected return on assets	9.00	9.00
Salaries progression rate	4.00	5.00
Pension fund inflation rate	0.00	0.00

## Middle East and Asia Zone

As a %	Middle East and Asia Zone 06-07	05-06
Adjustment rate	2.00 à 4.90	1.50 à 3.90
Expected return on assets	2.20 à 2.50	2.20 à 2.50
Salaries progression rate	3.50	3.00
Pension fund inflation rate	0.00	0.00

## 6 – Geographic analysis of rights

The geographic breakdown of the adjusted value of rights is as follows:

In millions of euros	06-07	05-06
France	8.6	5.2
Europe (Except France)	93.3	18.7
Americas	23.1	24.4
Middle East and Asia	6.6	7.6
<b>Adjusted value of rights</b>	<b>131.6</b>	<b>55.8</b>

## 7 – Schemes with defined contributions

In millions of euros		06-07	
	Schemes with defined contributions	Multi- employer- schemes	Total schemes
Charges recorded in the income statement	2.8	0.0	2.8
Social contributions	0.0	0.0	0.0
Pre-paid charges	0.0	0.0	0.0

## Note 26 - Deferred taxes

### 1 – Evolution of book values

In millions of euros	Deferred taxes assets	Deferred taxes liabilities	Impact on the income	Impact on the reserves
<b>On 07.01.05</b>	<b>5.3</b>	<b>37.2</b>	<b>0.8</b>	<b>0.0</b>
Variations in scope	- 1.1	1.6	-	-
Variations influencing the income for the fiscal year	0.1	- 1.1	1.2	-
Reclassification	- 0.5	- 2.3	-	-
Currency translations	- 0.2	- 0.3	-	-
<b>On 06.30.06</b>	<b>3.6</b>	<b>35.1</b>	<b>1.2</b>	<b>0.0</b>
Variations in scope <sup>(1)</sup>	7.8	56.0	0.0	-
Variations influencing the income for the fiscal year	- 0.5	- 4.0	3.5	-
Variations in equity	2.9	- 2.1	-	5.0
Reclassification and others	0.5	- 0.6	-	-
Currency translations	- 0.4	- 0.3	-	-
<b>On 06.30.07</b>	<b>13.9</b>	<b>84.0</b>	<b>3.5</b>	<b>5.0</b>

(1) Following the integration of the field seeds business (refer to Note 3), the deferred taxes recorded as liabilities mainly regard germplasm.

The rules applied with regard to deferred taxes are described in paragraph 1.19 of the "Accounting methods and principles in IFRS standards".

### 2 – Further information

#### Variations in scope

Variations in scope concern:

In millions of euros	Deferred taxes Assets	Deferred taxes Liabilities
<b>Fiscal 2005-2006</b>		
Acquisition of Mikado Seed Growers	-	1.6
Sale of Ferry Morse	- 1.1	-
<b>Total</b>	<b>- 1.1</b>	<b>1.6</b>
<b>Fiscal 2006-2007</b>		
Integration of the field seeds business	7.6	55.2
Acquisition of DLF's cereals business	0.2	0.8
<b>Total</b>	<b>7.8</b>	<b>56.0</b>



## Note 27 - Other current provisions

### 1 – Evolution of book values

In millions of euros	06-07	05-06	04-05
Commercial litigation	2.2	2.9	1.9
Other risks and litigation	12.3	5.5	5.4
Reorganization costs	4.6	2.6	4.5
Employee benefits	0.8	0.7	0.6
<b>Total</b>	<b>19.9</b>	<b>11.7</b>	<b>12.4</b>
<b>Variation for the fiscal year</b>	<b>8.2</b>	<b>- 0.7</b>	

The rules applied to provisions are described in paragraph 1.17 of the “Accounting methods and principles in IFRS standards”.

### 2 – Further information

a. Variations for the fiscal year include the following items:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Variations in scope	0.6
Variations in provisions	- 1.1
<i>Provisions for the fiscal year</i>	<i>5.0</i>
<i>Write-back used</i>	<i>- 5.6</i>
<i>Write-back not used</i>	<i>- 0.5</i>
Currency translations	- 0.2
<b>Total</b>	<b>- 0.7</b>
<b>Fiscal 2006-2007</b>	
Variations in scope <sup>(1)</sup>	16.1
Variations in provisions	- 7.4
<i>Provisions for the fiscal year</i>	<i>4.6</i>
<i>Write-back used</i>	<i>- 10.7</i>
<i>Write-back not used</i>	<i>- 1.3</i>
Reclassification	- 0.3
Currency translations	- 0.2
<b>Total</b>	<b>8.2</b>

(1) Following the integration of the field seeds business, provisions increased by 16.1 million euros. These provisions mainly involve reorganization costs incurred by the acquisition of the Advanta group in 2006.

b. Variations in scope concern the following operations:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	0.6
<b>Total</b>	<b>0.6</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business (see Note 3)	16.1
<b>Total</b>	<b>16.1</b>

c. The line “Other provisions for risks and liabilities” which includes provisions made by the captive reinsurance company Cylonic Re stood at 8.9 million euros following the integration of the field seeds business.

## Note 28 - Current and non-current financial debts

### 1 – Composition of the financial debts

#### 1.1 – Non-current financial debts

In millions of euros	06-07	05-06	04-05
Bank loans <sup>(1)</sup>	313.0	25.6	28.0
Debt component of the equity notes	1.6	0.0	0.0
Minority redemption commitments	3.9	3.5	5.4
Derivatives and others	- 2.0	0.0	0.0
Lease/hire purchase	1.9	9.0	9.5
Other financial debts	4.2	6.0	0.1
<b>Total</b>	<b>322.6</b>	<b>44.1</b>	<b>43.0</b>
<b>Variation for the fiscal year</b>	<b>278.5</b>	<b>1.1</b>	

(1) Following the integration of the field seeds business (refer to Note 3).

## 1.2 – Current financial debts

In millions of euros	06-07	05-06	04-05
Bank loans <sup>(1)</sup>	165.9	100.3	91.3
Lease/hire purchase	0.2	0.9	0.8
Current accounts	2.2	16.0	29.8
Other financial debts	0.1	0.0	0.0
Interest incurred	4.9	0.1	0.5
<b>Total</b>	<b>173.3</b>	<b>117.3</b>	<b>122.4</b>
<b>Variation for the fiscal year</b>	<b>56.0</b>	<b>- 5.1</b>	

(1) Following the integration of the field seeds business (refer to Note 3).

## 1.3 – Net financial indebtedness

Financial indebtedness, net of cash and bank in hand has evolved as follows:

In millions of euros of euros	06-07	05-06	04-05
Non-current financial debts	322.6	44.1	43.0
Current financial debts	173.3	117.3	122.4
Cash and bank in hand (cf. Note 22)	- 150.6	- 92.1	- 86.3
<b>Net financial debts</b>	<b>345.3</b>	<b>69.3</b>	<b>79.1</b>
<b>Variation for the fiscal year</b>	<b>276.0</b>	<b>- 9.8</b>	<b>0.1</b>

The rules applied for recording financial debts are described in paragraphs 1.21.3, 1.21.4 and 1.25 of the “Accounting methods and principles in IFRS standards”.

## 2 – Further information

### 2.1 – Analysis of the evolution of the financial debt

a. The main variations in financial indebtedness are as follows:

In millions of euros	Non-current financial debts	Current financial debts	Total
<b>On 07.01.05</b>	<b>43.0</b>	<b>122.4</b>	<b>165.4</b>
Increase	6.1	-	6.1
Decrease	- 3.4	- 6.3	- 9.7
Variation in scope	2.0	-	2.0
Reclassification	- 3.5	3.5	-
Currency fluctuations	- 0.1	- 2.3	- 2.4
<b>On 06.30.06</b>	<b>44.1</b>	<b>117.3</b>	<b>161.4</b>
Increase	333.3	0.0	333.3
Decrease	- 127.3	- 216.2	- 343.5
Variation in scope	94.1	255.4	349.5
Reclassification to equity	- 0.3	0.0	- 0.3
Reclassification	- 20.9	20.9	0.0
Currency translations	- 0.4	- 4.1	- 4.5
<b>On 06.30.07</b>	<b>322.6</b>	<b>173.3</b>	<b>495.9</b>

b. Variations in scope concern:

In millions of euros	Non current financial debts	Current financial debts	Total
<b>Fiscal 2005-2006</b>			
Acquisition of Mikado Seed Growers	2.0	-	2.0
<b>Total</b>	<b>2.0</b>	<b>-</b>	<b>2.0</b>
<b>Fiscal 2006-2007</b>			
Integration of the field seeds business <sup>(1)</sup>	94.0	255.6	349.6
Acquisition of Nickerson Zwaan South Africa	0.1	0.1	0.2
Change in the consolidation method of Top Green	0.0	- 0.3	- 0.3
<b>Total</b>	<b>94.1</b>	<b>255.4</b>	<b>349.5</b>

(1) Following the integration of the field seeds business, Vilmorin took out syndicated credit of 300 million euros (including 100 million euros of revolving credit) in order to cover:

> The purchase of the 104 million euros loan granted by Groupe Limagrain Holding to Limagrain Verneuil Holding to pay for the acquisition of the Advanta group in 2005.  
> Repayment of Biofina's financial debt of 122.4 million euros to Groupe Limagrain Holding.  
> The balance was used to finance the current needs of the new Vilmorin scope, previously covered by Groupe Limagrain Holding.  
As a result of this new syndicated credit, Vilmorin has transferred part of its current financial debt into non-current financial debt.

## 2.2 – Due dates for the financial debts

In millions of euros	Due Dates			Total
	< 1 year	1 to 5 years	> 5 years	
On 06.30.06				
> Non-current financial debts				
Bank loans	-	25.3	0.3	25.6
Minority redemption commitments	-	0.7	2.8	3.5
Debts on lease/hire purchase	-	3.6	5.4	9.0
Other financial debts	-	6.0	-	6.0
Total	-	35.6	8.5	44.1
> Current financial debts	117.3	-	-	117.3
Total	117.3	35.6	8.5	161.4
On 06.30.07				
> Non-current financial debts				
Bank loans	0.0	298.8	14.2	313.0
Debt component of the equity notes	0.4	1.2	0.0	1.6
Minority redemption commitments	1.1	2.8	0.0	3.9
Derivatives	- 0.2	- 0.8	- 1.0	- 2.0
Debts on lease/hire purchase	0.0	1.9	0.0	1.9
Other financial debts	0.0	3.9	0.3	4.2
Total	1.3	307.8	13.5	322.6
> Current financial debts	173.3	0.0	0.0	173.3
Total	174.6	307.8	13.5	495.9

## 2.3 – Information on bank loans

The main medium and long-term bank loans have been granted by a pool of banks to the company Vilmorin for a total of 300 millions euros.

This loan involves default clauses concerning the respect of certain ratios that, in certain conditions, are liable to lead to their being payable earlier than planned. The characteristics are as follows:

Original sum of the loans	300 M€
Company to which the loan was granted	Vilmorin
Outstanding	
On 06.30.2007	300 M€
On 06.30.2006	-
Rate	Euribor + margin
Collateral granted	No
Existence of "covenants"	Yes

### a. Vilmorin

No collateral was given.

The covenants are based on ratios from Vilmorin's consolidated financial statements:

- Financial debts over EBITDA
- EBITDA over financial costs

### b. Covenants

We confirm that the above-mentioned covenants were respected for fiscal 2006-2007.

## 2.4 – Analysis of loans by nature of rates

Analysis is as follows:

In millions of euros	Non current financial debts	Current financial debts	Total
<b>On 06.30.06</b>			
Financial debts with fixed rate	33.6	22.9	56.5
Financial debts with variable rate	10.5	94.4	104.9
<b>Total</b>	<b>44.1</b>	<b>117.3</b>	<b>161.4</b>
<b>On 06.30.07</b>			
Financial debts with fixed rate	6.7	20.8	27.5
Financial debts with variable rate	315.9	152.5	468.4
<b>Total</b>	<b>322.6</b>	<b>173.3</b>	<b>495.9</b>

## Note 29 - Accounts payables

### 1 – Evolution of the book values

In millions of euros	06-07	05-06	04-05
Suppliers and other accounts payable	125.3	64.7	62.2
Debts on the acquisition of fixed assets	6.1	4.8	4.2
Advance payments received from customers	2.1	2.1	11.0
Social security	38.0	23.8	24.6
Taxes	17.7	5.5	5.8
Other operating debts	104.5	21.7	29.5
Other non-operating debts	3.0	3.8	4.7
<b>Total</b>	<b>296.7</b>	<b>126.4</b>	<b>142.0</b>
<b>Variation for the fiscal year</b>	<b>170.3</b>	<b>- 15.6</b>	

The rules applied for recording accounts payable are described in paragraph 1.20 of the “Accounting methods and principles in IFRS standards”.

### 2 – Further information

a. The variation for the fiscal year includes the following items:

In millions of euros	06-07	05-06
Variations in scope	169.7	- 0.1
Reclassification into deferred income	- 2.7	
Other variations	7.3	- 11.4
Currency translations	- 4.0	- 4.1
<b>Total</b>	<b>170.3</b>	<b>- 15.6</b>

b. Variations in scope concern:

In millions of euros	Total
<b>Fiscal 2005-2006</b>	
Acquisition of Mikado Seed Growers	13.7
Sale of Ferry Morse	- 13.8
<b>Total</b>	<b>- 0.1</b>
<b>Fiscal 2006-2007</b>	
Integration of the field seeds business (cf. Note 3)	169.6
Sale of the forage business to DLF	1.4
Acquisition of Nickerson Zwaan South Africa	0.2
Deconsolidation of Oxadis SRL	- 0.4
Change in consolidation method of Top Green	- 1.1
<b>Total</b>	<b>169.7</b>

c. Almost all the debts for suppliers and accounts payable are due within one year.

d. The other operating debts mainly include balances to pay to customers concerning the close of operations at the end of the campaign (inventory returns, end of year discount).

## Note 30 - Deferred income

### 1 – Evolution of book values

In millions of euros	06-07	05-06	04-05
<b>Total</b>	<b>6.5</b>	<b>0.6</b>	<b>0.9</b>
<b>Variation for the fiscal year</b>	<b>5.9</b>	<b>- 0.3</b>	

The rules applicable are described in paragraph 1.18 of the “Accounting methods and principles in IFRS standards”.

### 2 – Further information

a. This line almost exclusively includes government subsidies.

b. Movements for the fiscal year involve the following items:

In millions of euros	06-07	05-06
Subsidies written back into the income	0.5	0.1
Evolution in scope	1.8	0.0
Others	0.9	0.2
Reclassification from operating debts	2.7	0.0
<b>Total</b>	<b>5.9</b>	<b>0.3</b>

## Note 31 - Financial instruments

### 1 – Financial instruments appearing on the balance sheet

In millions of euros	06-07		05-06	
	Value on the balance sheet	Fair value	Value on the balance sheet	Fair value
Financial assets	24.5	24.5	12.4	12.4
Customers and other receivables <sup>(1)</sup>	340.9	340.9	172.9	172.9
Cash and cash equivalents	150.6	150.6	92.1	92.1
<b>Total Assets</b>	<b>516.0</b>	<b>516.0</b>	<b>277.4</b>	<b>277.4</b>
Non-current financial debts	322.6	322.6	44.1	44.1
Suppliers and other payables <sup>(1)</sup>	279.0	279.0	121.1	121.1
Deferred income	6.5	6.5	0.6	0.6
Current financial debts	173.3	173.3	117.3	117.3
<b>Total Liabilities</b>	<b>781.4</b>	<b>781.4</b>	<b>283.1</b>	<b>283.1</b>

(1) Excluding fiscal receivables and debts.

The rules applied appear in paragraphs 1.9 and 1.21 of the “Accounting methods and principles in IFRS standards”.

### 3 – Information concerning foreign currency risks

a. Assets and liabilities analyzed according to the main foreign currencies:

In millions of euros	Euro zone	Américan dollar	Pound sterling	Canadian dollar	Australian dollar	Yen	Shekel	Other currencies	Total
<b>On 06.30.06</b>									
Assets <sup>(1)</sup>	325.1	74.5	12.8	0.0	3.4	47.3	49.9	13.8	526.8
Liabilities <sup>(1)</sup>	180.4	33.8	6.6	0.0	0.8	37.7	22.0	6.5	287.8
<b>Differential</b>	<b>144.7</b>	<b>40.7</b>	<b>6.2</b>	<b>0.0</b>	<b>2.6</b>	<b>9.6</b>	<b>27.9</b>	<b>7.3</b>	<b>239.0</b>
<b>On 06.30.07</b>									
Assets <sup>(1)</sup>	681.7	145.7	70.8	6.8	3.7	44.5	53.1	67.0	1 073.3
Liabilities <sup>(1)</sup>	588.2	91.7	22.7	24.5	3.8	36.5	9.2	16.0	792.6
<b>Differential</b>	<b>93.5</b>	<b>54.0</b>	<b>48.1</b>	<b>- 17.7</b>	<b>- 0.1</b>	<b>8.0</b>	<b>43.9</b>	<b>51.0</b>	<b>280.7</b>

(1) This concerns all items on the balance sheet that are exposed to foreign currency risks, except goodwill, inventory and deferred taxes, reserves, provisions, deferred charges and income.



**b. Information on the nominal value of forward cover instruments**

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
<b>On 06.30.06</b>				
Forward exchange contracts	4.3	4.3		
Exchange options				
<b>Total</b>	<b>4.3</b>	<b>4.3</b>		
<b>On 06.30.07</b>				
Forward exchange contracts	14.7	14.7		
Exchange options				
<b>Total</b>	<b>14.7</b>	<b>14.7</b>		

**c. Information on the real value of the forward cover instruments**

In millions of euros	Total
<b>On 06.30.06</b>	
Contracts on commercial transactions	
Fair value hedge	
Cash flow hedge	
Contracts on financial operations	
Fair value hedge <sup>(1)</sup>	NS
<b>On 06.30.07</b>	
Contracts on commercial transactions	
Fair value hedge	
Cash flow hedge	
Contracts on financial operations	
Fair value hedge <sup>(1)</sup>	NS

(1) The intrinsic value of contracts on June 30<sup>th</sup> 2007 is not significant (NS).

## 4 – Informations concerning interest rate risks

**a. Assets and liabilities broken down according to interest rate risks**

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
<b>On 06.30.06</b>				
Assets	40.1	38.4	0.4	1.3
Liabilities	161.3	117.2	35.6	8.5
<b>Differential</b>	<b>- 121.2</b>	<b>- 78.8</b>	<b>- 35.2</b>	<b>- 7.2</b>
<b>On 06.30.07</b>				
Assets	21.2	20.4	0.1	0.7
Liabilities	495.9	174.6	307.8	13.5
<b>Differential</b>	<b>- 474.7</b>	<b>- 154.2</b>	<b>- 307.7</b>	<b>- 12.8</b>

**b. Information on the nominal value of forward cover instruments**

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
<b>On 06.30.06</b>				
Interest rate SWAP	0.0			
Others	0.0			
<b>Total</b>	<b>0.0</b>			
<b>On 06.30.07</b>				
Interest rate SWAP	50.0	50.0		
Others	0.0			
<b>Total</b>	<b>50.0</b>	<b>50.0</b>		

**c. Information on the value of interest rate forward cover instruments**

In millions of euros	Total
<b>On 06.30.06</b>	
Contracts on commercial transactions	
Fair value hedge	
Cash flow hedge	
Contracts on financial operations	
Fair value hedge	0.0
<b>On 06.30.07</b>	
Contracts on commercial transactions	
Fair value hedge	
Cash flow hedge	
Contracts on financial operations	
Fair value hedge	1.0

## Note 32 - Off balance sheet commitments

For its current operations, Vilmorin made commitments at the close of the fiscal year for the following amounts:

### 1 – Guarantees received

In millions of euros	06-07	05-06
Endorsements, sureties, guarantees	1.7	1.3
Other commitments	0.6	-
<b>Total</b>	<b>2.3</b>	<b>1.3</b>

The increase in commitments is mainly due to variations in scope from the integration of field seeds business.

The company Groupe Limagrain Holding granted a tax guarantee to Vilmorin for the companies Limagrain Genetics Inc and Limagrain Verneuil Holding, at the time of the sale/contribution of these companies.

There have been no overdue payments recorded to date involving these guarantees.

### 2 – Guarantees given

In millions of euros	06-07	05-06
Endorsements, sureties, guarantees	29.5	9.5
Clause of return to better fortune	7.0	0.0
Other commitments	3.5	0.8
<b>Total</b>	<b>40.0</b>	<b>10.3</b>

Endorsements, sureties, and guarantees given involve a letter of intent for the annual payment of rent covering the remaining duration of the long-term commercial lease (25 years) of the company Suttons for 8.4 million euros (8.7 million euros on June 30<sup>th</sup> 2006).

On June 30<sup>th</sup> 2006, the lease was restated in the accounts of Flora Frey, which did not involve any off balance sheet commitment.

On June 30<sup>th</sup> 2007, the option on the lease was sold and changed into a simple rental agreement. Consequently the guarantee with regard to Vilmorin is mentioned, which explains the increase for these endorsements, sureties and guarantees for which 19.1 million euros are for the guarantee given by Vilmorin for Flora Frey's new lease.

The clause of return to better fortune involves a commitment of Limagrain Verneuil Holding towards Groupe Limagrain Holding following the integration of the field seeds business.

### 3 – Reciprocal commitments

In millions of euros	Nominal	Due dates		
		< 1 year	1 to 5 years	> 5 years
On 06.30.06				
Lease agreements	0.7	0.4	0.3	-
Simple rental agreements	17.3	5.5	5.6	6.2
Forward purchasing of currency (cf. Note 31)	4.3	-	4.3	-
Other commitments	1.9	1.7	0.2	-
Total	24.2	7.6	10.4	6.2
On 06.30.07 <sup>(1)</sup>				
Lease agreements	3.2	1.4	1.7	0.1
Simple rental agreements	50.9	10.2	18.4	22.3
Forward purchasing of currency (cf. Note 31)	14.7	14.7	0.0	0.0
Forward interest rate cover	50.0	50.0	0.0	0.0
Interest to pay on medium and long-term debts	46.1	15.5	30.6	0.0
Medium- and long-term research contracts	1.0	0.8	0.2	0.0
Other commitments	15.8	9.4	6.4	0.0
Total	181.7	102.0	57.3	22.4

(1) Following the integration of the field seeds business (see Note 3).

### 4 – Debts with real sureties

In millions of euros	Debts guaranteed	Total amount of sureties granted	Book value of the assets provided
On 06.30.06	31.4	71.0	71.0
<b>On 06.30.07 <sup>(1)</sup></b>	<b>50.6</b>	<b>103.0</b>	<b>103.0</b>

(1) Following the integration of the field seeds business (refer to Note 3).

## 5 – Commitment of the company Cylonie Re

As part of a captive set-up, the reinsurance company Cylonie Re has given and received the following commitments:

First, it has given a reinsurance commitment to the benefit of a third party insurance company for a total amount of 43 million US dollars for a period that expires on June 30<sup>th</sup> 2007, which has been renewed for a period of 3 years. To date, 18 million US dollars have been used. Moreover it has given a reinsurance commitment of 17 million US dollars to a third party company, for a period that expires on December 31<sup>st</sup> 2009.

As a surety for this commitment, it set up a cash pledge to a third party holder for the value of 5.4 million US dollars on June 30<sup>th</sup> 2007 (14.7 million US dollars on June 30<sup>th</sup> 2006). This sum appears on the balance sheet on the line "Financial assets".

It also received a reinsurance commitment issued by a third party reinsurance company for a maximum amount of 30 million US dollars on June 30<sup>th</sup> 2007 (30 million US dollars on June 30<sup>th</sup> 2006) and for a period that expires on June 30<sup>th</sup> 2009.

## 6 – Other commitments

As part of the agreement signed with DLF, Vilmorin gave a guarantee on the purchasing values until 2011 to this company.

In order to insure a good supply of markets and control over inventory levels, during the course of the fiscal year, Vilmorin make commitments to buy certain quantities of seeds from growers.

## Note 33 - Transactions between interested parties

### 1 - Associated companies

These are companies held between 20% and 50% in which Vilmorin exerts significant influence and which are consolidated using the equity method.

Transactions with associated companies are carried out on the basis of a market price.

The debts and receivables with regard to companies consolidated using the equity method are not significant. The main figures for companies consolidated using the equity method are provided in Note 19.

## 2 – Interested parties with a significant influence on Vilmorin

Vilmorin is held by its majority shareholder Groupe Limagrain.

The economic relationships developed with the companies in this Group are summarized in the table below:

### Receivables and debts au 06.30.2007

In millions of euros	Assets	Liabilities
Operating debts and receivables	1.7	18.2
Financial debts and receivables	0.0	1.1
<b>Total</b>	<b>1.7</b>	<b>19.3</b>

### Charges and income for the fiscal year

In millions of euros	Charges	Income
Purchases and sales of goods	- 57.0	0.8
Corporate allocations	- 7.3	0.0
Other operating charges and income	- 10.0	0.0
Financial charges and income	- 1.4	0.0
<b>Total</b>	<b>- 75.7</b>	<b>0.8</b>

## 3 – Further information

### Groupe Limagrain corporate allocations

Corporate allocations are billed by Groupe Limagrain Holding to the subsidiaries of Vilmorin and to the subsidiaries of Groupe Limagrain on a proportional basis of budgeted expenses.

The criteria applied homogeneously throughout Groupe Limagrain to calculate these allocations take several items into account:

- > For general management services:
  - the EBITDA,
  - margin on the cost of sales,
  - research and development costs,
  - payroll.

Each of these criteria is weighted 25% in the global calculations.

The total sum of corporate allocations came to 10.1 million euros.



### Vilmorin corporate allocations

In the same way, Vilmorin invoices management fees to all its subsidiaries and to the subsidiaries of Groupe Limagrain according to the same criteria as the Groupe Limagrain fees mentioned above.

The total invoiced came to 11.2 million euros.

Moreover, Vilmorin also invoices for services of a scientific nature for the seed companies in the Vilmorin group, namely those that have field seed and professional vegetable seed activities. The criteria applied homogeneously throughout the Vilmorin group to calculate these allocations take several items into account.

- > For services of a scientific nature:
  - research and development costs,
  - the EBITDA.

Each of these criteria is weighted 50% in the global calculations.

The overall total invoiced to the different subsidiaries came to 9.4 million euros.

### Cash-flow agreements

Certain companies have signed agreements with Vilmorin in order to optimize the management of their cash-flow under conditions that provide lenders with a financial margin of 0.18% over the average monthly EONIA rate.

### Other operations

Other operations correspond to commercial transactions made on the basis of market prices.

## Note 34 - Potential liabilities

As they run their businesses, Vilmorin's operating companies are exposed to claims on the products they have sold, and such claims are generally covered by their insurance policies.

At the time the accounts were closed, there was just one claim for total of 3 million Canadian dollars.

Since the claimant has no basis for the claim, no provision has been made in the financial statements.

## Note 35 - Events occurring after the close

**On July 6<sup>th</sup> 2007**, the Turkish company Vilmorin-Anadolu became the 6<sup>th</sup> subsidiary of Vilmorin SA.

Anadolu is our historical distributing partner in Turkey.

The range of vegetables distributed by Anadolu represents sales greater than 6 million euros. The other activities of this subsidiary have also been taken over by Vilmorin SA, such as the distribution of Oxadis products for the home garden market, and also 4 million euros sales of Limagrain Verneuil Holding corn seeds.

With this purchase, Vilmorin SA should reach sales in 2007-2008 of nearly 80 million euros.

**On July 9<sup>th</sup> 2007**, Groupe Limagrain, via its seeds holding Vilmorin, announced the signature of a strategic alliance with the Chinese company Hunan Xindanxi Co Ltd, the reference shareholder of the seeds company "Yuanlongping High-Tech Agriculture" (LPHT), one of the main seeds companies in China. This agreement has resulted in the creation of a joint venture between Hunan Xindanxi and Vilmorin Hong Kong (held 100% by Vilmorin) which would then hold 46.5% of the stock of LPHT.

This agreement has been approved by the Chinese authorities.

LPHT is based in Changsha in the province of Hunan. Professor Yuan Longping developed the technology necessary to create hybrid rice varieties, enabling LPHT to become one of the world leaders for this species. Finally, LPHT made sales of 95 million euros in 2006.

## Annex - Consolidation scope

Name	Country	% voting rights	% financial control	Consolidation method
<b>Holdings</b>				
Vilmorin & Cie	France	100.00	100.00	IG
American Bio Corporation (ABC)	United States	100.00	100.00	IG
BioSeeds	Netherlands	20.00	20.00	ME
Cylonie Re	Luxembourg	99.99	99.99	IG
Groupe Vilmorin Luxembourg SCA	Luxembourg	99.99	99.99	IG
Plant Development Australia	Australia	100.00	99.97	IG
VCC Japan	Japan	100.00	100.00	IG
VCC Seeds Ltd (Israel)	Israel	100.00	100.00	IG
<b>Field seeds</b>				
Biogemma	France	55.01	55.01	IG
Biogemma UK	United Kingdom	100.00	55.01	IG
Genoplante Valor	France	33.33	29.33	ME
<b>Europe</b>				
Limagrain Verneuil Holding	France	79.96	79.96	IG
Eurodur	France	43.96	35.15	IP
Gie Semences de Brie	France	50.00	39.98	IP
Limagrain Central Europe	France	99.99	79.95	IG
Nickerson International Research Geie	France	100.00	79.96	IG
Soltis	France	40.00	31.98	ME
Unisigma Gie	France	46.00	36.78	ME
Advanta A/s	Denmark	100.00	79.96	IG
Advanta Bv	Netherlands	100.00	79.96	IG
Advanta Holdings Ltd (UK)	United Kingdom	100.00	79.96	IG
Advanta Research Ltd	United Kingdom	100.00	79.96	IG
Advanta Seeds Trustees Ltd	United Kingdom	100.00	79.96	IG
Advanta Seeds UK Ltd	United Kingdom	100.00	79.96	IG
Innoseeds GmbH	Germany	100.00	79.96	IG
Limagrain Advanta Belgium Bvba	Belgium	100.00	79.96	IG
Limagrain Advanta Nederland BV	Netherlands	100.00	79.96	IG
Limagrain Bulgaria Eood	Bulgaria	100.00	79.95	IG
Limagrain Central Europe Cereals Sro	Czech Republic	100.00	79.95	IG
Limagrain Ceska Republika Sro	Czech Republic	100.00	79.95	IG
Limagrain Doo	Serbia	100.00	79.95	IG
Limagrain Iberica	Spain	100.00	79.96	IG
Limagrain Italia Spa	Italy	100.00	79.96	IG
Limagrain Magyarorszag Kft	Hungary	100.00	79.95	IG
Limagrain Moldova Srl	Moldova	100.00	79.95	IG
Limagrain GmbH	Germany	100.00	79.96	IG
Limagrain Polska	Poland	100.00	79.95	IG



Name	Country	% voting rights	% financial control	Consolidation method
Limagrain Romania	Romania	97.14	77.67	IG
Limagrain Slovensko Sro	Slovakia	100.00	79.95	IG
Limagrain Tohumculuk	Turkey	67.00	53.57	IG
Mommersteeg International BV	Netherlands	100.00	79.96	IG
Nickerson (UK) Ltd	United Kingdom	100.00	79.96	IG
Nickerson Sugar Beet	United Kingdom	100.00	79.96	IG
Plant Select	Czech Republic	100.00	79.95	IG
Sharpes Seeds Ltd	United Kingdom	100.00	79.96	IG
<b>North America</b>				
Limagrain Genetics Inc	Canada	100.00	100.00	IG
Advanta Pacific LLC	United States	100.00	100.00	IG
AgReliant Genetics LLC	United States	50.00	50.00	IP
AgReliant Inc	Canada	50.00	50.00	IP
Limagrain Genetics Corp	United States	100.00	100.00	IG
Soygenetics LLC	United States	33.33	37.00	ME
<b>Vegetable seeds</b>				
<b>Professional</b>				
Clause Tézier	France	99.97	99.97	IG
Vilmorin SA	France	99.95	99.95	IG
Alliances Semillas De Chile	Chile	51.00	51.00	IG
Alliance Semillas	Argentina	100.00	100.00	IG
Anadolu	Turkey	47.48	47.46	ME
Asamia Cold Storage Ltd	Israel	100.00	100.00	IG
Biotech Mah Management	Israel	50.00	50.00	IP
Clause Harris Moran Tezier	South Africa	100.00	100.00	IG
Clause Tézier Australia	Australia	100.00	99.97	IG
Clause Tézier India	India	100.00	99.97	IG
Clause Tézier do Brazil	Brazil	100.00	99.97	IG
Clause Tézier Iberica SI	Spain	100.00	99.97	IG
Clause Tézier Italia Spa	Italy	100.00	99.97	IG
Harris Moran Seeds	United States	100.00	100.00	IG
Hazera Canaria	Spain	100.00	100.00	IG
Hazera Espana	Spain	100.00	100.00	IG
Hazera Genetics Ltd	Israel	100.00	100.00	IG
Hazera Seeds Inc	United States	100.00	100.00	IG
Hazera Holding International BV	Israel	100.00	100.00	IG
Hazera Mauritius Ltd	Mauritius	100.00	100.00	IG
Hazera Tohumculuk Ve Ticaret As	Turkey	99.99	99.99	IG
Henderson Seeds	Australia	74.05	74.03	IG
Marco Polo Seed Nusantara	Indonesia	90.00	90.00	

Name	Country	% voting rights	% financial control	Consolidation method
Marco Polo Seed Thailand	Thailand	100.00	100.00	IG
Mikado Kyowa Seed	Japan	69.27	58.02	IG
Mikado Seeds Holding	Japan	54.99	54.99	IG
Nickerson Zwaan BV	Netherlands	100.00	99.95	IG
Nickerson Zwaan Gmbh	Germany	100.00	99.95	IG
Nickerson Zwaan India	India	100.00	99.95	IG
Nickerson Zwaan Ltd	United Kingdom	100.00	99.95	IG
Nickerson Zwaan Sp.Z o.o.	Poland	100.00	99.95	IG
Nickerson Zwaan South Africa	South Africa	100.00	99.96	IG
Semillas Harris Moran Mexicana	Mexico	100.00	100.00	IG
Vilmorin Iberica Sl	Spain	99.78	99.73	IG
Vilmorin Inc	United States	100.00	100.00	IG
Vilmorin Italia Srl	Italy	100.00	99.95	IG
Vilmorin do Brasil	Brazil	100.00	99.95	IG
<b>Home garden</b>				
Oxadis	France	99.99	99.99	IG
Top Green	France	33.33	33.33	ME
CH Van den Berg	Netherlands	90.00	89.99	IG
CNOS Vilmorin Sp.Z o.o.	Poland	51.00	51.00	IG
Flora Frey Gmbh	Germany	100.00	100.00	IG
Flora Geissler	Switzerland	100.00	99.99	IG
Sperling Gmbh	Germany	100.00	100.00	IG
Suttons Ltd	United Kingdom	100.00	100.00	IG

IG : Global Integration  
IP: Proportional Integration  
EQ: Equity method



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## Statutory Auditors' report on the consolidated financial statements

Vilmorin & Cie S.A.  
Head Office: 4, Quai de la Mégisserie – 75001 Paris  
Capital: 204 225 819,25 euros.

Year ended June 30<sup>th</sup> 2007

To the Shareholders,

In compliance with the assignment entrusted to us by your Stockholders' annual general meeting, we have audited the accompanying financial statements of the company Vilmorin & Cie SA, for the fiscal year closed on June 30<sup>th</sup> 2007, as appended to this report.

The consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion. We certify that the financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the IFRS referential as adopted in the European Union.

### Justification of our appraisals

In application of the provisions of article L.823-9 of the French Commercial Code concerning the justification of our appraisals, we wish to draw your attention to the following points:

> We have appraised the accounting method used by the company to record the acquisitions of minority interests of companies already controlled, and which do not come under specific provisions in the IFRS referential as adopted by the European Union, and we are confident that Note 1.4.2 of the financial statement gives true and fair information in this respect.

> As part of our appraisal of the accounting principles followed by your company, we have examined the method adopted for recording development costs in the assets, and also for amortizing these development costs and checking their recoverable amount, and we have ensured that Note 9 provides appropriate information.

> At each close of fiscal year, the company systematically runs an impairment test on acquisition goodwill differentials and assets with an undefined useful life, and also appraises whether there is a value loss index for long-term assets, in accordance with the methods described in Note 1.24 of the financial statements. We have examined the way in which this depreciation test was implemented and the cash-flow forecasts and hypotheses adopted, and checked that Notes 15 and 16 give appropriate information.

> Note 1.16 of the financial statements sets out the assessment procedures for pension commitments and other assimilated commitments. These commitments were assessed by external actuaries on June 30<sup>th</sup> 2007. Our task consisted in examining the data used to review the calculations made, and to check that Note 25 of the financial statements provided appropriate information.

Our appraisals are thus an integral part of our audit of the annual financial statements, and therefore contributed to the forming of our opinion as expressed in the first part of this report.

### Specific verification

We have also verified the information given in the group management report in accordance with the professional standards applicable in France. We have no comments as to its fair presentation and conformity with the consolidated financial statements.

The Statutory Auditors

Paris La Défense et Clermont-Ferrand, October 8<sup>th</sup> 2007

KPMG Audit  
Département de KPMG SA  
Catherine PORTA  
Partner

Visas 4  
Commissariat  
Corinne BESSON  
Partner

# Glossary

**Biological fight:**

The fight against crop pathogens using their natural predators.

**Biotechnology:**

The application of science and engineering to the use of living organisms in their natural or modified forms.

**Breeding/Selection:**

Choosing the individuals with the best phenotypical characteristics for reproduction from a population of plants earmarked for improvement. By extension: all the techniques used in plant improvement.

**Canola:**

Spring rape.

**Deep-freezing:**

Process by which perishable goods can be frozen quickly to a very low temperature.

**EBITDA:**

Earnings before interest, taxes, depreciation and amortization

**Genetic heritage:**

An organism's set of genes.

**Genetic resources:**

Group of genes from various plant species.

**Genetically modified organism (GMO):**

Organism (plant, animal or micro-organism) whose genome has been voluntarily modified by man using a technique, transgenesis, combining in vitro culture and genetic engineering.

**Genome:**

All the genetic material in the chromosomes of a particular organism.

**Genomics:**

The study of genes, their resulting proteins, and the role played by the proteins in the body's biochemical processes.

**Genotyping:**

Testing using different techniques, including genomics and molecular marking, to analyze genes in order to reveal the specific alleles or traits inherited by an individual.

**Germplasm:**

Genetic material or resources.

**Hybridization:**

Conventional plant breeding method. This method involves cross-fertilizing plants (parents) of the same species in order to obtain a plant (hybrid) bearing certain characteristics of the two varieties initially chosen. In theory the hybrid is more robust than its two parents.

**Lyophilization:**

Freeze-drying (between - 40°C and - 80°C). The material is rapidly frozen and dehydrated under high vacuum. Technology used to preserve the most fragile compounds.

**Molecular marking:**

Following the presence or absence of a particular trait in a plant, by studying its genome (without the need to grow the plant to check whether the trait is present or absent).

**NAFTA:**

North American Free Trade Agreement. A 1994 agreement reached by the United States, Canada, and Mexico that instituted a schedule for the phasing out of tariffs and eliminated a variety of fees and other hindrances to encourage free trade between the three North American countries.

**Okra (or Gumbo):**

The small green pods from a tropical plant eaten as a vegetable or used to thicken soups and other dishes, or the plant itself. The soft white grains, when ripe, are sometimes used as a coffee substitute, and the stems are used in the paper industry.

**Organoleptic:**

Relating to perception by or the use of a sensory organ.

**Pathogen:**

Pathogens are infectious or toxin forming microorganisms causing disease.

**Pelleting:**

Technique whereby inert materials are added to change seed size and shape for improved planting.

**Phenotype:**

The outward appearance (structure) or other visible characteristics of an organism as determined by the DNA of its genotype.

**ROCE:**

Return On Capital Employed. Calculated as profit before interest and tax divided by the difference between total assets and current liabilities. The resulting ratio represents the efficiency with which capital is being utilized to generate revenue.

**Sales from proprietary varieties:**

Sales made on varieties coming out of the research programs of Vilmorin.

**Seed multiplication farmer:**

Farmer specialized in large-scale multiplication or production of seed, with a view to selling the seed.

**Soil conditioner:**

An organic material like humus or compost that helps soil absorb water, build a bacterial community, and take up mineral nutrients.

**Stacking:**

The process of introducing several traits (not necessarily GM) into one plant or plant type by either selective (human) or natural breeding methods.

**Substrate:**

Mixture (soil, sand, compost, etc.) A surface on which an organism can be sown.

**Traits:**

The gene or genes providing the plant with résistance to various aggressions from pests, weed-killers, etc.

**Transgenesis:**

Integration into a living organism of a gene that confers upon the organism a new property that it will transmit to its descendents.

**Sources :**

International Seed Federation

> [www.worldseed.org/FAQs.htm](http://www.worldseed.org/FAQs.htm)

Food and Agriculture Organization of the United Nations

> [www.fao.org/waicent/portal/glossary\\_en.asp](http://www.fao.org/waicent/portal/glossary_en.asp)

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