



Annual Report 2004-2005

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BRAND-DAUNAY / INRA,
Vilmorin Clause & Cie
and its subsidiaries,
François BERRUÉ,
Japa - Pierre and Julien SOISSONS

Translation: Métaform Langues

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

Vilmorin Clause & Cie in brief

World leader in the improvement of vegetable and flower seeds to provide food and embellish our environment



Core business focused on the creation, production, marketing and sales of vegetable and flower seeds targeting two distinct markets:

**Home Garden,
amateur gardening**

N°1 World



**Professional
vegetable production**

N°2 World

A wide product range of more than **30 vegetable species** among the most popular in the world, and hundreds of flower varieties, supplemented by consumer garden products and pet accessories for the Home Garden market.

More than 2800 employees spread over 22 countries in all the continents of the world.

Vilmorin Clause & Cie in brief

A strategy based
on three key areas:

Research, the keystone of the seeds business

13% of Professional sales

invested in research in 2004-2005.

International development,

driving business to ensure growth
and a good risk spread.

70% of total sales

made outside France in 2004-2005.

Innovation and brands

for the Home Garden market,
emblems of trust.

A portfolio of
**more than 30 prestigious
brands.**



Strong, timeless ethical values,

born of the company's history that aim at providing
the best possible balance between respect for mankind,
the environment and the creation of value.


A reference shareholder imbued with the same values
and the security of a sustainable strategy:

Limagrain, fourth largest seeds producer in the world.

Stock market security with a European vocation,
characterized by **regular, attractive global yields.**

Profitability that has grown
by more than 70% since 2000-2001.

Cultivating the taste of life



With its innovative research, a vast international network and a portfolio of prestigious brands, Vilmorin Clause & Cie continues to lead the world in botanic creation intended for the markets of vegetable production and home gardening.

Day after day, Vilmorin Clause & Cie strengthens its positions and pursues its strategy, while respecting an ethical vision of its development.

Cultivating the taste of life is the expression of a commitment to a philosophy that emphasizes innovation and the quality of life, with respect for all women and men, and the environment they live in.

These are inspiring themes for research and plant breeding which have their counterparts in artistic creation. Vilmorin Clause & Cie therefore asked a number of artists – an actor, a dancer, a plastician artist, a costume designer, an author and a photographer – to express their talents on a number of its commitments, illustrating them through a theatrical play of five acts.

It is their vision of themes such as food quality, the living environment, research and biodiversity, international development, innovation and the Home Garden brands, that you will discover as you visit the gallery on this same website.





From left to right and from top to bottom:
Jean-Paul FAURE, François HEYRAUD,
François DELOCHE, Raoul FAURE,
Jean-Denis POULET, Daniel CHÉRON
and Gérard RENARD

Profitability on the fast straight

This year, Vilmorin Clause & Cie once again saw its profitability rise considerably (+12%), driven by the inspired performances of the Professional business. Even more innovative varieties and further international market shares strengthened the company's position as leader in a more and more concentrated competitive environment.

Sales (+1.2%) rose in modest proportions, bearing the brunt of the slowdown of the Home Garden business, which was confronted with market heterogeneity and highly unfavorable weather conditions. Consequently the fiscal year for 2004-2005 was marked by a refocusing of this activity on the main European gardening markets and distribution networks that can provide real added value. An ambitious action plan, with the aim of improving the operating margin in significant proportions within three years, is in the course of implementation. It emphasizes a sustainable growth model built on a dynamic policy of innovation and brands with a strong reputation. This evolution is being applied progressively, in full respect of the diversity of corporate cultures and market specificities.



Bearing the fruits of our strategy

This years' results, along with changes in our business environment, have corroborated the strategy pursued for more than 10 years with persistence, conviction and passion.

As the foundation stone for the seeds business, research is a source of added value and differentiation, providing Vilmorin Clause & Cie with its wealth for tomorrow. The enrichment of genetic heritage, the expertise and mobilization of its human resources, and the use of new technology, form our guarantee for future progress. This year the threshold of 13% of Professional sales invested in research was crossed, giving true substance to our convictions.

International growth, the driving force of our development, means any risks can be spread, and this remains an absolute priority. The majority take-over of Kyowa Seed has enabled Vilmorin Clause & Cie to consolidate its business in Japan, from where it now has the means to accelerate its development in Asia.

Finally, more than ever before innovation and brands are a solid base for the Home Garden business. The successful redeployment of the Vilmorin brand on the French market clearly demonstrates this point; our objective today is to extend this success to other European markets.

Solid perspectives

Strengthened by these three strategic principles, Vilmorin Clause & Cie has the clear, steadfast ambition of reinforcing its position as market leader, and of continuing to marry business growth with profitability. Its resolute dividend policy again this year reflects this ambition, aiming to build even firmer shareholder confidence.

The commitment to putting innovation, the quality of life, and respect for man and his environment before all else is the foundation of our ambitions for the future.

More than ever we must be,
Cultivating the taste of life!

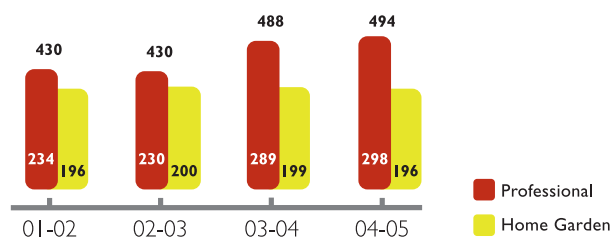
Key figures and comments on fiscal 2004-2005

08

Professional business activities now predominant:

The external growth operations achieved over the past two fiscal years (in particular the majority takeovers of Hazera Genetics and Kyowa Seed) have considerably modified the breakdown of the Professional (60%) and Home Garden (40%) businesses.

Nevertheless Vilmorin Clause & Cie will maintain its strategic principle to seek out harmonious development of the two activities both through organic growth and external development.



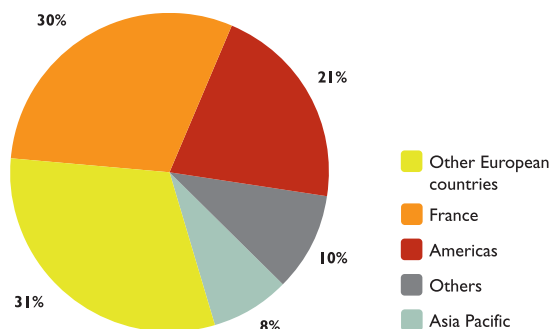
Evolution of sales for finished goods (in M€)

Highly international business made up of 80% of sales in seeds:

Now, Vilmorin Clause & Cie makes more than two thirds of its sales outside France.

Sustained development of the Home Garden and Professional businesses in North America, the integration of Hazera Genetics in 2003 and greater presence on the Asian markets (an increase of the stake in Kyowa Seed in 2005) all helped to make Vilmorin Clause & Cie an even more international company this year.

Furthermore, Vilmorin Clause & Cie confirmed its powerful influence in its core business, vegetable seeds, while remaining open to diversification projects or line-up complements.

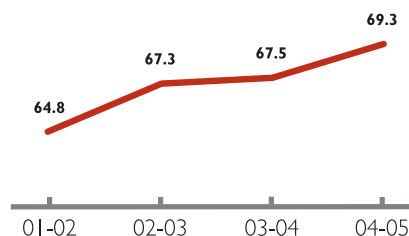


Breakdown of sales into geographic areas (as a %)

Commercial margin continues to progress, guaranteeing operational success:

In 2004-2005 Vilmorin Clause & Cie raised its commercial margin significantly both in its Professional and Home Garden businesses. The integration of even more products from the research programs, and the streamlining of the Home Garden brands giving priority to the creation of added value, are both key factors in this improvement.

This increase once again demonstrates that Vilmorin Clause & Cie has the capacity to develop profitable organic growth for all its business.

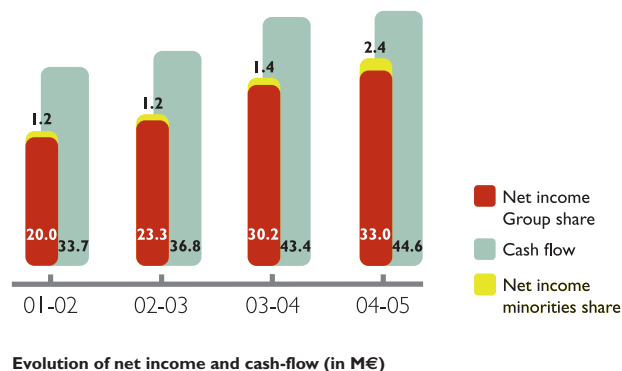


Evolution of the commercial margin (as a % of sales)

Net consolidated income up by 12%:

In line with the trend of previous years, Vilmorin Clause & Cie has consolidated its financial performances both in terms of margins and absolute profits.

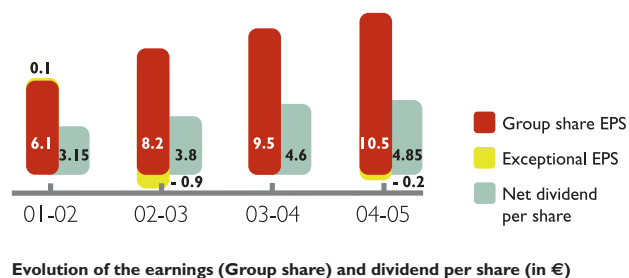
The net consolidated income rose by 12%, and the cash-flow also improved.



An attractive and consistent policy of distributing profits:

Remaining faithful to its dividends policy, Vilmorin Clause & Cie has decided once again to distribute approximately half its profits.

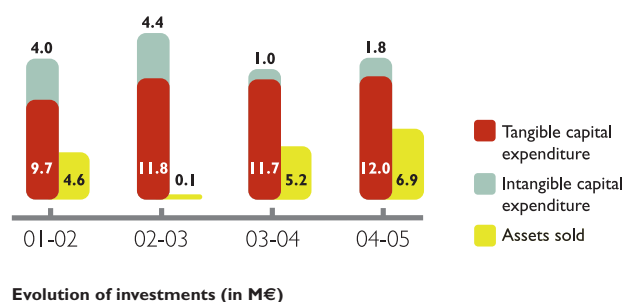
Over and above a significant increase in value, the Vilmorin Clause & Cie share provides a global yield of more than 5%.



A sustained investment policy:

In 2004-2005, Vilmorin Clause & Cie once again invested considerable capital in the improvement and renovation of its intangible and industrial assets.

As in previous years, a particular effort was made this last year on equipment and resources available to research and quality.



Key figures and comments on fiscal 2004-2005

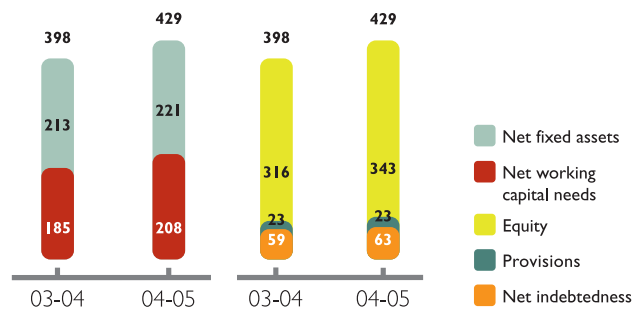
10

A solid financial structure:

After completion of the fiscal year 2004-2005, Vilmorin Clause & Cie can boast a very healthy financial structure which remained unaffected by the external growth operations finalized during the course of the past two years.

Net working capital needs rose by almost 30 millions euros this year, partly because a proportion of the spring sales campaign occurred later than usual, in the final quarter, and also because the Professional Division set up safety inventory on strategic products.

However, globally Vilmorin Clause & Cie has preserved an excellent capacity to undertake new development operations, owing to a highly favorable gearing ratio, at 18%.

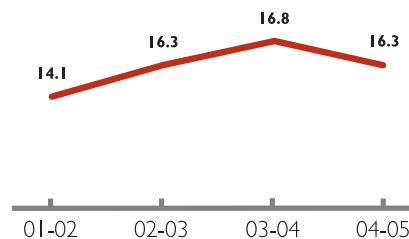


Consolidated balance sheet structure on June 30th 2005 (in M€)

Good control of the economic profitability of the capital:

As a result of its careful management of working capital needs and a rational capital investment policy, Vilmorin Clause & Cie has kept up a high level for the profitability of the capital it has mobilized to run its operations.

Furthermore, this performance is equally due to the efforts of the Professional and Home Garden Divisions which, for this criterion, and in spite of their respective specificity, reached the same level of profitability.



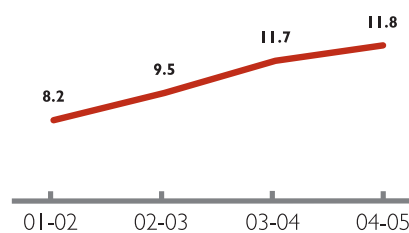
Evolution of the ROCE ratio (as a %)

$$ROCE = \frac{\text{Earnings before interest, taxes, depreciation and amortization (EBITDA)}}{\text{Fixed assets} + \text{Net working capital needs}}$$

Returns on equity invested constantly improving:

Vilmorin Clause & Cie's fiscal year for 2004-2005 was crowned by another increase in returns on its shareholder's equity.

The significant increase in its profitability, the adoption of a balanced policy of distribution of its profits and the consolidation of new minority capital are the main reasons behind this progression.



Evolution of the ROE ratio (as a %)

$$ROE = \frac{\text{Earnings before taxes (EBT)}}{\text{Shareholders' equity before profits}}$$



Professional activities



From research to distribution, Vilmorin Clause & Cie controls all the stages in the vegetable seeds chain. This control enables the group to offer high quality products to its customers, adapting supply to its different markets.

■ Research, the key to success

Research, at the very heart of Vilmorin Clause & Cie's activity, plays a decisive role in the creation of added value. Its objective is to come up with new varieties that meet market needs as they change.

In order to meet this objective, 30 vegetable species are worked on, particularly those that are most widely consumed throughout the world. Each species constitutes a research program. The main research areas include:

- > the agronomic characteristics (yield, disease resistance, etc.),
- > the morphological characteristics (shape, color, weight, size), *organoleptic* and nutritional characteristics of vegetables,
- > respect for the environment (disease resistance, water consumption, etc.).

Considerable resources devoted to research:

- > Investment of 13.1% of Professional sales.
- > More than 540 researchers.
- > 28 research centers and experimentation stations spread over 27 countries.

■ 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.

Producing the best seeds is a specialized profession requiring, in particular, careful choices of production areas. Vilmorin Clause & Cie entrusts this mission to an international network of about one thousand carefully selected seed *multiplication farmers*: their work determines the quality of the finished product.

■ Processing or the optimization of seed quality

Vilmorin Clause & Cie makes use of modern industrial equipment, the irreplaceable know-how of highly skilled operators and frequent, rigorous quality control inspections in order to guarantee seed 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 working at Vilmorin Clause & Cie are involved in this essential function.

Vilmorin Clause & Cie markets powerfully, relying on its large portfolio of prestigious brands, followed very closely for market position. After research, brands are the second pillar of success for Vilmorin Clause & Cie.

Research



- > Definition of the variety profile
- > Breeding of the new parents
- > Cross-breeding
- > Evaluation tests
- > Choice of *hybrids* and development

Seed production

- > Definition of the specifications with the network of seed *multiplication farmers*. Production in France and in other countries
- > Sowing
- > Technical assistance and crop follow-up
- > Harvesting and extraction of the seeds
- > Quality control: sanitary inspection, genetic control, (identity and *purity of variety*), germination control



Processing



- > Drying, cleaning, sorting and grading
- > Treatment: *coating* or *pelleting* with a phytosanitary product
- > 1st quality control
- > Packaging (boxes or packets)
- > 2nd quality control
- > Storage

Marketing and sales



- > Definition of product mix: price, position, advertising, etc.
- > Design of sales literature: brochures, product sheets, flyers, etc.
- > Management and picking of orders
- > Distribution to distributors or direct to the customers
- > After-sales service



Plant breeding step by step

The example of the hybrid melon ANASTA from Clause Tézier

> After analyzing the market, the profile of the future melon variety was determined: its priority qualities and innovative characteristics, such as the slow evolution on the plant in the case of ANASTA. This special feature means the variety is very flexible for harvesting, which is particularly appreciated by market gardeners.

> At this point the parents are selected:

- the male parent of ANASTA provides internal quality, slow evolution on the plant and good stability after harvesting,
- the female lines provide a higher level of resistance to pathogens, yield and *organoleptic* qualities.

> A collection of experimental *hybrids* is produced from the lines that have been selected. This collection is assessed in the field in different production zones for Charentais melon mainly in France and in Spain. The condition of the melon over time is then assessed on a large scale.

> Tolerance to pathogens, yield, flavor but also slow evolution on the plant, and excellent shelf-life all explain the success of ANASTA: **the variety represents 51% of market shares for Charentais melons!**



1906: Canna - "Zambezi"
Water-color by
Paul SEGUIN - BERTAULT

Vilmorin Clause & Cie: 260 years of prestigious history

The worldwide reputation of Vilmorin Clause & Cie is anchored in more than 260 years of particularly rich history.

Dedicated to the improvement of vegetable plants, flowers and trees, it is interwoven with the dynasty of the de Vilmorin family, true precursors in this field.

The first origins of the company date back to 1743, when two names associated with talent came together: Philippe-Victoire de Vilmorin, whose guidelines on how to grow turnips, red clover or rape foreshadowed the future Guide Vilmorin, and Pierre d'Andrieux, a seed collector and botanist of Louis XV.

Together they set up the boutique of "Andrieux and Vilmorin" on the Quai de la Mégisserie in Paris, writing the first chapter of a long saga.

Following in the footsteps of Philippe-Victoire, Louis, Henri, Philippe, André, and then Roger de Vilmorin, associated their names with the history of plant improvement. They were behind major discoveries (statement of the principle of *genealogical breeding*) or technical advances: the improvement of seeds using the rational cross-breeding method, the *hybridization* of wheat, the creation of disease-resistant beans, etc.



Small Kabocha squash
(Kyowa Seed), fast growing,
rich in carotene and adapted to
micro-wave cooking

Philippe de Vilmorin devoted his life work to progress in genetics.

Philippe de Vilmorin (1872-1917) wrote several works on plant *breeding*, and introduced new varieties of cultivated plants, both agricultural and horticultural, in particular cereal varieties. While continuing the work of his ancestors, particularly on the yields of straw cereals, beet and potatoes, etc., he contributed significantly to enriching plant collections as a result of his numerous travels, true scientific missions that were organized all over the world.

But he concerned himself particularly with progress in genetics. As soon as he discovered the work of Mendel in 1900, he realized the importance of this new dimension in the rational improvement of living organisms.

He undertook a great number of experiments, studying hereditary characteristics, based on numerous *hybridizations* that contributed to the confirmation of Mendel's laws. Still today, his name is associated with progress in genetics.

Key dates

> Foundation of the group's companies

1743: Vilmorin (France)

1785: Tézier (France)

1788: Sperling (Germany)

1806: Suttons (United Kingdom)

1892: Clause (France)

1906: Flora Frey (Germany)

> Setting up the group

1975: Vilmorin joined Limagrain

1993: Vilmorin & Cie entered the stock market

1997: Vilmorin & Cie became Vilmorin Clause & Cie after the purchase of Clause

> External growth operations

1979: Tézier (France)

1990: Flora Frey (Germany)

1994: Suttons (United Kingdom)

1996: Clause (France) and Harris Moran Seeds (United States)

1998: Nickerson Zwaan (Netherlands)

1999: Henderson Seeds (Australia) and Geissler (Switzerland)

2000: Kyowa Seed (Japan)

2001: Keygene (Netherlands)

2002: Van den Berg (Netherlands)

2003: Hazera Genetics (Israel)

2004: Sperling (Germany)

Their exceptional history has been enriched through significant artistic contribution. Water colors painted by the greatest artists of the time, botanical plates and plaster molds were used to illustrate the first catalogs. These magnificent works of art today constitute a heritage of great value.



19th century: apple, citrus, cocoa, pumpkin. Plaster casts - M. THEVENY



Daniela tomato (Hazera Genetics), leader in its category, because of its long shelf-life and exceptional firmness

The innovative capacity of these successive generations accompanied the industrial and commercial expansion of the company. Vilmorin Clause & Cie strives permanently to extend this exceptional heritage by pursuing its research work devoted to the knowledge and improvement of plants, and to make an important contribution to conserving biodiversity.



Green Towers Romaine lettuce (Harris Moran) with medium to large leaves, and a striking green color, adapted to different growing conditions

Professional business: vegetable seeds for those involved in vegetable production

Vilmorin Clause & Cie 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*, who make up its main customers. In 2004-2005, Vilmorin Clause & Cie made sales of 298 million euros on this constantly progressing market, thus reinforcing its 2nd place in world standings.

Seeds with high added value

The basis on which all of Vilmorin Clause & Cie's business activities are founded is high performance – the key requirement of the Professional agri-food market. There are two challenges involved: anticipating and meeting the needs and tastes of consumers, while optimizing their economic value. They seek ever more efficient varieties: improved productivity, better adaptation to growing and processing conditions, better organoleptic and nutritional qualities.

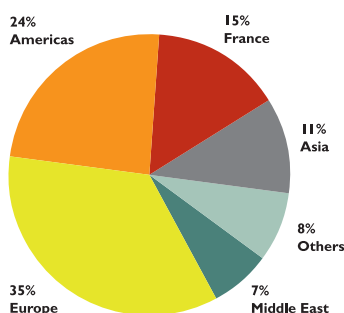
Vilmorin Clause & Cie works on 30 different species, and in particular those that are most widely consumed throughout the world: carrot, tomato, bean, melon, pepper, cabbage, cauliflower, cucumber, squash, lettuce and sweet corn.



Key figures

- > Competitive position: n°2 in the world
- > Sales for 2004-2005: 298 M€ (+3.1% compared to 2003-2004)
- > Income: 29.3 M€
- > Headcount: 1 897
- > Tangible investments: 10.4 M€
- > 13.1% of Professional turnover reinvested in research in 2004-2005

BREAKDOWN OF SALES
INTO GEOGRAPHIC AREAS:



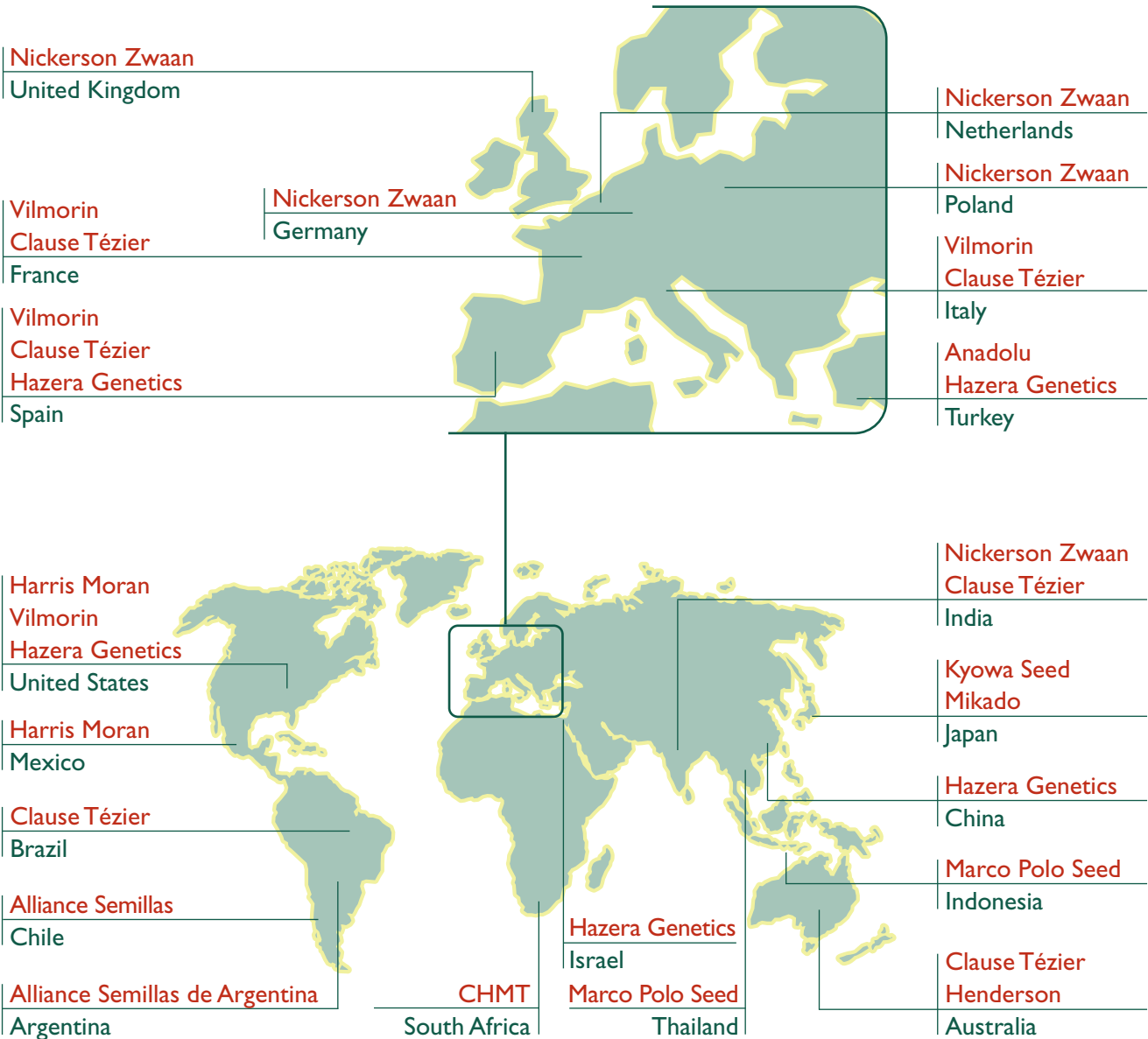


Five operating business units

The Professional business is organized around business units:

- > Vilmorin/Nickerson Zwaan for Northern Europe,
- > Clause Tézier mainly for Southern Europe,
- > Harris Moran for the Americas,
- > Hazera Genetics for the Middle East and the Mediterranean basin,
- > Asia/Australia, built around Kyowa Seed, Mikado, Henderson and Marco Polo Seed.

Through this set-up it is possible to meet the global needs of vegetable producers who operate in all four corners of the world. It also favors the optimal use of resources and synergies between the different companies. Each business unit has a single management team coordinating joint activities in numerous different areas: research, production, administration or sales.



15 Professional business:
vegetable seeds for those involved
in vegetable production

21 - Home Garden business:
vegetable and flower seeds
for amateur gardeners

Very dynamic organic growth

During the fiscal year 2004-2005, the Professional companies confirmed their fine performances and improved business sales by more than 3%, in spite of a temporary slowdown in European markets at the beginning of 2005. Over and above the global growth of this business sector throughout the world, the progression is a reflection of market shares won as a result of a very dynamic sales campaign and innovative products meeting the expectations of the Professional operators of the agri-food sector.

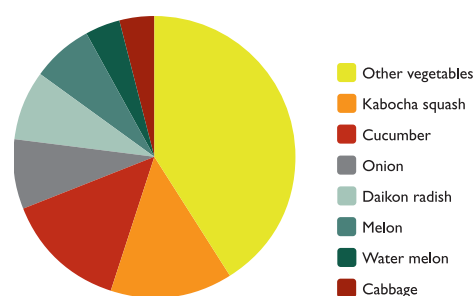
With a value that is estimated at just over one billion euros, the Asian market today represents about 50% of the potential Professional market targeted by Vilmorin Clause & Cie. This is the reason why Vilmorin Clause & Cie continued to strengthen its business in the zone in 2004-2005.

■ Consolidation of business in Japan

At the end of March 2005, Vilmorin Clause & Cie took majority control of its Japanese subsidiary Kyowa Seed in total cooperation with the two other shareholders of the company, increasing its stake from 40 to 59%. Kyowa Seed, the kingpin in Vilmorin Clause & Cie's Asian set-up, achieved sales of 53 million dollars – including 34% in seeds: the company also distributes agricultural supplies, as is the case traditionally for all Japanese companies working in this sector.

This operation means that ultimately Kyowa Seed and Mikado, another Japanese company in which Vilmorin Clause & Cie holds a stake, might be able to join forces. This will involve an acceleration of their integration in terms of production and sales, while pursuing investment in genetic resources, research and industrial plant.

BREAKDOWN OF SALES BY SPECIES:



Kyowa Seed - Mikado,
breakdown of sales by species

■ China, at the heart of international strategy

- Creation of a production structure in China

Because of the fantastic potential of the Chinese market, Vilmorin Clause & Cie has decided to set up a new production site shared by all the Professional companies. The aim of this project is to optimize the efforts already being made by companies that are producing in China, and to facilitate the market approach for new arrivals. Research, sales and marketing nevertheless remain the individual responsibility of each company.

- Agreement with CAAS, the Chinese Institute for Vegetables and Flowers

An agreement was signed in May 2005 between CAAS, the Chinese Institute for Vegetables and Flowers, a public organization based in Beijing, and Vilmorin Clause & Cie. This collaboration will particularly concern the evaluation and use of genetic material for vegetable seeds. The objective of this partnership is to develop new varieties that are totally adapted to the different growing conditions in the world, and especially in China, the largest producer of vegetable plants in the world.

China: A new market for Vilmorin tree seeds

Until now Vilmorin tree seeds have mainly been sold in France. Nevertheless, this wide range of some 385 species has provoked interest in the vast Chinese market.

Indeed, China faces two major challenges in coming years. On the one hand, its forest, that covers 14% of the country, is very run down, and needs to be restored in order to reverse the process of desertification of the countryside. Furthermore, the city of Beijing needs to develop amenity areas for the forthcoming Olympic Games in 2008. The government has thus launched a vast program of reforestation, culminating in the plantation of 8 billion trees per year.

After several discussions with Chinese delegations, Vilmorin has set up a distribution contract via a local company leading to the development of sales of ornamental seeds.



Miceneo fennel (Clause Tézier)

Continuation and strengthening of scientific partnerships

- The Japanese company Takii joins Keygene

In May 2005, Keygene, a world leader in the field of *biotechnology* and *plant genomics*, welcomed the Japanese seeds company Takii, a major operator in Asia.

This agreement provides new, far-reaching cooperation opportunities for Vilmorin Clause & Cie, itself a shareholder in the company since 2001.

- First results of the agreement between Henderson and Australian and New Zealand public research

Henderson Seeds, the Australian subsidiary of Vilmorin Clause & Cie, signed a cooperation agreement in 2002 with the public research authorities of Australia and New Zealand. This program will enable Henderson Seeds to develop and sell a calebrini cabbage rich in nutritional elements. This agreement means that Vilmorin Clause & Cie can position itself on the market of so-called "functional" vegetables, naturally providing health benefits to consumers.

- Conclusion of a licensing contract with the Dutch company Rijk Zwaan

Partners within Keygene since 2001, Vilmorin Clause & Cie and the Dutch seeds company Rijk Zwaan signed a technology licensing contract at the beginning of January 2005.

This agreement allows Vilmorin Clause & Cie to sell lettuce varieties that are resistant to *Nasonovia ribisnigri* (Nr). This aphid, endowed with a strong capacity to mutate, is one of the main lettuce parasites.

With these new varieties, it is possible to limit treatment in the fields, and thus protect the environment.

New improved varieties

In 2004-2005, all the Professional companies continued to enrich their portfolio of products, developing new varieties including:

Texto, created by Vilmorin

The Texto carrot is resistant to pathogens and has numerous agronomic advantages, including greater tolerance to breakage and the cold. It entered the French market in the Spring of 2005.

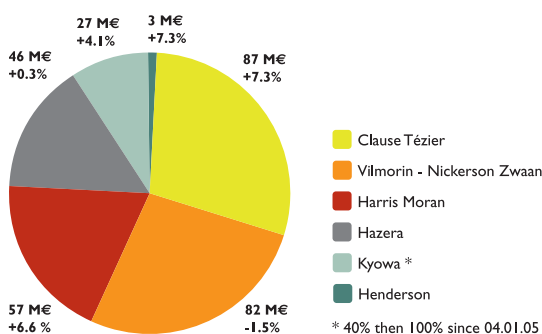
Extazy, developed by Hazera Genetics

Very light in weight (2 to 2.5 kg as opposed to 11 kg for the larger varieties), seedless and sweet, with a characteristic flavor, the mini water melon Extazy is becoming a great success on the markets of the United States and Central America.

Miceneo, developed by Clause Tézier is a new fennel for autumn production. The variety was launched this year in Italy.

In all, on June 30th 2005, the share of products from Vilmorin Clause & Cie's research programs in Professional sales reached 83.5%.

CONTRIBUTION OF THE SUBSIDIARIES TO CONSOLIDATED SALES:



Perspectives

- > Ensure expansion of its business activities and profitability at the average level it has in previous years.
- > Stay on the look-out for any external growth opportunities.
- > Strengthen cooperation between the operating units, particularly by setting up synergy between the research programs.

15 Professional business:
vegetable seeds for those involved
in vegetable production

21 - Home Garden business:
vegetable and flower seeds
for amateur gardeners

A constantly progressing market

- A market which is highly concentrated for operators, but very scattered in terms of products

The market for vegetable seeds concerns all the continents. The operators in this market work side by side in the major production and consumption zones. The sector has become highly concentrated over the past ten years. Nevertheless, it still remains scattered, and there is preponderance of certain operators in specific areas. The fruit and vegetable market, which most of the seed companies' clients are working in, is characterized by:

- > a large number of different species,
- > a high number of production units with all kinds of production infrastructures: open field, cold or heated greenhouses, etc.,
- > a wide diversity of production areas,
- > a very wide range of varieties in order to cover all the sales possibilities, from production in season to counter-season.

This context means it is very difficult to obtain regular, reliable up-to-date information on the value of the market, both in Europe and worldwide.

- A market averse to innovation

The market is highly sensitive to the evolution of consumer food habits and the agricultural context. But it is mainly dependent on what comes out of research: Professional clients are always on the look-out for new varieties with better performances. In this respect, being world leaders on a specific market segment means it is very difficult for new operators to enter the fray: the influence of any technological breakthrough from the competition is limited by a leader that is maintaining its investment in research while controlling distribution.

- Increased consumption of vegetables

Over the last ten years, world consumption of vegetables has increased significantly. It went up by 45% between 1992 and 2002 reaching the figure of 114 kg of vegetables eaten every year per inhabitant. This trend is due to two reasons:

- > In developing countries, because of the fast increase in population and the evolution of the standard of living. This evolution has led to diversification of eating habits, and in turn to greater consumption of fruit and vegetables.



> In developed countries, where there is no real population increase, there is an emphasis on questions of health, and food safety. In several countries, the public authorities are developing awareness at all ages of the importance of a healthy, balanced diet with more frequent and diversified consumption of fresh fruit and vegetables. This new awareness is behind a massive new development push.

- An increase in farmed acreage

According to statistics published in 2004 by the FAO, between 1994 and 2004 the surface area used to grow vegetables rose by nearly 50%, reaching 51.3 million hectares. During the same period vegetable production increased by more than 60%.

- The displacement of production areas

The market for fresh vegetables, and also for vegetables intended for industry, are both gradually being displaced towards other production areas:

- > towards southern Europe and North Africa for the European market for fresh produce,
- > towards Mexico for the North American market for fresh produce,
- > towards eastern Europe for the European market for products intended for industry.

This is because there is a preference for regions where costs are lower; just as market gardeners try to find areas better suited to early production conditions. In these regions it is possible to lengthen the period when products are available and to produce out of season.

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. They are all integrated and have all developed a significant level of research.

Groups		Countries	Sales of vegetable seeds (en M\$) (1)
1	Seminis / Monsanto	United States	507
2	Vilmorin Clause & Cie	France	377
3	Syngenta	Switzerland	356
4	Bayer Crop Science	Germany	213
5	Takii	Japan	161
6-10	Sakata	Japan	<150
	Rijk Zwaan	Netherlands	
	Bejo Zaden	Netherlands	
	De Ruiter	Netherlands	
	Enza	Netherlands	

(1) Base 2004-2005: 1 Euro = 1.24 USD and 1 Euro = 134 Yen.
(Sources: internal publications and Vilmorin Clause & Cie estimates).

Generally speaking the vegetable seeds market involves three types of operator:

> **Industrial groups from the agrochemical sector.**

Just like Monsanto and Syngenta, they have a field seeds division and/or a vegetable and flower seeds division.

> **Specialized seeds groups.**

They develop most of their business on the seeds market, for example, Takii, Sakata, Vilmorin Clause & Cie, etc.

> **Family businesses.**

Such companies (De Ruiter, Bejo, etc.) have been specialized, for several generations in seed research, production and distribution, and frequently operate on a limited number of markets or species.

■ Development achieved essentially through external growth

Over the past ten years the major operators have gained market shares on a world scale, mainly through external growth. The importance of research, and the time necessary to get payback on investments, have justified all these concentrations of companies.

Monsanto enters the competitive environment

At the end of January 2005, the American company Monsanto, leaders in field seeds (corn, soybean, cotton, etc.) and well-known for its range of weed-killers, announced that it had acquired the largest operator in professional vegetable seeds, Seminis. It was announced that this transaction had been concluded for the total sum of 1.4 billion dollars, which is 2.7 times the annual sales of Seminis.

Vilmorin Clause & Cie's environment has thus taken on a new dimension with the arrival of this *biotechnology* specialist.

Above all this move represents a new stage in the streamlining of the market. Moreover, the arrival of Monsanto in vegetable seeds strengthens Vilmorin Clause & Cie's convictions that *biotechnology* and conventional *breeding* go hand in hand with regard to research.

This acquisition is also confirmation of the strategic choices adopted by Vilmorin Clause & Cie:

- > pursue its investment in research and development at a high level,
- > develop international business, with priority going to Asia,
- > favor the creation of value in all its business activities.

The competitive advantages of Vilmorin Clause & Cie

- > A research budget equivalent to 13% of Professional sales and renewed every year.
- > A regular increase in the sales from *proprietary varieties*, and thus in the added value generated by research programs.
- > Solid partnerships and strategic alliances.
- > Strong internationalization of business activities (84% of Professional sales made outside France) ensuring commercial development and access to *germplasm* while optimizing risks.
- > Decentralization of business activity, thus favoring close proximity to market realities.

15 - Professional business:
vegetable seeds for those involved
in vegetable production

21 Home Garden business:
vegetable and flower seeds
for amateur gardeners

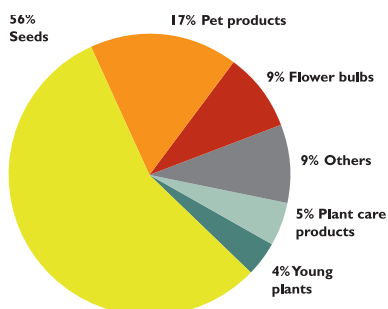
Home Garden Business: vegetable and flower seeds for amateur gardeners



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

With more than 1/2 of total sales,
seeds constitute the mainstay of
the company's activity.

Vilmorin Clause & Cie makes full
use of the reputation of its brands
to provide home gardeners
with other products, for which
it ensures exclusive procurement,
packaging, marketing and
even distribution.



Breakdown of sales per product (as a %)

Vilmorin Clause & Cie creates,
produces and sells varieties
of flower and vegetable seeds
to the market for amateur
gardeners.

It also offers them a wide range
of gardening products and
accessories for pets.

World leaders on this market

sustained by the development of outdoor leisure activities,
Vilmorin Clause & Cie's Home Garden business made sales
of 196 million euros in 2004-2005.

Permanent innovation with the backing of prestigious brands

Vilmorin Clause & Cie offers amateur
gardeners different line-ups of seeds
and garden products. These product
ranges are accompanied by accessories
for pets since very often these consumers
also have a pet at home.

Vilmorin Clause & Cie is in permanent
contact with these consumers in order
to 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. This is
a real advantage for Vilmorin Clause
& Cie, which manages a portfolio of
well-known brands adapted to each
geographic region and covering all the
distribution circuits.

Key indicators

- > Competitive position:
n°1 in the world
- > Sales for 2004-2005:
196 M€ (- 1.5% compared
with 2003-2004)
- > Income at break-even
in 2004-2005
- > Headcount: 963
- > Tangible investments: 1.6 M€

Refocus of the Home Garden business

- An ambitious action plan, aiming at long-term development

The Home Garden companies of Vilmorin Clause & Cie have been operating on markets that have become more and more heterogeneous both in terms of demand (product line-ups, prices, etc.) and distribution (specialized, hard-discount, mail order etc.). As a result, both market positions and financial performances have varied considerably, which is why an action plan was implemented in the spring of 2005, with two fundamental objectives:

> to improve the operational profitability of the overall Home Garden business,

> to open up new paths for growth by laying emphasis on an active policy of innovation, supported by brands with a powerful reputation and investment in publicity.

This plan aspires to refocus all the business on the market segments that provide the most added value, to optimize industrial and logistic resources, and to build up business units according to their know-how. This evolution will come into play gradually, respecting different cultures and market specificities.

- A strategy targeting European markets with high added value

- Oxadis is pursuing its redeployment in France and internationally

Oxadis is pursuing the redeployment stage initiated in 2004 with a redefinition of the market position of its brands. Benefiting from a new visual identity, its emblematic brand Vilmorin is now the spearhead in its development plan, which involves three main orientations:

> To promote a positive attitude to gardening, and win round new amateur gardeners.

For this purpose, a major publicity campaign in the press came out in the spring of 2005, portraying the different aspects and pleasures of gardening. The messages portrayed product quality, well-being and response to consumer expectations.



This campaign undoubtedly bore its fruit and strengthened the reputation of the Vilmorin brand name. A second campaign is planned for launch during the Autumn of 2005.

> To innovate in order to reinstate gardening as pleasurable activity.

In order to do so, Oxadis is working purposefully on the development of new products as a response to consumer expectations.

> To develop the Vilmorin brand both in Europe and internationally.

The aim is to export Oxadis' know-how in seeds, its core business, to top range market segments.

In order to encourage this deployment and streamline the organization of the Home Garden business, the companies Flora Geissler in Switzerland and Van den Berg in the Netherlands now report directly to Oxadis.

Oxadis rewarded by its customers

On June 23rd 2005, Oxadis received the "Golden Trophy" JARDINPLUS, awarded by distributors to their most popular supplier. Initiated by the group "Jardinerie végétal", this award was made following a major enquiry conducted at all the main French gardening chain stores. Oxadis came out top in each of the five assessment criteria: product innovation, service in the store, logistics, publicity and after-sales service.

15 - Professional business:
vegetable seeds for those involved
in vegetable production

21 Home Garden business:
vegetable and flower seeds
for amateur gardeners

- Flora Frey begins its reorganization

A global reorganization plan was adopted for Flora Frey in May 2005 so that the company could reposition itself on the specialized distribution markets in Germany. The plan was built up integrating Sperling, leaders in Germany in this segment.

It involved four measures which make sure the company gets back to profitability within 2 years.

> A social plan concerning 50 people was negotiated and approved by the representative bodies of the personnel. It was fully completed by the end of June 2005, and involved three measures to accompany employees concerned by the plan:

- a qualification and training program,
- a job assistance centre,
- outplacement with local companies in conjunction with the town of Solingen.

> The customer portfolio is being refocused on the most profitable segments of the German market, particularly the specialized distribution circuits (garden centers and DIY stores).

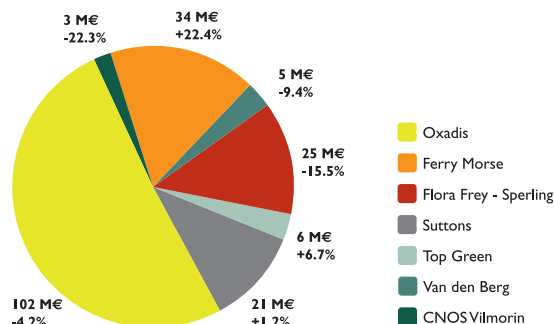
> Certain unprofitable product ranges will be abandoned.

> An industrial production improvement plan is currently under investigation.

- Suttons seeking consolidation

In the United Kingdom, Suttons has fixed its priority as continuing to develop direct sales to consumers by mail order, particularly with young plants, in which it has more than 150 years expert experience. The company is also seeking an opportunity for commercial or financial consolidation.

CONTRIBUTION OF THE SUBSIDIARIES
TO CONSOLIDATED SALES:



- Withdrawal from the American market with the sale of Ferry Morse

The specific nature of the North American market, in particular product line-ups and distribution networks, was such that that Ferry Morse's business no longer fitted in with the global strategy of the Home Garden business.

Consequently, in the spring of 2005, Vilmorin Clause & Cie decided to look for an industrial or financial partner capable of assuming control of the operations and capital stock of Ferry Morse, with the perspective of consolidating its growth.

Accordingly, in October 2005, Vilmorin Clause & Cie signed an agreement to sell all its stake in Ferry Morse to the Norwegian company Jiffy International AS, one of the world leaders in products for young plants.



Perspectives

> Restructure European organization around two development models:

- Oxadis and its leading brand Vilmorin, for the European and international markets,
- Suttons and its expertise in mail order sales for the British market.

> Develop a portfolio of businesses that are refocused on the most profitable market segments, and particularly the specialized distribution circuits: garden centers and DIY stores.

> Achieve a significant improvement of the operating margin within three years.



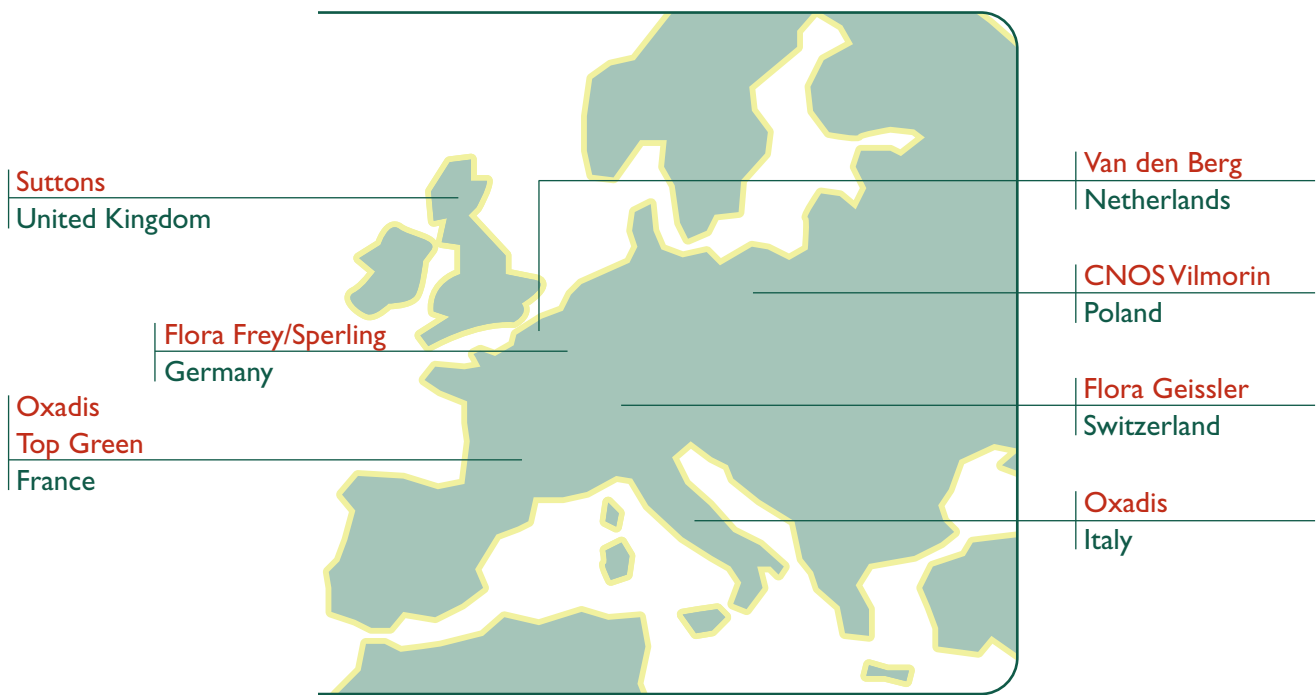
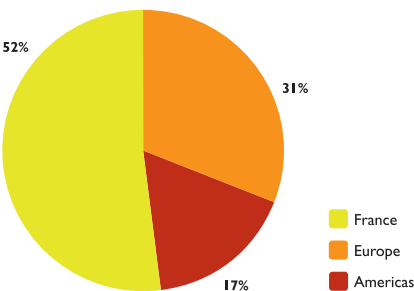
Operational organization
on the move

The Home Garden business is structured around four operating business units:

- > Oxadis in France, in coordination with Flora Geissler in Switzerland and Van den Berg in the Netherlands,
- > Flora Frey / Sperling in Germany,
- > Suttons in the United Kingdom,
- > CNOSVilmorin in Poland.

Top Green is responsible for the supply of lawn seed for all the Home Garden companies.

BREAKDOWN OF SALES
INTO GEOGRAPHIC AREAS:



15 - Professional business:
vegetable seeds for those involved
in vegetable production

21 Home Garden business:
vegetable and flower seeds
for amateur gardeners



The buoyant Home Garden market

The great majority of Vilmorin Clause & Cie's sales to the general public are within the vast home garden market, and more precisely in the outdoor plant market: seeds, young plants, nursery products, flower bulbs, vegetable bulbs, etc.

This market is continuing to progress significantly in most countries in Europe. Outdoor plants are one of the largest and most dynamic segments in this market:

In billions of euros	Total gardening market	Outdoor plants
Germany	8.7	2.6
France	5.8	1.0
United Kingdom	4.0	1.2

(Sources: Promojardin and internal - 2003).

The market for vegetable and flower seeds

The market for vegetable and flower seeds has been characterized in recent years by a slow but regular drop in quantities sold:

	Estimated volume in millions of units
Europe	598
including Central and Eastern Europe (1)	195
Germany	110
Southern Europe	91
France	73
United Kingdom	55
Northern Europe	25
Switzerland-Austria	25
Benelux	24

(Internal source - 2004).

(1) Estimate limited to Poland, Hungary, Romania and the Czech Republic.

This drop in quantities is, in part, compensated by an increase in unit prices: more and more consumers are moving towards more efficient hybrid varieties in terms of yield, disease resistance, etc.

The market for young plants

The slowdown in the seeds market has been to the benefit of young vegetable and flower plants, which are better suited to new consumption styles and habits, and are more easily affordable.

This market, complementary to seeds, has really taken off in all European countries, in all retail outlets, whether specialized or not, and now wide product ranges are available to home gardeners.





■ Products for plant care

This market segment is closely linked to that of plants. It includes above all:

- > products used to treat plants: *fungicides*, insecticides, weed killers, etc.,
- > fertilizers,
- > *soil conditioner* and growing substrates: leaf mould, etc.

These products are generally distributed by large, specialized European and American groups under their own brands.

Vilmorin Clause & Cie also operates in this segment: it uses its strong reputation to promote these line-ups on the Home Garden market.

■ Other outdoor plants

There are a number of other outdoor plants generally available from companies working with Home Garden seeds, in particular: flower bulbs, vegetable bulbs, packaged nursery products (roses, for example). In general they are products which are well-suited to new consumer habits: easy to plant, good for decoration, and with a wide range of varieties and colors.

■ The market for pet accessories: a constantly growing market

The French market for pet accessories is complementary to that of home gardening: retail outlets are very often the same.

With the exception of cat and dog food, this market was estimated to be worth 825 million euros in 2004, and is progressing at an average of 3% per year for combined distribution networks. The segments for rodents and cats contribute considerably to this progression.

This market is not as seasonal as that of outdoor plants. In France there is a potential of one home in two with one or more pets (dogs, cats, birds, rodents, fish, etc).

The categories of distributors involved are:

- > specialized sales outlets, with a policy of strong brand names, and numerous novel products,
- > wholesalers,
- > large food stores.



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The competitive environment

The characteristics of amateur gardeners and distribution modes vary considerably from one country to the next. And so it is often local companies that are the leaders in the main countries: the two or three main national companies generally share 60 to 75% of the market.

Countries	Companies
France	Oxadis Plan SPG Gondian Griffaton
Germany	Flora Frey/Sperling Gartenland Wagner Quedlinburg Pabst Nebelung
United Kingdom	Fothergill Johnson Suttons Unwins Thomson & Morgan

(Internal source - 2004-2005).

The competitive advantages of Vilmorin Clause & Cie

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



Distribution networks

■ Modern trading, the main distribution network

In Europe, garden products are mainly distributed through three networks:

- > a predominance of retail outlets: specialized stores (garden centers and large DIY stores), major food distributors, (gardening department) and hard-discount,
- > small independent stores, such as seed merchants, florists, markets and drug stores, are fairly marginal,
- > mail order sales generally represent from 5 to 10% of the distribution of garden products.

■ Private label, limited progress

Private label has made its appearance on the home garden market in recent years. Its development has nevertheless been limited, mainly because:

- > large stores give limited priority to gardening; the food sector remains the priority in their strategy,
- > gardening is a highly seasonal activity, and requires considerable advice and information, both of which make it very specific,
- > the market is fairly well wrapped up by numerous brand names with a widespread reputation.

Mail order, a British tradition that is also winning over French gardeners



In 2002 Suttons launched a mail order sales business in France. Flower plug plants, bulbs, perennials and garden accessories are all components in this range that has been adapted specially for French gardeners.

Sales remain at a modest level with the aim being to supplement the mail order business in the United Kingdom. The experience has been crowned a success, with sales developing fast both in terms of volume and revenue. This year, Sutton's sales in France rose by more than 80%, with just one catalog and targeted campaigns with the specialized French press.

The aim for the coming year is to keep the momentum of this rapid growth going by the launch of a second catalog of bulbs and perennials for the autumn of 2005.



Strategic orientations

Cultivating the taste of life means the commitment to putting innovation, quality and respect for man and his environment before everything else. Vilmorin Clause & Cie endeavors to promote this vision of sustainability and responsibility as a company model.

Its strategy is based on three key themes – research, international development, innovation and the Home Garden brands – and of course these three themes all imply respecting its commitments.

Having adopted such a responsible approach, Vilmorin Clause & Cie has the strong foundations to consolidate its position as world leader, combining development and responsibility.

■ The foundations of corporate strategy

Vilmorin Clause & Cie's development strategy is based on three essential strategic elements, guaranteeing its capacity to strengthen its world leadership:

> Research, the keystone to success.

The mission of research is twofold: to continually enrich the *genetic heritage* of Vilmorin Clause & Cie and provide enduring success.

In order to maintain its excellence in research and development, Vilmorin Clause & Cie will, in reasonable proportions, be intensifying its investment both in upstream technology and conventional plant breeding.

> Development driven by international growth.

Vilmorin Clause & Cie has constantly extended the international development of its business activities and locations. This international development ensures growth and good risk spread; it involves strengthening or taking up new competitive positions on all the target markets, particularly through external growth.

> Innovation and the Home Garden brands, the very base of sales and marketing policies.

At the very heart of the creation of value, particularly in the Home Garden business, Vilmorin Clause & Cie's marketing expertise has been built up around a portfolio of prestigious brands, and the permanent capacity to innovate.



■ A responsible company

The notion of responsibility at Vilmorin Clause & Cie is based around three complementary commitments:

> Managing so everyone is committed.

Vilmorin Clause & Cie's decentralized management approach leaves a great deal of autonomy and responsibility to the different teams, while encouraging the deployment of synergies between the different business units. The aim of this approach is to strengthen internal cohesion, motivation and thus performance of the teams.

> Developing while respecting the environment.

Vilmorin Clause & Cie takes the potential environmental consequences linked to its business into account, in order to control and reduce them. It participates extensively in inter-professional representative bodies, and lobbies in favor of free access to *genetic resources* and the conservation of biodiversity.

> Anticipating through risk assessment.

By remaining as close as possible to the realities of the field, Vilmorin Clause & Cie is able to anticipate and assess all the risks that may occur, preparing appropriate reactions.

Research, the keystone to success

Research is the keystone to the strategy of Vilmorin Clause & Cie, mobilizing all its teams. Its objectives are to anticipate constantly, providing solutions to user and consumer needs. As a primary source of added value, and therefore new market shares, it enables the company to generate its wealth for the future.



Grevillea broccoli
(Henderson Seeds)

■ Anticipating and accompanying demand

Research and development at Vilmorin Clause & Cie must relentlessly meet the challenge of new needs, which often vary according to geographic areas. Working closely to its customers, whether Home Garden or Professional, it strives to anticipate their needs and continually provide adequate answers. It is continually creating more sophisticated and efficient new varieties, and provides decisive improvement to already existing varieties.

There are four criteria used to determine how research programs are chosen: the size and profitability of the markets, the *genetic heritage* available, the competitive advantages and the coherence of existing line-ups. Once the programs have been selected, research is carried out on such topics as:

> Adapting to consumer tastes taking into account the diversity of tastes in different cultures.

This involves improving the *organoleptic* and nutritional qualities of vegetables, but also making them easier to use. For example research is developing stringless beans, carrots richer in vitamins or smaller seedless water melons, etc.

> Meeting the needs of those working in vegetable production and agri-business norms.

In such cases the objectives are:

- improving agronomic characteristics (yield, resistance to disease, drought tolerance, etc.) for the market gardener. For example, a new variety of lettuce providing resistance to a disease that is devastating production fields will be of interest to the farmer,
- taking distributor constraints into account: preservation, aspect, price, etc. For example, a new variety of tomato combining a longer shelf-life and a more distinctive taste, will meet the needs of distributors,

- meeting the technical constraints of industrialists: standardization of grading, the aspect of vegetables once they have been processed, etc. A new variety of bean that can be harvested mechanically, and stay green once it has been cooked, will be of interest to the canning industry.

> Respecting the environment: the reduction of needs for insecticides and pesticides through the creation of resistant varieties, the development of varieties that require less water intake, etc.

Vilmorin Clause & Cie's researchers work in association with those of Limagrain, with public and private research institutes, both in France and all over the world: Génoplante, INRA, CNRS, the universities of Davis (California) and Cornell (New-York), HRI (United Kingdom), PRI (Netherlands), Hebrew University (Tel Aviv), etc.

Progress in "health vegetables"

A calebrini cabbage (a variety close to the traditional Calabrese and broccoli) rich in nutrients with detoxifying and anti-cancerous properties should be on the market in New Zealand within 2 years using the logo "VV" ("Vital Vegetable"), guaranteeing respect for a quality charter.

This vegetable is currently being developed by Henderson Seeds, Vilmorin Clause & Cie's Australian company, in conjunction with Australian and New Zealand public research.

Launched in 2002, this program has enabled Vilmorin Clause & Cie to reinforce its expertise in "health vegetables".

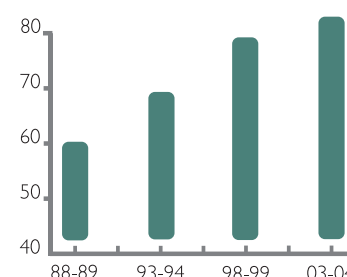
■ Products coming directly
from research:
83.5% of Professional sales

The growing share of sales from *proprietary varieties* illustrates the key role of research in the strategy of Vilmorin Clause & Cie. Every year the companies in the Professional Division of Vilmorin Clause & Cie propose more than fifty new varieties that have come out of their own research programs.

Today, these proprietary varieties represent 83.5% of Professional sales, compared with 50% fifteen years ago.

The rest is made up of older varieties or line additions which are not the result of systematic research.

SALES FROM PROPRIETARY VARIETIES:
(% of professional activity)



	02-03	03-04	04-05
Research and Development Expenditure in M€	28.7	34.7	35.9 (1)
> % of total sales	6.7%	7.4%	7.6%
> % of Professional sales	12.5%	12.8%	13.1%
Number of employees	433	505	545
Number of sites including	55	54	55
> Europe and the Middle East	22	17	18
> the Americas	11	15	17
> Asia	12	12	10
> France	9	8	8
> Africa	1	2	2

(1) Directly recorded in expenses, before invoicing services of a scientific nature to Groupe Limagrain Holding, for a total of 1.7 million euros in 2004-2005.



A rich genetic heritage

Vilmorin Clause & Cie devotes large-scale human and technical resources to its genetic assets - a collection of several thousand varieties, built up by over the 260 years of its history, guarantee the company's enduring success.

This *genetic heritage* has been continually enriched by:

- > developing the proportion of products that come out of Vilmorin Clause & Cie's research programs,
- > external growth operations,
- > and increasing the number of species worked on.

■ The use of advanced technology

Creating new, more efficient varieties all starts with the wealth of *genetic resources* that are crossbred by breeders. The effective use of these resources requires extremely sophisticated knowledge of the genetic characteristics.

In such a context, *biotechnology* represents a wonderful time accelerator, as does the expertise of researchers. It involves several methods, including *molecular marking*, which, through *genomics* in particular, opens up new perspectives: whereas conventional *breeding* studies plant characteristics by observing their external manifestation as the plants grow, *genomics* goes much further. Using advances made in molecular biology, bio-informatics and high speed *sequencing*, it can draw up a full catalog of their genes, and understand their function and interactions, and combine their interests to useful effects.

Any future progress in plant *breeding* will depend on continuing control over these methods which represent a fabulous potential for the years to come.

Keygene acquires a new international dimension

Since 2001, Vilmorin Clause & Cie has been a shareholder in Keygene, one of the world leaders in the field of plant *biotechnology* and *genomics*, and specialists in the improvement of techniques utilized for plant *breeding*. This partnership enables Vilmorin Clause & Cie to operate at the forefront of progress in *biotechnology*.

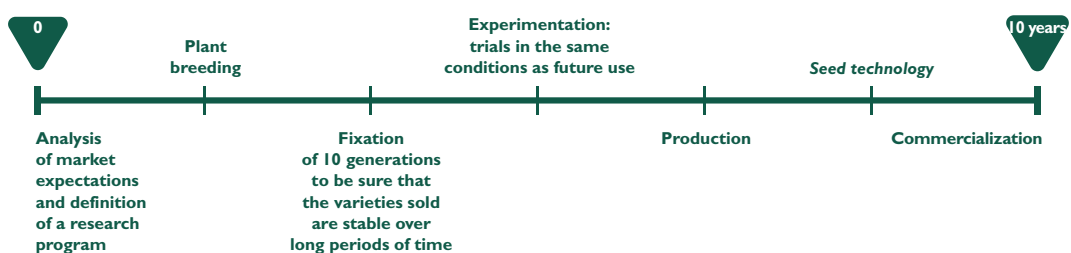
In May 2005, Keygene welcomed the Japanese seeds company Takii, a major operator in the competitive environment of Vilmorin Clause & Cie. Founded in 1835, Takii produces and sells vegetable and flower seeds, and is a leader in Japan and Asia for several species.

This agreement can provide new, far-reaching cooperation opportunities for Vilmorin Clause & Cie, and gives the Keygene alliance a truly international dimension.

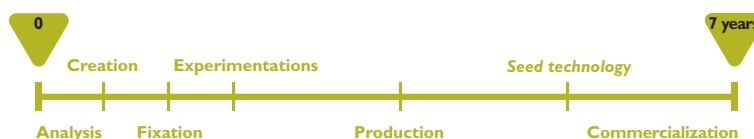
The example of cauliflower: prospective analysis (average figures) 0 to 10 years

MOLECULAR MARKING:

A CONSIDERABLE GAIN IN TIME FOR PLANT BREEDING



With Keygene *biotechnology*: acceleration of the variety collection study and breeding periods





Isolation of fertilized plants

Research: a melting pot of know-how, genetic capital and technology



By Denis Lor
 Head of research and plant improvement for Clause Tézier

Fruit of the joint efforts of a team and a plant breeder, research uses as a base the diversity of plants to create new varieties. It relies on different means and tools including highly competent teams, a rich genetic heritage as well as an international network of *breeding* stations and trials on farms, with the support of genetic promoters.

Biotechnology, which is used as support for conventional *breeding* techniques, also consists of vital methods used in research. Accounting for 20% of the Vilmorin Clause & Cie research budget, it includes several tools:

> Cellular biology: this includes, in particular, *transgenesis* which is used to create genetically modified organisms (GMOs). *Transgenesis* should only be used after all so-called conventional methods have failed to produce the requirements.

This technique may allow us to solve today's new food science problems: adaptation to drought, to poor, alkaline or salty soil, to extreme cold and heat, resistance to new diseases, but also improved nutrition, taste and food safety.

Vilmorin Clause & Cie. does not currently commercialize GMOs. Our work on *transgenesis* concerns only research and is carried out in strict compliance with current regulations. For us, the objective is to deepen our understanding and to gain experience in this area.

> Pathology: its purpose is to diagnose diseases and find ways of increasing resistance. This important activity represents 50% of our efforts. Resistance to disease and parasites is essential for any new variety.

> *Molecular marking*: it allows us to label genes responsible for certain characteristics such as shape, color, etc. This technology, essential nowadays in the creation of new varieties, is considerably more powerful and saves an enormous amount of time: it is no longer necessary to wait for a pepper plant to reach maturity to see if its fruit is red or yellow! Knowledge of genetic maps will give *plant breeding* new and relevant navigation tools.

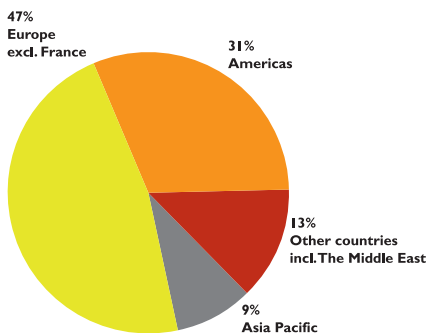
> What are the advantages of our research?

- a wealth in terms of *genetic resources* combined with recognized know-how in *breeding*,
- a balance between traditional research and methods derived from the latest technology,
- research teams present worldwide, directly in touch with the needs of the market,
- greater coordination between the companies of Vilmorin Clause & Cie with, for example, close coordination on upstream research and common plant breeding projects as well as partnerships with outside organizations.

Development driven by international growth

Vilmorin Clause & Cie generates nearly 70% of its business outside France, and is directly present on all the main European, American and Asian markets. It has identified the internationalization of all its business, whether Professional or Home Garden, as one of the pillars of its strategy.

BUSINESS ON A TRULY INTERNATIONAL SCALE 85% OF WHICH IS MADE UP OF SEEDS:



Breakdown of international sales (as a %)

■ Accelerating a worldwide approach

In the next fifty years, our planet will be home to ten billion inhabitants, of whom more than two thirds will be living in Asia. Also over the next fifty years, humanity should be consuming twice as much food as it has consumed since the beginning of its existence. So international development really does appear to be vital.

Accordingly, Vilmorin Clause & Cie has attained new decisive stages over the past fiscal years through external growth operations (Hazera Genetics in Israel, Kyowa Seed in Japan, etc.) and partnerships (for example, Keygene in the field of *biotechnology*).



■ International development at the heart of strategy

Opening up to international markets is a necessity for all the main aspects of Vilmorin Clause & Cie's business.

Research	Location of research and experimentation stations	<ul style="list-style-type: none">- Diversification of <i>genetic resources</i>- Adaptation of products to their markets- Testing of growing techniques
Seed production	Detection of new production zones	<ul style="list-style-type: none">- Better spread of climatic risks- Use of know-how specific to certain crops- Optimization of the economic conditions for production
Processing	New industrial and logistics sites	<ul style="list-style-type: none">- Economic optimization- Creation of synergies in logistics- Risk spread
Marketing and sales	Business development	<ul style="list-style-type: none">- Payback on investments in innovation and marketing- Valorization of products from research- Anticipating then accompanying demand



This is why over the past thirty years, the different teams working for Vilmorin Clause & Cie have been traveling regularly across a hundred countries in all continents.

The philosophy behind this development has always been that of listening and learning, respecting everyone's specific characteristics. This is particularly reflected in the decentralized organization of Vilmorin Clause & Cie, of which one of the key principles is autonomy for the subsidiaries.

More than ever before, Vilmorin Clause & Cie will make sure that this diversity will be even further enriched in the future.

China, a market as vital as it is specific



By Rami Dar,
CEO of Hazera Genetics

Hazera Genetics was, as early as 1996, one of the first western companies to identify China as a strategic market. We set up a representation office in Shandong, the main province

in China for vegetable farming.

Our activities there concern the marketing and promotion of our products. Since foreign companies are not allowed to develop commercial activities, sales are handled by Chinese distributors.

We introduced our special "long shelf-life" tomato to the Chinese market, a tomato that has made our reputation in many other regions of the world. It was successful in China as well, where we have gained significant market share.

What are the special qualities of this tomato?

A life cycle and yield significantly superior to local varieties and great resistance to cold temperatures which allows for a longer production period. Another reason for this breakthrough: the numerous technical training sessions that we held with farmers, going from village to village with a translator. It was a method unheard of at the time.

This first step for Hazera in China is still considered today as the main example of success for a vegetable seed company in China. After that, we extended our activities to other Chinese provinces and to other varieties, in particular the cucumber. The Chinese market, which for the moment does not generate major sales revenue, is vital for us strategically because of its huge potential.

Therefore we are investing heavily in the future and we plan to create new sales channels and products that will be eventually entirely devoted to Chinese demand.

The key to success in China is, above all, experience. One of the most important points is to form a team of competent people who understand the way the Chinese think and do business.

In the beginning we pooled our efforts with an Israeli company. That allowed us to learn quickly.

Now we have acquired solid experience and we want to put it to work for the other companies within Vilmorin Clause & Cie. Thus a team is currently being set up in order to coordinate our efforts.

In China sharing experience gives a significant competitive edge!

A sales and marketing approach in direct contact with the field

Vilmorin Clause & Cie favors close proximity to its different markets. This is the reason behind its decentralized organization and malleable sales and marketing policies.

This approach is also based on a well-balanced portfolio of brands, enabling it to develop high quality relations with both distributors and customers.

A portfolio of prestigious brands

> Home Garden Business:

Abondance, Aimé, Blue Magic, Carters, Clause, CNOS, Cuthbert, Dobies, Eden, Ferndale Lodge, Flora Frey, France Graines, Freya, Garten Perle, Geissler, Grüne Fee, Scala, Sperli, Suttons, Tézier, Tyrol, Vilmorin, Vita.

> Professional Business:

Abondance, Clause, Dp, Ferry Morse, Goldstar, Harris Moran, Hazera, Henderson, Kyowa Seed, Marco Polo, Mikado, Niagara, Nickerson Zwaan, Tézier, Top Green, Vilmorin.

■ An efficient branding policy

The portfolio of brands is an essential aspect of Vilmorin Clause & Cie's heritage in that supply can be adapted to the geographical and cultural constraints, and extremely varied distribution channels.

These brands are all owned directly by Vilmorin Clause & Cie's subsidiaries. They benefit from an excellent image and reputation, particularly those of the Home Garden Business, because of their longstanding success and notoriety, but also because they are felt to be very close to local markets. Information on the specific needs of such markets are collected directly, and they can be satisfied more easily through the combined efforts of marketing and research.

Vilmorin Clause & Cie is constantly striving to enrich and fully exploit its brands. This is achieved through:

- > expertise in *trade marketing* that is recognized by distributors,
- > permanent updating of point-of-sale merchandising,
- > specialized communication media targeted at Professionals: advice, technical documentation, etc.,

> powerful advertising aimed at the Home Garden market. These mainly concern special offers that generally come out in spring, using a variety of media: specialized press, point-of-sale information and publicity, websites, catalogs, etc. Vilmorin Clause & Cie's Home Garden companies also devote some of their business to specific brand names reserved for distribution chains or private label.



■ Innovation for the benefit of customers and consumers

Through its control over all the successive processes, Vilmorin Clause & Cie can take different customer expectations into account throughout the full product manufacturing chain. In this way it can offer all its customers the best solutions in terms of quality, safety and convenience.

All the companies in the Professional and Home Garden divisions have their own innovation committees whose vocation is to find new ideas and new products, which will become the true innovations of tomorrow. At the same time, Vilmorin Clause & Cie is constantly looking to work closely with consumers, with the constant aim of satisfying their expectations. It permanently provides them with new, more practical and informative packaging to help them in their choice and use of products.



■ Expertise in relations with distributors

Vilmorin Clause & Cie develops relations with distributors that go far beyond the simple marketing of products. This ongoing undertaking is an important vector in its commercial strategy.

> The Professional Division either distributes directly or through independent distributor networks. These are exclusive and allow Vilmorin Clause & Cie to be well represented in the field and fully defend its varieties against competing products.

Solid partnership relationships have been woven with networks of distributors and clients: importers, wholesalers, retail distributors, market gardeners, etc., and these contacts are a real fulcrum for greater penetration of local markets.

Vilmorin Clause & Cie also provides technical and marketing support for its clients: trials of new products, promotion, launch, etc.

> With respect to the Home Garden Division, Vilmorin Clause & Cie is constantly seeking cost optimization for inventories, orders and deliveries. Such efforts to improve performances at points-of-sale, have led Vilmorin Clause & Cie to invest heavily in information and communication technology tools, both for the management of processes and for recording orders. For example, automatic computer assisted machinery can help to organize work and ensure that orders are met quickly and fully.

Internally, the implementation of a global information system (ERP) was part of the same approach: it facilitates access to reports that can assess the state of the different services instantly. Vilmorin Clause & Cie's greater reliability and faster action in the settlement of any litigation are dependent on day-by-day management of this kind of information.

All these common resources have enabled the company to gain more custom with central trading groups and strengthen the company's positions as an international supplier.



Innovating to combine flavor and health

Suttons is fully aware of the importance of healthy, balanced eating, and in response to recommendations from the British authorities, has launched a campaign to bring home the benefits of eating vegetables.

This campaign accompanies the launch of two new lines of seeds, which should attract more people to the joys of gardening: "health vegetables" and fast-growing seeds.

These products are sold in new packets, designed according to suggestions made as part of a consumer survey.

They are clearer and more attractive, and portray the benefits of the products, whether functional or nutritional.

■ The ethos of listening and dialog

Proximity is the foundation stone on which Vilmorin Clause & Cie bases its relations with its customers. A precondition for lasting relationships is high quality dialog, which comes from:

- > decentralized organization,
- > local contacts through attentive sales teams,
- > the right tools set up to encourage communications and quality after sales services for consumers.

- *Segmenting* expectations in order to meet them better

Oxadis is implementing category management, in order to satisfy those involved in the purchasing chain: the distributor, the purchaser, the product user and the final consumer. At all these stages, distinct expectations are expressed. For a lawn, for example, the distributor will look carefully at promotion, how the product is displayed and the price. The purchaser will pay attention to global product supply whereas the user will require tips on use and practical packaging, and the end consumer will be expecting a beautiful, resistant lawn. So the idea behind this novel strategy is perfect knowledge of each of the stages and people concerned, with the backing of sales teams, market studies and thorough feedback from the field.

This process has been adopted to encourage consumer satisfaction, but also profitability for the store and for the supplier. This is a true service provided to distributors who are able to optimize their product supply and shelf display. This is an original approach to the natural products market, presenting Oxadis with a real competitive advantage.

- Getting feedback on customer opinions

Suttons in the United Kingdom this year ran two surveys to measure the satisfaction of customers in the mail order business. Several criteria were assessed concerning the quality of the products and customer service (capacity to listen and offer advice, product delivery conditions, respect of delivery times, etc.) for the company's main catalogs. For these two criteria the average rate of satisfaction was 97% with a return rate for the questionnaires of 15% on average. These surveys also enabled Suttons to define profiles of their consumers with greater precision. The company has decided to run these surveys every three years.



Marketing at the heart of creating value



By Philippe Cruyppenninck,
Marketing VP for Oxadis

The marketing function is the art of differentiation. It allows a company to develop added value through a range of products and services that are the most innovative and

differentiated on its market. To achieve this goal at Oxadis we base our strategy on two important points:

> The strategic analysis of our brands, outlets and markets carried out in cooperation with the different departments of the company. This gives us a clear vision of the context and the situation of our business and the problems we need to address. We use these analyses to set objectives and plan our campaigns. This allows us to envisage our activities in the framework of a 3-year plan.

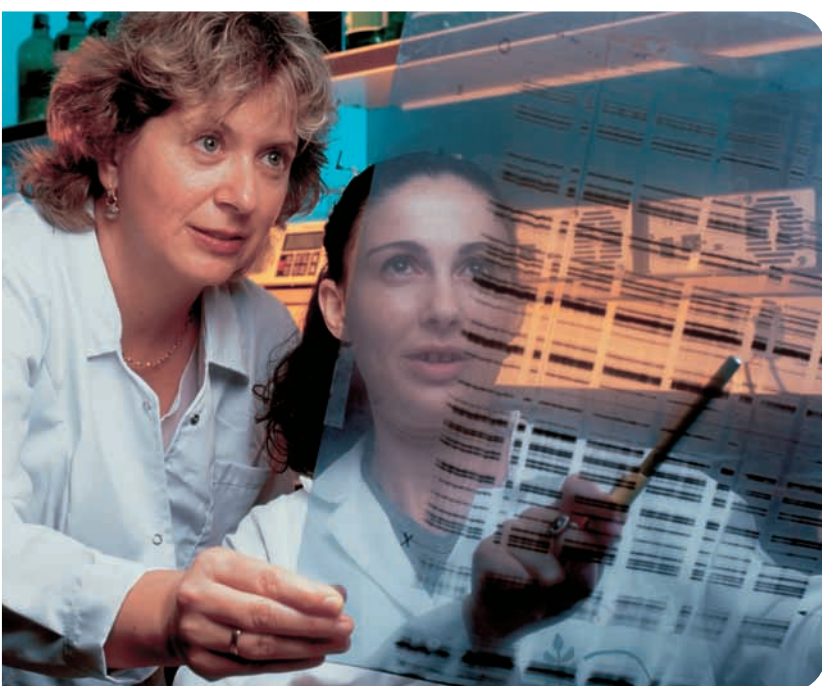
> The analysis of distributor and consumer trends, carried out mostly by our market research department, allows us to identify their expectations, which are constantly evolving. We then decide how to develop our business and our brands and this is reflected in each of our product ranges. This method is one of the driving forces behind the strategy of innovation we want to develop today.

Innovation at Oxadis is built around three main approaches:

- plant variety innovation with products that are the fruit of research carried out by our Professional companies,
 - adapting the latest technology to the needs of the general public: seed tape, seed mats, etc.,
 - completely new concepts that provide real solutions for the consumer and make his life easier. Launched in 2005, the ready-to-use herb garden, complete with seeds, potting soil, pots and decorative planter is just one example. It is on this more innovative approach that we are concentrating at the moment.
- The innovation process at Oxadis relies, in particular, on input from an Innovation Committee. In 2005-2006 it will allow us to launch innovations in each of our product families that will answer the three most important expectations of the consumer: the promise of excellent results, ease of use, the pleasure of gardening. After successfully streamlining our operations over the last three years, the challenge for Oxadis today is to innovate on the French and international markets.

Managing so everyone is committed

Marrying autonomy and responsibility in human resources, cultural diversity and acceptance of a common strategy: the decentralized organization of Vilmorin Clause & Cie is part of the search for this balance.



■ A dynamic social policy

- Favoring employee profit-sharing and savings schemes

The will to unite the different teams working in the Group, and to encourage initiative, was the reason why Vilmorin Clause & Cie decided to adopt a profit-sharing scheme that goes beyond legal requirements. It is applied in each company, and at all levels of hierarchy, contributing to improving performance. Calculations of what is paid out are based on operating income, adopted as the best indicator of performance.

In K€	Legal and company profit-sharing schemes
02-03	3 392
03-04	4 832
04-05	3 854

Vilmorin Clause & Cie also has a Corporate Savings Scheme which is available to all employees, with two exclusively reserved funds, one of which contains Vilmorin Clause & Cie shares. All operating charges are paid for, making the scheme even more attractive.

Nevertheless, Vilmorin Clause & Cie shares have not been made available to employees, since this option does not seem, for the time being, to be suited to the history and corporate culture of the companies in Vilmorin Clause & Cie.

■ The principle of autonomy

Just as Vilmorin Clause & Cie's business is, by nature, conducted as closely as possible to the realities of the field, managing more than 2 870 employees all over the world means that responsibilities are widely delegated to each subsidiary. This holds, for example, with regard to recruitment: apart from the executive managers, Vilmorin Clause & Cie does not intervene in this area, which is left to be managed by the subsidiaries.

Moreover, Vilmorin Clause & Cie strives to harmonize working methods, but without actually standardizing them, and encourages all its employees to take on a great share of autonomy and responsibility. This includes the definition of objectives, and is applied to research, the preparation of production plans and the commercial approach to the different markets.



Team "Seeds of Hope" (Harris Moran)

- Providence funds and health: efficient cover

In this area, Vilmorin Clause & Cie has set up interesting schemes for its employees, whether in the United States, the United Kingdom, or other European countries.

In France, for example, all the employees benefit from high quality cover. In particular, the staff providence fund is attractive in that it provides 100% of the salary in cases of invalidity, and pays out a death benefit twice the amount of capital paid out if the death is caused by an accident.

- A European Works Council

Groupe Limagrain's European Works Council, comprising 25 members, half of whom represent companies in Vilmorin Clause & Cie, meets twice a year. The meetings are an opportunity to exchange views on the Group's main orientations and on economic issues. Reports of these meetings are drawn up and translated so they can be sent out to the different companies.

- Social and humanitarian work accomplishments

With regard to social campaigns, several individual initiatives have been taken within Vilmorin Clause & Cie, for example:

> Oxadis has taken measures to find work for people in difficulty, and started up a work activity center for twelve people in 1996. This workshop is run by the association MESSIDOR, and is actually located in the factory, with the vocation to help psychologically challenged citizens.

Oxadis has found this approach to give great satisfaction to all concerned. The organization is particularly flexible, with the possibility to outsource packaging activities and to benefit from an efficient and competitive service.

As for the challenged workers, they have gained confidence,

and after their stay on the site, manage to find stable employment.

Indeed, since the scheme started in 1996, two of them have joined the Oxadis workforce.

> Harris Moran in the United States takes part every year in special days organized by the "The American Cancer Society".

The event involves a 24-hour relay race, "The Relay for Life".

This year, a team of 39 volunteers made their contribution to this cause, generating sponsorship of 8 500 dollars.

Health and safety, a guiding principle

The vast majority of the companies working in Vilmorin Clause & Cie have internal committees responsible for promoting health protection and safety for employees at work.

In seeds companies, employees may be at risk when they manipulate chemical treatment products or if they work in an environment that tends to be noisy or dusty.

And so at Kyowa Seed in Japan, a manual has been written by their committee to define the particular rules and procedures to adopt when using pelleting products, how they can protect themselves (clothing, ear plugs, etc.) and how to handle waste.

This manual, updated last year, and the yearly training courses, have both certainly played a significant role in the fact that Kyowa Seed was not subject to any work accidents during 2004.

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 30 - Research
 34 - International growth
 36 - Marketing and sales approach

39 Management

42 - The environment
 46 - Risks



■ The critical role of internal communication

Vilmorin Clause & Cie makes full use of all opportunities to strengthen the relations and cohesiveness between its teams.

In order to do so, it uses regular internal information tools: informative letters, internal magazines, an intranet, etc.

On top of these media, Vilmorin Clause & Cie regularly encourages direct staff events intended for the executive managers, the top executives, the sales and marketing teams and the researchers. Several seminars are organized every year, including a convention for the sales teams and another for the researchers, memorable experiences of team building and performance assessment.

■ Management tools

> With regard to remuneration, Vilmorin Clause & Cie has a pay management tool available for all its subsidiaries, which is the end result of a survey commissioned from a consultancy specialized in remuneration. Initially this survey was conducted with all the executives at Vilmorin Clause & Cie with a minimum of three years' experience altogether. A complementary survey was conducted this year for all the top executives. Their pay scheme includes a variable part (linked to the attainment of collective and individual goals) and it is adapted depending on the different types of company, and market or local practices. This objective-based pay scheme is managed in compliance with the priorities fixed by the management of Vilmorin Clause & Cie (profitability, indebtedness, etc.).

> With regard to the management of skills, Vilmorin Clause & Cie has a career management tool developed in conjunction with Limagrain. This reference document can be used by each company in Vilmorin Clause & Cie to draw up job definitions and vacant positions in a coherent manner.

My international career



By Gilles LORAIN,
 Sales manager for France
 and Northern Europe - Vilmorin

As the son of an expat, working in an international environment is something that comes naturally and that I have been able

to experience at Vilmorin Clause & Co.

> 1986: My first steps at Vilmorin in France as export manager for North and Latin America. The most important thing is to master the language. I was lucky enough to be bilingual in French and Spanish, but I also had to work with Brazil. I therefore set out to learn Portuguese thanks to a 2-week crash course!

> 1989: Departure for Spain to take charge of Vilmorin Iberica with a 100% Spanish team and a specific assignment: become the interface between the head office and the Spanish subsidiary. In order to do this it is essential, first of all, to watch and listen in order to learn the local culture and adapt. In Spain, for example, verbal communication is very important. At the same time I tried to transmit some of the methods used at Vilmorin Clause & Cie: regular written reports, long-term planning, etc. Chairing a meeting is another good example of

cultural differences: managing time and sticking to the agenda is often complicated. In the end the meetings are always very rich, but you have to allow for more time and not forget the social aspect!

> 1994: Next stop California where I took charge of Vilmorin Inc., the American branch of Vilmorin. I discovered completely different ways of working, based much more on written communication with very concise, efficient reports. The management of the teams is different too: it has to take into account employee turnover, which is very high in the US, and salaries, which are an important motivational factor.

> 1997: Back in France where I was put in charge, not only of the French market, but also Benelux, Great Britain and Germany. All these experiences have taught me a lot: a wide variety of work methods of which I've kept the most positive aspects, precision and a sense of organization, essential when working in small teams far from the head office. Today I'm certain of one thing: working in different cultures helps develop tolerance, the ability to adapt and open-mindedness.

Developing while respecting the environment

Vilmorin Clause & Cie analyzes the potential environmental consequences of its business in order to control and reduce them. It also defends the conservation of biodiversity and free access to genetic resources. These commitments bear witness to the company's responsible vision of its development.

■ A commitment to conserving biodiversity with free access

With its collection of 10 000 varieties, 2 000 varieties proposed in its commercial line-ups, and 50 new varieties registered every year, Vilmorin Clause & Cie makes a practical contribution to the conservation of biodiversity. Continually enriched for 260 years, this substantial genetic heritage is one of the guarantees of the company's healthy future.

Furthermore, the creation of new varieties is the fruit of many years of research work that must be rewarded fairly, which is why breeders' innovations need to be protected. In fact two different protection systems coexist in the world today: the Proprietary Variety Certificate (PVC) and the patent.

Each country is free to choose which protection system it adopts, and some governments authorize the double protection system (patent and PVC) such as the United States, Japan and Australia. In these precise cases, the breeder is free to choose between single and double protection. In Europe, only the PVC can be used by seeds producers.

• The Proprietary Variety Certificate (PVC)

The PVC is a very specific intellectual property certificate, and is only applied for man-made creations in the plant world, including fruit and vegetable varieties. This regulatory framework was first set up in 1961, and then updated on two occasions by the UPOV (The International Union for the Protection of New Varieties of Plants) which today represents around fifty different countries including most countries in the European Union, the United States, Japan, China, etc.

In particular the PVC gives protection to those that own, produce and sell a commercial variety for a period of twenty years minimum. However it also integrates two fundamental exceptions:



Breeding work on the tomato

> The breeder's exception.

The PVC does not place any constraints on plant breeding. Thus, a commercial variety protected by a PVC can be used freely by another seeds producer in order to create a new variety, with original characteristics that are distinct from the first.

Besides conferring freedom to use protected genetic material, this exception, along with other provision in the PVC, is intended to stimulate plant breeding and extend genetic variability.

> The "farm" seeds exception.

In certain conditions, the PVC allows the farmer to use part of his harvest to resow his own plots the following year. This age-old practice of so-called "farm" seeds applies mainly to autogamous plants, whose characteristics are identical from one generation to the next.

Before authorizing the use of these seeds, member states of the UPOV must define the conditions in their legislation to ensure that the legitimate interests of the breeders of these varieties are respected.



Biodiversity and the eggplant

- Patents

The scope of patents is very wide, covering numerous business sectors. It gives any seeds producer who has registered this property right authorization for the exclusive use of the invention for a limited number of years and over a geographically defined area. In compensation, all the information concerning this invention is made available to the general public.

The protection scope of patents is total and covers creation (unlike the PVC), ownership, production and sales. Therefore, any seeds producer who wishes to use a patented variety must request authorization and pay any rights.

Because of this fact, such a system may be considered, at least in the seeds business, to infringe the principle of free competition.

Just like most of its European colleagues, Vilmorin Clause & Cie argues in favor of the Proprietary Variety Certificate, which protects a certain number of its varieties, without confiscating genetic variability. In this way it sets out to promote greater genetic variability, in order to preserve the freedom to breed, one of the most basic principles of seeds production.

This fundamental question is still being discussed in numerous international organizations such as the World Trade Organization and the UPOV.

■ Using research to limit the use of agrochemical products

For several years, the breeding of varieties that are resistant to different forms of pathogens is one of Vilmorin Clause & Cie's major research orientations. These resistances result in a significant drop in needs for insecticides and pesticides. Among the most significant contributions made by Vilmorin Clause & Cie in this field, one can find melon resistant to aphids, tomato resistant to nematodes (parasite worms), several pepper varieties resistant to viruses, etc.

Using seed technology at the processing stage can protect the future plant and thus minimize agrochemical treatment throughout its life.

Vilmorin Clause & Cie's research departments also develop varieties that use up less water, so that this resource can be saved. A good example of this is lawn seeds.



Experimentation greenhouses - Kyowa Seed - Japan

■ Benefiting from new technologies while scrupulously respecting the principle of precaution

Within the framework of its research activities, Vilmorin Clause & Cie makes use of *biotechnology* (pathology, *molecular marking* and cellular biology) to support its *breeding* activities. *Transgenesis* is a technique used to create genetically modified varieties. Vilmorin Clause & Cie conducts its research on *transgenesis*, which plays a vital role in extending plant *breeding* knowledge, in conjunction with its main shareholder Limagrain. However, until now, Vilmorin Clause & Cie has never sold genetically modified organisms.

Active involvement in inter-professional bodies

In conjunction with its main shareholder Limagrain, Vilmorin Clause & Cie 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.

All the research work concerned by *transgenesis* is performed in strict compliance of European and international legislation and regulations. Thus in the European Union, whose legislation is among the strictest and most exhaustive in the world, authorizations are only granted after examination by independent, official expert committees, certifying that the use of the technology does not constitute a health hazard or a risk to the environment in the defined conditions of use.

In France for example, Vilmorin Clause & Cie has obtained authorization from the Genetic Engineering Commission for research work in laboratories and greenhouses.

Vilmorin Clause & Cie scrupulously respects the principle of precaution, paying particular attention to responsibilities that are liable to come into play through the dissemination of GMOs and to the protection of consumers and their environment.

■ A limited impact on the environment

- Consumption of water, energy and fuel

> Given the modest surface areas cultivated, in all just a few hundred hectares for research, and about 10 000 hectares for production in the world, Vilmorin Clause & Cie consumes very little water.

> Even though it also consumes relatively little energy, Vilmorin Clause & Cie is beginning to integrate energy consumption limits in its industrial specifications: this is already the case, for example, for the most recent research sites, where centralized greenhouse monitoring means real savings in energy.

> Fuel consumption is at a very low level.

- Air, water and soil pollution

> Vilmorin Clause & Cie's research does not pollute air, and the company also works to limit its discharge into water. In the greenhouses, for example, all the fertilizer-based solutions used are recycled and flow through a closed circuit. All the more recent stations recycle their waste water, using waste water recovery stations.

Moreover, several of Vilmorin Clause & Cie's companies have initiated biological control methods in the greenhouses. This leads to a spectacular reduction in the number of sprays.



Tomato experimentation
 Research station - Marco Polo Seed - Thailand

> Since the surface areas involved in its business are limited, the levels of pollution generated need to be put into perspective. Moreover Vilmorin Clause & Cie works from sites that it owns, and which are carefully monitored and serviced.

> Finally, 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.

- Waste

> Vilmorin Clause & Cie is careful to recycle as much of its waste as possible. Several of its facilities have abandoned rock wool for its research in greenhouses, and have generally adopted coco fiber liners, which can be recycled, and are therefore more ecological.

- Packing materials

> In the Professional sector, there has been a reduction in the quantities of packing materials used, mainly because of customers' growing preference for bags rather than metal boxes.

> However, in the Home Garden sector, Vilmorin Clause & Cie uses fairly large quantities of cardboard and paper to pack and overpack its products. It is well-aware of this problem, and has taken a number of measures to reduce its consumption:

- single use packing cardboard, used from the time of packaging until delivery,
- reusable pallets: after being sent out to customers, these wooden pallets are recovered by the transport companies and taken back to the different plants.

Moreover, in compliance with legislation, Vilmorin Clause & Cie's companies systematically belong to packaging material recycling organizations such as "Point Vert" in France.

The water treatment station at Hazera Genetics

Hazera's vegetable seeds facility, located in Sderot in the center of Israel, was built in 1999 with the water recycling issue being integrated in the initial design.

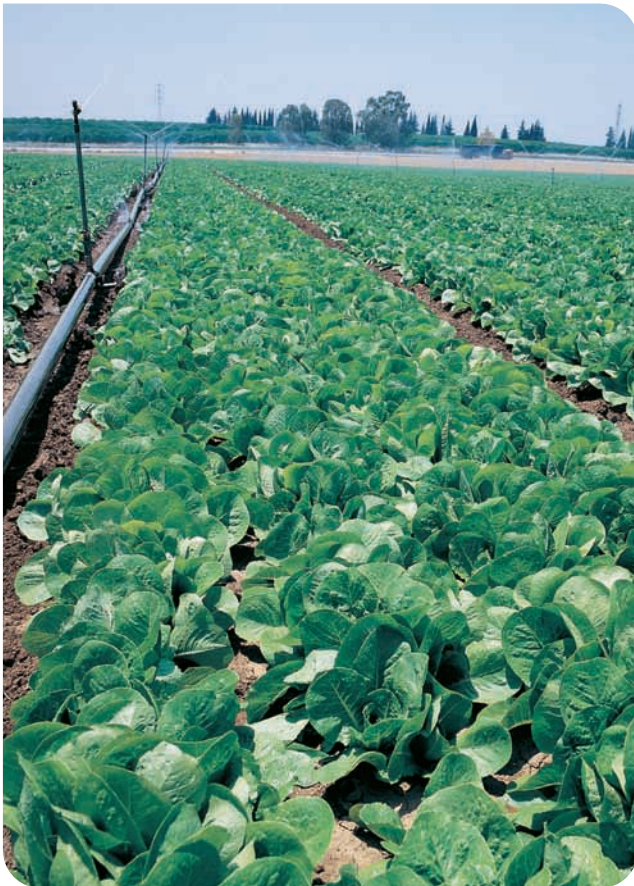
A dedicated system to recycle waste water from the vegetable seed cleaning and extraction unit, involving millions of tons of seed from different species every year. After several filtering and sedimentation stages, the solid and chloric residues are reduced, and the water PH neutralized, until reaching the tolerance levels stipulated by national and municipal legislation.

The water is then transferred to a public recycling station for further purification operations before being reused for irrigation purposes.

Anticipating through risk assessment

The highly seasonal nature of the business, relative dependence on the whims of nature and high tech processes are just some of the risk factors that Vilmorin Clause & Cie has to take into account.

Applying vigilance and rigor at all times, Vilmorin Clause & Cie has always shown its capacity to carefully assess all these risks and take all palliative measures, using the right procedures to monitor and control them.



■ Risks with regard to production: the central role of the production plan

The production plan conditions the appropriate supply of markets, and also control over inventory levels.

In particular, it takes into account market needs, the life span of each variety, figures concerning the previous production, and a study of the potential impact of weather conditions, etc.

Sales shortfalls and overproduction both depend on how these parameters are assessed. This is why validation of the production plan is the main responsibility of companies that work in the Professional Division. The production plan is run by the Production Manager, and confirmed by the General Management in each company. The decentralized organization adopted by Vilmorin Clause & Cie is fully justified by the need to prepare these production plans, and the specialized nature of the teams working with different species.

■ Climate and weather risks: diversifying the location of facilities

The varied international locations of production areas, and research and experimentation sites, 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, variations in demand and the specific needs of the different species. This is why production of seeds at Vilmorin Clause & Cie is spread out over fifteen production sites in the five continents, including France, Chile, Thailand, China, Australia, the United States, South Africa etc.

Vilmorin Clause & Cie also conducts research into risks that result from climate variability, for the development of varieties that are less demanding in water and heat, etc. The 55 research sites are spread out over the five continents too.



Seed processing

■ Risks regarding suppliers: a well-tested network of seed multiplication farmers

To produce its seeds, Vilmorin Clause & Cie makes use of an international network of rigorously selected seed *multiplication farmers*. They work either in direct contact or through production companies.

A contract system has been set up in which Vilmorin Clause & Cie 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:

- > the surface area for production,
- > the quality,
- > the purchasing price of the seed with fixed or variable parameters (mainly linked to the quality),
- > the schedule of operations required: sowing, upkeep, manual or chemical castration, manual *pollination*, harvesting,
- > the standards of input to be used.

Monitoring and control of seed *multiplication farmers'* production are run by Vilmorin Clause & Cie's teams of engineers and technicians.

■ The risks involved in processing: permanent control

• Process

Being able to guarantee the quality of seeds that come out of the different factory processing operations is crucial since any malfunctioning in the process may have really dire financial circumstances. In the event of any error, the claims lodged by the professional clientele would concern not just a reimbursement of the value of the seeds, but also the global value of the expected harvest. In order to prevent such a scenario, Vilmorin Clause & Cie is intransigent throughout all the processing stages in order to optimize the quality of the seeds received from the fields.

> Before proceeding with any processing operations, the quality of the seeds received is first tested.

> Once the quality specifications have been checked, different processing stages (drying, cleaning, sorting, grading, *coating* or *pelleting*, packaging and storage) all contribute to the quality of the seed and must in no circumstances harm its initial characteristics. For example, in order to ensure the right hygrometric balance, highly efficient dryers in each factory dry the seed in accordance with precise, specific specifications. Storage rooms for raw materials and finished products are controlled for temperature and *hygrometry*.

> After these factory operations, when the seed is transferred to stock, there are final quality inspections with the aim of ensuring that the operations have not diminished the quality of the seed in any way.

> Three types of inspection are carried out:

- sanitary: to ensure there are no parasites,
- genetic: to ensure *purity of variety* and identity (absence of any foreign seeds),
- germination: an analysis of the germinative capacity of the seeds.

All these procedures and the use of specialized equipment guarantee a high dependable level of quality, in compliance with Vilmorin Clause & Cie's customers.

• Approved installations

With regard to installations that require specific approval, all Vilmorin Clause & Cie's business, wherever it is located in the world, rigorously respects regulations. For example, Vilmorin's activity at its site in La Ménitré (northwest of France) is subject to approval in several areas, including the storage of combustible materials in covered warehouses, since they are larger than 50 000 m³.



■ Political risks: sensible decisions

The worldwide presence of Vilmorin Clause & Cie means that these risk factors need to be taken into account in investment decisions and in the location of industrial, technological and commercial assets. The context of international tension in recent years, particularly in the Middle East, has not affected Vilmorin Clause & Cie in its international business.

■ Risks concerning the protection of innovation: constant vigilance

Vilmorin Clause & Cie's international activities and the challenges that lie ahead with regard to free access to germplasm and brand reputation mean that there is a real risk of counterfeit varieties appearing on the market.

Vilmorin Clause & Cie 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 (proof of a certain parentage) with a variety from Vilmorin Clause & Cie'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.

The total solidarity of all the major operators in this project should be underlined.

■ Risks concerning choices in research: sharing out investment wisely

With the onset of *biotechnology* and the outstanding perspectives that it opens up in the short term, Vilmorin Clause & Cie has moved ahead with strategic financial and organizational choices.

It has decided to maintain most of its investment in conventional breeding, which represents some 80% of investment in research. At the same time, the company is going further with tools that will play a more and more prominent role in the future:

- > fundamental research,
- > *transgenesis*,
- > *molecular marking*.

These proportions will ensure that Vilmorin Clause & Cie can develop new products more quickly, and will also provide it with competitive advantages and the solid foundations required for its future development.

■ Risks regarding clientele: a wide portfolio of customers

As a % of consolidated sales	02-03	03-04	04-05
Weight of the top 5 customers	12.1%	11.0%	11.9%
Weight of the top 10 customers	18.6%	18.0%	18.5%

Vilmorin Clause & Cie's main customers are the major European and American Home Garden distribution chains. Trends towards more and more concentration in distribution explain the weight of the top customers.

> With such a diversified portfolio of Professional customers, Vilmorin Clause & Cie can limit the consequences of any loss in business with some of them.

> Such risks also appear to be limited in the Home Garden sector: Vilmorin Clause & Cie benefits mainly from long-standing partnerships, with commitments and multi-year contracts with the distribution chain stores.



Board of Directors

PRESENTATION OF THE BOARD MEMBERS



■ Chairman of the Board of Directors

Gérard RENARD
Commencement of duties: 1998

M. Gérard RENARD was educated in agronomic science and agriculture, and apart from his duties at Vilmorin Clause & Cie, holds functions as Vice-President of Groupe Limagrain, President of the Chamber of Agriculture of the county of Puy-de-Dôme, member of the committee for the Regional Chamber of Agriculture of Auvergne, and President of the Puy-de-Dôme Inter-Chamber group.



■ Director and CEO

Daniel CHÉRON
Commencement of duties: 2004

M. Daniel CHÉRON is a graduate of economics, has also held the function of Assistant General Manager of Groupe Limagrain since 1996, and has run the Agro-Industry business since 1993.

■ Directors



François HEYRAUD
Commencement of duties: 2000



Raoul FAURE
Commencement of duties: 1995



François DELOCHE
Commencement of duties: 1998



Jean-Denis POULET
Commencement of duties: 1991



Jean-Paul FAURE
Commencement of duties: 2004

All the terms of office and different functions of each Director are appended to the report of the Board of Directors to the Annual General Meeting.

With the exception of M. Jean-Paul FAURE whose term of office will expire in 2007, the term of office of all the other members of the Board of Directors expires in 2005, and the proposed renewal of these terms of office for a period of three years is put to the Annual General Meeting of December 13th 2005.

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 Clause & Cie – BP 1 – F-63720 CHAPPES

The Board of Directors meets regularly. Meetings are convened by a 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 2004-2005, the Board of Directors for Vilmorin Clause & Cie met four times.

Moreover, for the purpose of the offices they hold in the subsidiary companies of Vilmorin Clause & Cie, the Members of the Board took part in twenty-seven meetings during the course of the fiscal year 2004-2005. The overall attendance rate of the members of the Board for all companies in the group was 96%.

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,
- > the redefinition of the strategic orientations and organization of the Home Garden Division,
- > confirmation of the objectives of the Professional Division both in terms of international development and research investments,
- > approval of the budget for the fiscal year 2005-2006,
- > closing of the half-yearly and annual corporate and consolidated financial statements.

■ Vilmorin Clause & Cie's Board of Directors within Limagrain

Today, all the directors on the Board of Vilmorin Clause & Cie are from Limagrain. These directors are exclusively dedicated to Vilmorin Clause & Cie, and do not intervene in any of the other divisions or business units of Limagrain. Consequently they can concentrate on a specialized area, and develop real expertise in the field of vegetable seeds.

Likewise, subjects that are specific to Vilmorin Clause & Cie are always dealt with first of all at Board meetings of Vilmorin Clause & Cie. 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 Clause & Cie, before the presentation to the Group Steering Committee of Limagrain.

Vilmorin Clause & Cie'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.

Presentation of Limagrain

In its core activity of seed, Limagrain is the fourth largest in the world, and the largest in the European Union. It has a strong international dimension, with over half of its sales outside France. Over the past thirty years or so, it has developed on the different seeds markets (corn, wheat, vegetables, etc.); more recently, the development of plant biotechnology has enabled the Group to move into new sectors, particularly that of added industrial value for plants (agri-business) through integrated production chains.

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 703 cooperative members on June 30th 2005.

The company Sélia is also a subsidiary of Limagrain.

GENERAL MANAGEMENT

The general Management of Vilmorin Clause & Cie is the responsibility of M. Gérard RENARD, Chairman, and M. Daniel CHÉRON, CEO and company Director.

EXECUTIVE COMMITTEE

The Executive Committee for Vilmorin Clause & Cie is chaired by M. Daniel CHÉRON, and comprises:

- > M. Stanislas CROUZIER
VP for the Professional Division,
- > M. Daniel JACQUEMOND
Chief Financial Officer,
- > M. Emmanuel ROUGIER
VP for Development and Management.

Management of the Home Garden business is entrusted in part to M. Daniel JACQUEMOND (continental Europe) and to M. Emmanuel ROUGIER (United States and United Kingdom).

The Executive Committee meets every month. Its vocation is:

- > to define the strategic orientations of Vilmorin Clause & Cie, 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 mandates

The members of the Board of Directors each hold one share of Vilmorin Clause & Cie. No operation or agreement has been concluded by the company with its mandates. No loan or guarantee has been granted or signed in their favor by the Group's banks.

■ Remuneration of the mandates

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 is also a salaried member of the staff of Groupe Limagrain Holding, the main shareholder of Vilmorin Clause & Cie, and thus it should be noted that the proportion of gross remuneration paid for the functions he held specifically for Vilmorin Clause & Cie amounted to 112.5 thousand euros in 2004-2005.

■ Remuneration of members of the management bodies

In 2004-2005, the sum of payments made to members of the Management bodies, including income in kind, amounted to 2.7 million euros. These Management bodies concern the Managers on the Executive Committee of Vilmorin Clause & Cie and the General Managers of the following operating companies: Vilmorin, Clause Tézier, Nickerson Zwaan, Harris Moran, Hazera Genetics, Kyowa Seed, Oxadis, Flora Frey, Sperling, Ferry Morse, CNOS Vilmorin, Suttons, and Top Green making seventeen people altogether.

CONTROL BODIES

Date of expiry of term of office	
Incumbent Statutory Auditors	
KPMG AUDIT Département de KPMG SA 1, cours Valmy 92923 Paris la Défense Cedex represented by M. Michel PIETTE Date appointed: 2002	2008 (AGM for the accounts of the fiscal year closing on 06.30.08)
VISAS 4 Commissariat 56, boulevard Gustave Flaubert 63000 Clermont-Ferrand represented by M. Claude AUBERT Date appointed: 1999	2005 (AGM for the accounts of the fiscal year closing on 06.30.05)
Substitute Statutory Auditors	
M. Jean-Luc DECORNOY 2 bis, rue de Villiers 92300 Levallois-Perret Date appointed: 2002	2008 (AGM for the accounts of the fiscal year closing on 06.30.08)
M. Jacques RIVIERE 56, boulevard Gustave Flaubert 63000 Clermont-Ferrand Date appointed: 1999	2005 (AGM for the accounts of the fiscal year closing on 06.30.05)

It is proposed to the Annual General Meeting of December 13th 2005 deliberating on the financial statements for the year closing on June 30th 2005 that the term of office of VISAS 4 Commissariat as Statutory Auditor be renewed, and that M. Olivier DELARUE (56, boulevard Gustave Flaubert – F-63000 Clermont-Ferrand) be appointed as Substitute Statutory Auditor, to replace M. Jacques RIVIERE.

Relations with the shareholders and investors

■ Contacts

For any information or documentation:
Department of Financial Operations
for Vilmorin Clause & Cie
Tel: + 33 (0)4 73 63 41 95
Fax: + 33 (0)4 73 63 41 80
E-mail: contact@vilmorinclause.com

Relations with shareholders and investors, with financial analysts and the specialist financial and economic press:

M. Daniel CHÉRON,
Director and CEO,

M. Daniel JACQUEMOND,
Chief Financial Officer,

M^{me} Claire PLANCHE,
Financial Communication Officer.

Vilmorin Clause & Cie's commitments towards its shareholders

> Determination to give clear information: website, publications of financial information in French and in English, meetings with analysts, shareholders and investors, replies to individual requests for information, etc.

Vilmorin Clause & Cie is concerned to be as accurate and reliable as possible with regard to its strategy, its organization, and its development perspectives. By complying with Euronext recommendations for its quality segments.

> Distributing dividends that are in direct relationship with its results.
This practice is a basic component of Vilmorin Clause & Cie's financial policy.

■ Informative meetings

Informative meetings (financial analysts, investors, financial press) are held every year to present the yearly and half-yearly financial statements or any significant event.

During fiscal 2004-2005, they were held in October and in April; the information presented in these meetings is also published on its company website.

■ Scheduled agenda for 2005-2006

(subject to any modifications)

11.08.05	Publication of sales for the first quarter
11.18.05 and 11.19.05	Actionaria Fair at the Palais des Congrès in Paris
12.13.05	Joint Annual Meeting
12.21.05	Payment of the dividend
02.07.06	Publication of sales for the first half year
04.05.06	Publication of the half-yearly financial statements
05.11.06	Publication of sales at the end of the third quarter
08.08.06	Publication of sales for the year





■ Documentation

- > Annual report in French, translated into English.
- > Upon request: report on the half-yearly financial statements on December 31st.



- > Letter to the shareholders sent out twice a year

■ Updated website

www.vilmorinclause.com (in English and in French): news, general presentation of the company, annual reports, press releases, a real time update of the evolution of the share value quoted in Paris, etc.

Any financial information and reports released by Vilmorin Clause & Cie are also published on the information website for the French Financial Markets Authority (Autorité des Marchés Financiers), www.amf-france.org.

■ Financial analysts that follow the share value

Oddo Midcap, Crédit Agricole Cheuvreux, Exane BNP Paribas, Gilbert Dupont, Société Générale Securities, HSBC CCF Securities, CIC Securities, Fideuram Wargny.

General Meetings Questions and Answers

(bylaws 29 and 30)

> How are named registered holders of shares informed about meetings?

Holders of registered shares for at least one month at the time the notice to attend is published or sent out, are invited to attend any General Meeting by ordinary mail, or, if they so request, by registered mail at their own cost.

> What are the conditions of entry?

Under conditions fixed by law, any shareholder can participate in meetings personally or by proxy, upon proof of his or her identity and share ownership, either in the form of a registered certificate, or by depositing, in the place indicated in the notice to attend, a certificate from the authorized intermediary, in accordance with legislation in force, stating that the shares are not available to the registered bearer before the date of the meeting; these formalities must be accomplished five days at least before the date of the meeting. Any shareholder may also participate in General Meetings by videoconference or any other means of telecommunication in the conditions laid down by law and regulations as mentioned in the invitation to attend the General Meeting.

> Is a minimum number of owned shares required?

The Annual General Meeting involves all the shareholders whatever the number of shares they hold, provided they have been fully paid up.

> What are the conditions required to vote by correspondence?

Any shareholder can vote by correspondence using the form completed and mailed to the Company in conditions laid down by law. This form must be received by the Company at least three days before the meeting concerned.

> How can the shareholders vote?

For each meeting, and on condition that all legal requirements are met, each member at the meeting has the same number of votes as the shares he owns or represents, without any limit.

Nevertheless voting rights are doubled compared with other shares, with regard to the stock quota they represent, for all fully paid up shares registered for at least four years under the name of the same shareholder (decision of the General Meeting of July 22nd 1993).

In the case of stock increases as a result of capitalization of reserves, profits or premium on stock, this right is also granted to registered shares provided without cost to holders of shares already held which are entitled to these preferential voting rights.

Vilmorin Clause & Cie's shares

■ Main characteristics of the shares

Vilmorin Clause & Cie's shares were introduced on November 3rd 1993 to the Second Market of the Paris stock exchange, now known as Eurolist by Euronext, Paris.

They are sold under continuous quotation in units, under the code ISIN FR0000052516 and the mnemonic code RIN; moreover they are eligible to PEA equity savings plans.

There is no other request for admission to another financial market.

The shares are identified under the following codes: RIN FP for Bloomberg, VILM.PA for Reuters.

Vilmorin Clause & Cie is part of the stock indices CAC Mid 100 and SBF 250.

In the FTSE sectorial classification, Vilmorin Clause & Cie is listed in the sector Non-Cyclical Consumer Goods and the sub-sector Food Producers and Processors. According to ICB nomenclature, the company is classified in the sector "Farming & Fishing".

As from January 2nd 2006, Vilmorin Clause & Cie's shares will be listed exclusively according to ICB nomenclature in compliance with the new Euronext classification.

■ Management and liquidity of the shares

Vilmorin Clause & Cie has signed a liquidity acquisition contract with Oddo Midcap, in order to run the market for its securities.

This contract is renewed every year by tacit agreement and complies with the AFEI (Association Française des Entreprises d'Investissement) Deontology Charter, certified by the Autorité des Marchés Financiers after inspection on April 10th 2001.

On June 30th 2005, the following resources were held in the liquidity account:

- > 3 059 shares,
- > 597.54 euros in cash.

■ Evolution of the price of the shares

	02-03	03-04	04-05
Daily average of transactions			
in numbers of shares	1 706	1 619	1 428
in thousands of euros	106.79	164.59	205.95
Maxima and minima			
highest rate in euros	93.00	143.00	164.90
lowest rate in euros	70.10	82.50	127.00
Closing rate of the fiscal year in euros			
	84.00	139.80	138.00
Net yield per share % (1)			
	3.68	4.52	3.29

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

Developing individual investment in shares

> Vilmorin Clause & Cie is eager to maintain a good balance between its shareholder categories.

In order to strengthen its ties and communication with individual shareholders, in March 2005 Vilmorin Clause & Cie joined the FFCl (French Federation of Investment Clubs), as an associate member.



www.clubinvestissement.com

> For the first time, Vilmorin Clause & Cie is participating in the Actionaria Fair in November 2005.

Vilmorin Clause & Cie and its shareholders

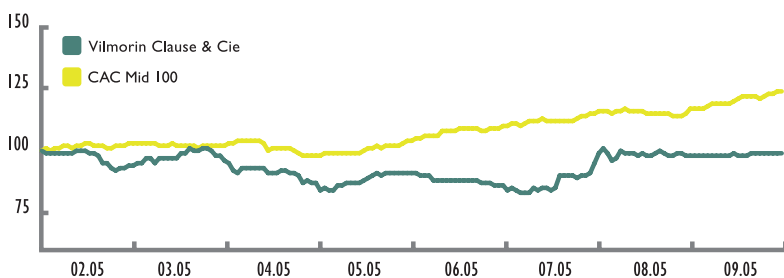
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Quantities exchanged and evolution of values over the last 18 months

Year	Month	Number of shares exchanged	Capital exchanged M€	Highest recorded rate€	Lowest recorded rate€
2004	April	33 213	4.089	136.00	133.50
	May	20 463	2.647	143.00	137.10
	June	20 652	2.745	139.90	137.00
	July	9 652	1.309	140.00	128.00
	August	8 696	1.151	137.50	127.00
	September	19 226	2.612	140.00	128.30
	October	29 326	4.005	140.70	133.10
	November	20 141	2.898	146.50	136.70
	December	48 281	6.963	146.80	133.50
2005	January	47 054	6.732	164.90	134.00
	February	39 810	6.234	162.50	147.00
	March	16 463	2.597	162.20	149.00
	April	71 270	10.381	159.20	139.10
	May	30 315	4.265	148.80	132.10
	June	29 676	4.193	147.10	138.00
	July	44 689	6.203	146.50	132.50
	August	18 856	2.987	162.00	150.00
	September	15 251	2.407	159.00	155.20

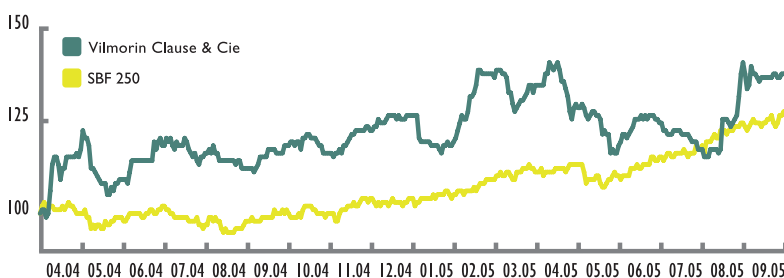
(Source: Euronext ParisBourse).

Evolution of the rate on the CAC Mid 100 index over the last 8 months



Weekly closing rate (Base 100 - February 2005)

Evolution of the rate on the SBF 250 index over the last 18 months



Weekly closing rate (Base 100 - April 2004)

■ Interventions of the company with regard to its own share capital

The Joint Annual Meeting of December 4th 2003, deliberating on the provisions of article L225-209 of the French Commercial Code, granted the Board of Directors the powers to intervene by purchasing or selling on the stock market within a range of 150 euros maximum for purchasing, and 50 euros minimum for selling, the number of shares thus purchased being limited to 10% of the company's share capital. The maximum amount for such operations is therefore fixed at 47.8 million euros. Authorization for this buy-back program expired on June 5th 2005.

NB: certified by the COB - French Securities Commission n° 03-991 of November 13th 2003.

During the financial year ending June 30th 2005, the company conducted, either directly or indirectly, the following operations:

> number of shares purchased = 9 677,
 > average purchasing price = 139.52 euros,
 > number of shares sold = 19 632,
 > average selling price = 139.48 euros,
 > number of shares held internally on June 30th 2005: 3 059 corresponding to 0.1% of the stock, at a purchasing value of 438 925 euros, which is an average unit price of 143.49 euros.

It is proposed to the Annual General Meeting of December 13th 2005 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 250 euros per share.

■ Dividends and distribution policy over the last five fiscal years

	00-01	01-02	02-03	03-04	04-05
Number of shares receiving dividend	3 178 766	3 184 453	3 187 703	3 172 957	3 188 993 (1)
Net dividend (euros)	3.00	3.150	3.80	4.60	4.85
Tax credit (euros)	1.50	1.575	1.90	2.30	-
Gross revenue (euros)	4.50	4.725	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.

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 Clause & Cie 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 dividends claim limit for Vilmorin Clause & Cie is 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 (articles L47 and R46 of the Code du Domaine de l'État).

• Tax system

French residents:

Dividends received are liable to income tax in the category of stock revenue.

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. This tax is paid by those receiving the revenue.

The dividend Questions and answers

(based on 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 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.

The stock and the shareholders

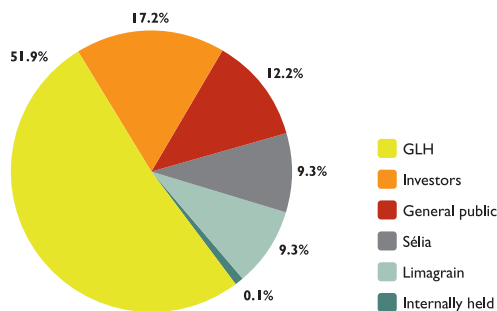
Stock

On June 30th 2005, the authorized stock was 145 896 429.75 euros divided into 3 188 993 nominally fully paid up shares at 45.75 euros.

Considering the evolution of the share value over the past two years, and in order to encourage both accessibility to the share and its liquidity, it is proposed to the Annual General Meeting of December 12th 2005 to authorize the Board of Directors to divide the par value of the shares by three. Following this operation, the authorized stock will comprise 9 566 979 shares of 15.25 euros per share, with the total value standing unchanged at 145 896 429.75 euros.

Breakdown of the stock and voting rights

(on June 30th 2005)



Breakdown of stock on June 30th 2005 (sources: Euroclear and internal)

	Single vote shares	Double vote shares	% of authorized stock	Total number of votes	% of total number of votes
Groupe Limagrain Holding	146 697	1 506 996	51.86	3 160 689	59.77
Limagrain	-	297 201	9.32	594 402	11.24
Sélia	-	297 501	9.33	595 002	11.25
Shares held internally	3 059 (1)	-	0.10	-	-
General public	936 796	743	29.39	938 282	17.74
Total	1 086 552	2 102 441	100.00	5 288 375	100.00

(1) Correspond to shares without voting rights.

To the knowledge of Vilmorin Clause & Cie, 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.

> Notifications of crossing the threshold: during the fiscal year 2004-2005, there was no declaration that the threshold laid down in the bylaws (3%) had been crossed either up or down.

> 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.

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

Vilmorin Clause & Cie belongs, for the most part, to the seeds Group, Limagrain which, since integrating a vegetable seed business into the group in 1975, has encouraged its development by providing regular and consistent investment support.

Vilmorin Clause & Cie and Limagrain cooperate through the notion of shared resources. Thus, Vilmorin Clause & Cie can count on the support of its reference shareholder's upstream research and benefit from its administrative management (operational consolidation of accounts, personnel management, sharing of premises, etc.).

The expectations of Limagrain's shareholders with regard to Vilmorin Clause & Cie coincide with those of investors: investing in a profitable company with the long-lasting guarantee of a high dividend.

Shareholders: questions and answers

(based on 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 22nd 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 Clause & Cie 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.

■ 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	100 F	250 000 F	2 500 shares
06.29.93	3 820 000 shares issued to pay for a partial contribution of assets from Groupe Limagrain Holding	100 F	382 250 000 F	3 822 500 shares
06.29.93	Equivalent of 1 817 500 shares issued in cash reserved for Groupe Limagrain Holding	100 F	564 000 000 F	5 640 000 shares
10.04.93	Transfer of shares at nominal price of 100 FRF to shares at 300 FRF	300 F	564 000 000 F	1 880 000 shares
12.17.93	166 700 shares issued reserved for Crédit Lyonnais	300 F + Premium of 6 F	614 010 000 F	2 046 700 shares
11.26.96	921 015 shares issued with stock warrants	300 F + Premium of 170 F	890 314 500 F	2 967 715 shares
11.96 to 06.30.97	177 warrants exchanged corresponding to 59 shares	300 F + Premium of 180 F	890 332 200 F	2 967 774 shares
07.97 to 06.30.98	93 warrants exchanged corresponding to 31 shares	300 F + Premium of 180 F	890 341 500 F	2 967 805 shares
07.98 to 06.30.99	927 warrants exchanged corresponding to 309 shares	300 F + Premium of 180 F	890 434 200 F	2 968 114 shares
07.99 to 06.30.00	336 warrants exchanged corresponding to 112 shares	300 F + Premium of 180 F	890 467 800 F	2 968 226 shares
07.00 to 06.30.01	662 301 warrants exchanged corresponding to 220 767 shares	300 F + Premium of 180 F	956 697 900 F	3 188 993 shares
	Conversion of the nominal unit value to 45.75 € using part of the legal reserves of 319 944 F	-	145 896 429.75 €	3 188 993 shares

Since June 30th 2001, there have been no changes to the stock.

- Modifications in the stock breakdown over the past three fiscal years

Groupe Limagrain Holding made a one-off secondary distribution by private agreement to several investors of 80 000 shares during the fiscal year for 2002-2003.

Otherwise there has been no significant modification in the breakdown of the stock over the past three financial years.

	06.30.03			06.30.04			06.30.05		
	N° of shares	% of stock	Voting rights	N° of shares	% of stock	Voting rights	N° of shares	% of stock	Voting rights
Groupe Limagrain Holding	1 639 045	51.40	62.96	1 639 840	51.42	59.46	1 653 693	51.86	59.77
Limagrain	297 201	9.32	11.96	297 201	9.32	11.30	297 201	9.32	11.24
Sélia	297 501	9.33	6.00	297 501	9.33	11.32	297 501	9.33	11.25
Shares held internally	8 325	0.26	-	13 014	0.41	-	3 059	0.10	-
Public and various	946 921	29.69	19.08	941 437	29.52	17.92	937 539	29.39	17.74
Total	3 188 993	100.00	100.00	3 188 993	100.00	100.00	3 188 993	100.00	100.00

■ Financial authorizations granted by the Joint General Meeting of December 7th 2004

In order to provide Vilmorin Clause & Cie with the necessary means to ensure its future development, particularly internationally, the Joint General Meeting of December 7th 2004 authorized the Board of Directors to issue, with a maximum nominal value of 75 million euros:

- > Bonds or any other assimilated debt security, either in France or in another country, with or without public issue.
- > Securities which can be used immediately or at maturity by increasing the stock; these securities can be issued alone or together with bonds or other assimilated debt securities.

These authorizations expire on June 08th 2006.

On the date of October 5th 2005, these authorizations had not been used by the Board of Directors.

The Board of Directors will request renewal of these authorizations at the Joint General Meeting of December 13th 2005 (14th, 16th, 17th, 18th, 19th and 20th resolutions).

■ Management of shares and registered accounts

Euro Émetteurs Finance (EEF) - 48, boulevard des Batignolles
75850 Paris Cedex 17 - Tel: + 33 (0)1 55 30 59 00.

NB: the scope and the consolidation methods appear on page 81.



Financial and legal information

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Legal information

■ Name, head office and administrative offices

Name:

Vilmorin Clause & Compagnie (Cie).

Head office:

4 quai de la Mégisserie – 75001 Paris – France.

Administrative offices:

BP 1 – 63720 Chappes – France.

■ Jurisdiction

French jurisdiction.

■ Legal status

Vilmorin Clause & 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, evolution and expiry of the company

The company was created on March 2nd 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 27th 1990),

Modification of name to Vilmorin & Cie (EGM June 29th 1993),

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

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

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

The life of the company will expire on March 2nd 2019 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 Clause & Cie is, both in France and in other countries, directly or indirectly, the production or processing of any agricultural produce, the undertaking of any action to facilitate and develop production, the marketing and sales of any product used to grow vegetable, fruit or flower plants and any garden, agricultural, plant or animal product; to provide for companies in vegetables, fruit and flowers 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 1st until June 30th of the following year.

■ Place where documents concerning the company can be consulted

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

■ All litigation to be referred to

Tribunal de Commerce de Paris.

Information concerning the subsidiaries

Name	Country	Head Office	N° SIREN
American Bio Corporation (ABC)	United States	C/o Piper & Marbury – 1251 av. of the Americas – New York 10020-1104 (New York)	
Cydonie Re	Luxembourg	19 rue de Bitbourg – L 1273 Luxembourg Hamm	
Groupe Limagrain Luxembourg	Luxembourg	11 avenue Emile Reuter – L 2420 Luxembourg	
Vilmorin Clause & Cie	France	4 quai de la Mégisserie – 75001 Paris	377 913 728
Professional			
Alliance Semillas	Chile	Hendaya 27 Oficina 201 – Las Condas – Santiago	
Alliance Semillas de Argentina	Argentina	Cespedes 3881 – 1427 Buenos Aires	
Anadolu	Turkey	Güzelyali, Bati Sahili, Ciftlik Sok. No 9 – 81720 Pendik Istanbul	
BioSeeds	Netherlands	Agro Business Park 90 – 6700 Wageningen	
Clauze Harris Moran Tézier (CHMT)	South Africa	PO Box 15890 – Panorama 7506	
Clauze Tézier	France	Rue Louis Saillant – 26800 Portes lès Valence	435 480 546
Clause Tézier do Brazil	Brazil	NA Avenida Brasil, n°460, sala 71 Guanabara	
Clause Tézier Iberica	Spain	Ctra de la Cassada, Pla del Pau, km 11,5 – Paterna (Valencia)	
Clause Tézier India	India	6-1-20/2, Walker town – 500 025 New Bhoiguda, Secundrabad	
Clause Tézier Italia	Italy	Strada de la Madonnina – 13, Venaria Reale (Torino)	
Clause Tézier Australia	Australia	Unit 27/148 Chesterville Road – Moorabbin – Victoria 3189	
Harris Moran Seeds	United States	555, Codoni Avenue – Modesto, 95352 (California)	
Asamia Cold Storage Ltd	Israel	DN Shikmim – Brurim	
Biotech Mah Management	Israel	DN Shikmim – Brurim	
Hazera Canarias	Spain	Avenida Santa Cruz 182 – San Isidro Granadilla – 386110 Santa Cruz de Tenerife	
Hazera Espana	Spain	1990 S.A. – La Redona – 4710 El Ejido - Almeria	
Hazera Genetics Ltd	Israel	Brurim M.P. Shikmim – 79837 Israel	
Hazera Holding International BV	Netherlands	C/o MeesPierson Intertrust at Rokin 55, 1012 KK Amsterdam	
Hazera Mauritius Ltd	Mauritius	C/o Abacus Financia Services (Mauritius) Limited, TM Building, Pope Hennessy ST. Port Luis	
Hazera Seeds Inc	United States	2255 Glades road – suite 123 A – Boca Raton, 33431 (Florida)	
Hazera Tohumculuk ve Ticaret AS	Turkey	Yesilbahçe Mah. Metin Kasapoglu Cad. Ayhan Kadam Apt. 52/31 07100 Antalya	
Henderson Seeds JV	Australia	165, Templestowe Road – Lower Templestowe – 3105 Victoria	
Kyowa Seed	Japan	15-13 Nanpeidai – Shibuya-Ku Tokyo 150-0036	
Marco Polo Seed Nusantara	Indonesia	Ruko Bumi Prayudan Permai Block B-6, Metroyudan, Magelang 56172	
Marco Polo Seed Thailand	Thailand	11 th floor, Panjabum Building – 127 South Sathorn Rd, Tungmahamek – Sathorn, Bangkok 10120	
Nickerson Zwaan BV	Netherlands	Schanseind 27 – 4921 PM Made	
Nickerson Zwaan GmbH	Germany	Am Griewenkamp 2 – 31234 Edemissen	
Nickerson Zwaan India	India	No 312 Opp L&T Batarayanpura 167 B.B. Road – 560 095 Bangalore	
Nickerson Zwaan Ltd	United Kingdom	Joseph Nickerson Research Centre – Rothwell Lincoln LN7 6DT	
Nickerson Zwaan Sp. Zo.o.	Poland	UL. Gersona 8 – 03307 Warsaw	

Name	Conso- lidation method	Equity before results (1)	Permanent headcount on 06.30.05	% financial control	Book value of shares (1) Gross Net		Sales of goods (2)	Net income for the fiscal year (2)
American Bio Corporation (ABC)	IG	34 213	0	100	37 152	37 152	-	568
Cylonie Re	IP	10 128	0	50	11 001	11 001	-	572
Groupe Limagrain Luxembourg	IP	11 002	0	50	11 024	11 024	-	- 5
Vilmorin Clause & Cie	IG	194 530	11	Parent	-	-	-	20 659
Professional								
Alliance Semillas	IG	1 071	15	48.12	506	506	1 995	109
Alliance Semillas de Argentina	IG	81	11	94.35	851	851	1 210	12
Anadolu	EQ	4 066	-	44.78	149	149	-	1 477
BioSeeds	EQ	8 688	-	20	1 094	1 094	-	1 084
Clauze Harris Moran Tézier (CHMT)	IP	65	1	47.18	24	24	245	18
Clauze Tézier	IG	34 146	412	99.97	50 195	50 195	89 958	17 765
Clause Tézier do Brazil	IG	711	12	97.97	36	36	4 128	770
Clause Tézier Iberica	IG	3 061	52	99.97	1 532	1 532	22 008	1 480
Clause Tézier India	IG	5	30	99.97	10	10	1 125	- 32
Clause Tézier Italia	IG	1 676	32	99.97	1 438	1 438	15 669	691
Clause Tézier Australia	IG	94	5	100	85	85	893	126
Harris Moran Seeds	IG	47 038	257	94.35	34 125	34 125	53 004	- 2 877
Asamia Cold Storage Ltd	IG	25	0	54.8	1	1	11	1
Biotech Mah Management	IP	- 3	0	27.4	0	0	-	-2
Hazera Canarias	IG	- 89	0	54.8	31	31	-	97
Hazera Espana	IG	1 347	11	54.8	705	705	4 829	- 815
Hazera Genetics Ltd	IG	53 580	260	54.8	49 636	49 636	41 943	5 259
Hazera Holding International BV	IG	932	0	54.8	16	16	-	551
Hazera Mauritius Ltd	IG	5	10	54.8	0	0	-	2
Hazera Seeds Inc	IG	289	8	54.8	0	0	6 715	70
Hazera Tohumculuk ve Ticaret AS	IG	18	6	54.8	28	28	-	22
Henderson Seeds JV	IG	3 425	22	50.65	2 611	1 534	2 739	- 372
Kyowa Seed	IG	9 249	87	59.03	10 533	8 138	53 870	625
Marco Polo Seed Nusantara	IG	151	19	90	272	147	395	5
Marco Polo Seed Thailand	IG	1 886	27	100	2 070	1 678	184	- 204
Nickerson Zwaan BV	IG	11 272	140	94.31	16 256	16 256	19 632	305
Nickerson Zwaan GmbH	IG	999	15	94.31	127	127	4 952	75
Nickerson Zwaan India	IG	- 32	11	94.31	4	4	213	7
Nickerson Zwaan Ltd	IG	2 521	18	94.31	243	243	8 645	456
Nickerson Zwaan Sp. Zo.o.	IG	841	8	94.31	64	64	1 451	73

Data expressed in thousands of euros.

(1) Data converted at the rate on closing date of June 30th 2005. (2) Data converted at average rates for fiscal 2004-2005.

Name	Country	Head Office	N° SIREN
Plant Development Australia	Australia	C/o Research School of Biological Sciences – The Australian National University Biology Place – Building 46, 2nd floor ACT 2601 Canberra	
Semillas Harris Moran	Mexico	Av. Zaragoza 2080 local 4 – Col. Nueva – 21100 Mexicali, BC Mexico CP	
VCC Seeds Ltd	Israel	C/o Schwartz, Duvdevany, Lerner – CPA – 76 Herzl Street – Haifa	
Vilmorin	France	Route du Manoir – 49250 La Ménitrie	562 050 864
Vilmorin Iberica	Spain	Calle Joaquim Orosco 17 – 03006 Alicante	
Vilmorin Inc	United States	2551 North Dragoon 131 – Tucson, 85745 AZ	
Vilmorin Italia	Italy	Center Gross CP 97 – Blocco 22 – Via dei Notai 123 – 40050 Funo	
Home Garden			
CH Van den Berg BV	Netherlands	Nijverheidsweg 8a - POB 4 – 1693 ZG Wervershoof	
Carl Sperling & Co	Germany	Hamburger Strasse 35 – 21316 Lüneburg	
CNOS Vilmorin Sp. Zo.o.	Poland	Ul. Kopanina 28/32 – 60 951 Poznan	
Ferry Morse	United States	600, Stephen Beale Drive – 42041 Fulton (Kentucky)	
Flora Frey GmbH	Germany	Dellenfeld 25 – 42653 Solingen	
Flora Geissler	Switzerland	Müliwisstrasse 212 – 5467 Fribach	
Oxadis	France	65, rue de Luzais – BP 37 – 38291 Saint Quentin Fallavier Cedex	959 503 111
Oxadis Srl	Italy	Via dei Cappucini n°4/b – 26100 Cremona	
Sperling GmbH	Germany	Postfach 2640 – 21316 Lüneburg	
Suttons	United Kingdom	Woodview Road – Paignton – Devon – TQ4 7NG	
Top Green	France	ZA Les Pains – 49320 Les Alleuds	432 004 679

Name	Conso- lidation method	Equity before results (1)	Permanent headcount on 06.30.05	% financial control	Book value of shares (1)		Sales of goods (2)	Net income for the fiscal year (2)
					Gross	Net		
Plant Development Australia	IG	2 909	0	100	2 276	2 276	-	149
Semillas Harris Moran	IG	135	24	94.35	0	0	11 112	193
VCC Seeds Ltd	IG	- 148	1	100	0	0	-	- 94
Vilmorin	IG	51 582	345	94.31	49 855	49 855	51 170	7 545
Vilmorin Iberica	IG	379	26	94.1	711	711	5 531	402
Vilmorin Inc	IG	1 860	9	100	930	930	3 318	517
Vilmorin Italia	IG	67	16	94.37	64	64	7 769	542
Home Garden								
CH Van den Berg BV	IG	71	16	80	189	189	7 541	31
Carl Sperling & Co	IG	452	36	77.18	2359	2359	5 277	92
CNOS Vilmorin Sp. Zo.o.	IG	1 297	46	39.36	890	890	2 805	- 205
Ferry Morse	IG	6 168	124	100	3986	3986	33 643	1 404
Flora Frey GmbH	IG	- 376	152	77.18	9737	0	18 007	986
Flora Geissler	IG	345	11	77.18	313	313	3 094	0
Oxadis	IG	7 808	411	99.99	7 775	7 775	101 548	4 949
Oxadis Srl	IG	138	3	98.99	11	11	2 279	27
Sperling GmbH	IG	85	0	77.18	80	80	-	10
Suttons	IG	3 740	158	100	5 444	5 444	21 773	- 73
Top Green	IP	1 394	11	50	1 000	1 000	17 860	672

Data expressed in thousands of euros.

(1) Data converted at the rate on closing date of June 30th 2005. (2) Data converted at average rates for fiscal 2004-2005.

Report of the Board of Directors to the Joint Annual General and Extraordinary Meeting of December 13th 2005

To the shareholders,

The present Joint Annual General and Extraordinary 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 30th 2005,

> 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 for commercial companies, and the issue of securities, through a call for savings, with the preservation or suppression of stock purchase rights, according to the best possible market conditions,

> and finally to renew the terms of office for some of your directors and for that of one of the Statutory Auditors, and to appoint a new Substitute Auditor.

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

Activity for the fiscal year

■ The Company Vilmorin Clause & Cie

During the course of the year 2004-2005, Vilmorin Clause & Cie pursued its development strategies, its external growth operations and the implementation of strategic partnerships, particularly in research.

With regard to external growth, the most significant operation this year was the majority take-over of the Japanese company Kyowa Seed in which a stake of 40% had previously been held.

Meanwhile, research investment devoted to upstream biotechnology programs was reinforced through supplementary funding, now standing at 5 million euros.

Vilmorin Clause & Cie's sales stood at 8.1 million euros in 2004-2005 as opposed to 7 million euros the previous year.

This turnover mainly corresponds to services rendered by Vilmorin Clause & Cie to its subsidiaries in the areas of general administration, human resource management and pooled upstream research programs.

These services are invoiced proportionately between the subsidiaries of Vilmorin Clause & Cie using economic criteria (sales, added value, payroll and research costs), in the form of business fees for the real costs laid out.

Total operating expenses came to 12.3 million euros, up by 1.4 million euros compared with 2003-2004.

The total amount of costs not deductible from taxable income amounted to 21 033 euros for the fiscal year 2004-2005.

The operating income showed a loss of 1.5 million euros.

The financial result showed a net income of 25.8 million euros, up 7.5 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 25.6 million euros, compared with 16.3 million euros for the previous year.

It also includes financial provisions of 1.8 million euros.

Finally, the financial income also includes foreign currency exchange losses of 0.9 million euros and interest charges of 1.3 million euros.

The extraordinary result shows a net loss of 7 million euros including on the one hand a subsidy granted to the German company Flora Frey, and exceptional provisions on securities held, with net capital gains on securities held of 4 million euros.

Income tax takes into account the impact of the fiscal integration system adopted on July 1st 2000 for a group of companies including Vilmorin Clause & Cie, Clause Tézier SA and Oxadis SA; for the fiscal year 2004-2005 net income of 3.4 million euros was recorded.

As a result of the above-mentioned considerations, the net corporate income came to 20.7 million euros on June 30th 2005.

The company's stock on June 30th 2005 stood at 145 896 429.75 euros, corresponding to 3 188 993 shares at the par value of 45.75 euros each, which was unchanged in relation to June 30th 2004.

■ Vilmorin Clause & Cie consolidated

After a fiscal year for 2003-2004 that was already marked by a sustained growth in its business, and a significant increase in profitability, Vilmorin Clause & Cie again achieved commendable performances in sales and income for the fiscal year 2004-2005.

On June 30th 2005, consolidated sales, including services, came to 498 million euros as opposed to 492.2 million euros the previous year.

Like for like, after corrections for variations in scope and currency rates, sales were in fact up by 1.2%.

Restated for inventory write-off, covered by provisions, the gross margin stood at 69.3%, up 1.8 percentage points compared with 2003-2004.

This trend is confirmation of Vilmorin Clause & Cie's capacity for healthy internal growth for all its business activities, as shown in previous years.

The consolidated operating income stood at 51.8 million euros, a rise of 2.2% compared with the previous year.

The financial result shows a net charge of 3.2 million euros as opposed to 2.6 million euros in 2003-2004.

It again reflected the group's careful control of its indebtedness, and takes into account net foreign currency exchange profits of 0.9 million euros.

The extraordinary result showed a net charge, after income tax, of 1.7 million euros, where last year it broke even.

Finally, the total net profit came to 35.4 million euros as opposed to 31.6 million euros on June 30th 2004, up by 12%. The Group's share was 33 million euros, an increase of 9.3%.

The balance sheet structure on June 30th 2005 showed, like for like, a significant increase in working capital needs; the main reason for this increase was the fact that a number of professional companies built up security stock on strategic products.

Thus, net of cash and bank in hand, book indebtedness on June 30th 2005 stood at 69,3 million euros as opposed to 68,6 million euros on June 30th 2004.

For purposes of comparison, these two aspects need to be restated for loans and reciprocal short-term advance cash payments made between sister companies as part of the consolidated cash management system prevailing in Groupe Limagrain, and also operations to securitize a number of Oxadis' accounts receivable, the cash freed up being transferred to Groupe Limagrain.

On June 30th 2005, the advance cash loans owed to Groupe Limagrain stood at 2.7 million euros compared with a positive balance of 9.8 million euros on June 30th 2004.

Restated in this way, net indebtedness on June 30th 2005 stood at 63.4 million euros as opposed to 59.1 million euros the previous year.

The proportion of medium- and long-term indebtedness stood at 40.6 million euros.

NB: the sales expressed for companies correspond to sales exclusive of services rendered.

■ Professional Division

During the fiscal year 2004-2005, the professional companies globally improved on their performances in spite of the temporary slowdown in the European markets at the beginning of 2005.

Vilmorin consolidated its commercial positions with slightly increased sales of 59.3 million euros and closed with profits of 8.5 million euros.

Nickerson Zwaan pursued the sustained development of its international business, making total sales of 31.1 million euros and a net income of 0.3 million euros.

Working together in the same business unit, Vilmorin and Nickerson Zwaan intensified their cooperation further during fiscal 2004-2005, particularly in terms of research, production and information systems.

As in previous years, **Clause Tézier** performance was excellent, with sales up 7.6% to 103.5 million euros and a net income of 18.4 million euros. This growth is confirmation of the breakthrough of its new product line-ups in all its markets, and particularly in Southern Europe and internationally.

Harris Moran had an excellent sales campaign for 2004-2005 reaching sales of 74 millions dollars, reaping the benefits of its development on the Mexican markets. The income recorded in the financial statements on June 30th 2005 shows a loss of 2.6 million dollars, including exceptional charges linked to the withdrawal of certain low-margin product line-ups, and is not a true indication of the company's economic success.

Now totally integrated in Vilmorin Clause & Cie's professional set-up, **Kyowa Seed** confirmed its revival in sales this year with an increase of 5.3%, and is continuing to streamline its business of dealing in agricultural sales.

By the end of this financial year, consolidated sales had reached 27.6 million euros and the company managed to break even as a result of its strict control over its operating charges.

In the Asia Pacific area, the other companies in the Division (**Henderson, Marco Polo Indonesia and Marco Polo Thailand**) intensified their mission to establish and develop research, production and trading.

For this fiscal year 2004-2005, **Hazera Genetics** confirmed the quality of its organization and product portfolio.

Its sales reached 46.3 millions euros and the net global income stood at 5.5 million euros, enabling the company to increase its contribution to the overall performance of the Professional Division.

■ Home Garden Division

The companies in the Home Garden Division achieved highly contrasting performances for the fiscal year 2004-2005, depending on the markets.

With sales of 102.4 million euros and a net income of 5.4 million euros, **Oxadis** this year confirmed its strong potential for profitability. After a period spent streamlining its line-ups and optimizing its organization, Oxadis has now attained a new stage in its redeployment and development commercially focused on the Vilmorin brand both in France and on a certain number of export markets.

On the German market, **Flora Frey** experienced a very difficult year having to deal with market conditions affected by strong pressure on prices, and also its position on segments some of which are on the decline. On June 30th 2005, Flora Frey closed with sales of 20.4 million euros and net income of one million euros, after taking into account the exceptional charges caused by its reorganization project and a social plan affecting fifty employees, and a subsidy of 8 million euros granted by Vilmorin Clause & Cie.

Sperling, the company purchased in January 2004, contributed to a more profitable positioning of the business portfolio, especially in specialized distribution circuits.

On the Polish market, **CNOS Vilmorin** confirmed its potential for development, with sales of 11.8 million zlotys, and income close to break-even point.

Over this past fiscal year, **Ferry Morse** pursued its commercial diversification program with sales up by 22.4%, and confirmed its profitability with net income recorded at 1.8 million dollars.

This year **Suttons'** business was once again affected by a contraction of its mail-order sales, particularly for young plants, in part owing to unfavorable weather conditions.

Its sales remained fairly stable at 14.9 million pounds sterling and the company reached break-even on June 30th 2005.

Nevertheless on the positive front, Suttons accelerated consolidation of its mail-order export business.

Finally for the year 2004-2005, just as in the previous year, the decision to strengthen upstream positions in the Home Garden division continued to prove its worth.

In the sector of the production and supply of flower bulbs, **Van den Berg** (sales 7.5 million euros and net income 0.03 million euros) now plays a privileged role in the assistance it provides to its sister companies to anticipate market evolution more accurately.

Top Green, a company specialized in the lawn seed sector, managed to reinforce its function to supply and market for other companies in the Division, and consolidate the partnership signed with the Danish group DLF. Through its economic performance (sales 8.9 million euros, net income 0.3 million euros), the company also made a real contribution to the group's consolidated results.

On the basis of the performances recorded for the companies operating in the Home Garden Division in recent year, market evolutions observed during the fiscal year for 2004-2005 and potential perspectives, in the spring of 2005 Vilmorin Clause & Cie finalized a medium-term action plan aimed at progressively refocusing its Home Garden business portfolio on the main European gardening markets. This plan favors a growth model based on a sustainable, active innovation policy built on a limited number of brands with a strong reputation.

The main guidelines for this plan have been laid down for all the European subsidiaries.

However, Vilmorin Clause & Cie concluded that the specific nature of the North American market, both in terms of product line-ups and distribution networks, meant that Ferry Morse's business no longer fitted in with the global strategy redefined for the Home Garden division.

Consequently, Vilmorin Clause & Cie decided to look for an industrial or financial partner capable of assuming control of the operations and capital of Ferry Morse, with the perspective of consolidating its growth, pursuing the excellent performances achieved over the past two years.

The successful implementation of this strategic plan should enable Vilmorin Clause & Cie's Home Garden Division to make significant medium-term improvements to its operating margin.

Social and environmental information

Vilmorin Clause & Cie'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 Clause & Cie, constituting one of the foundation stones of their general policy.

■ Environmental information

The products created or developed by Vilmorin Clause & Cie 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.

In cooperation with Groupe Limagrain, Vilmorin Clause & Cie has therefore adopted a determined and responsible policy, in particular with regard to:

- > the control and processing of effluents and the limitation of industrial pollution,
- > 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.).

Thus, as for the previous fiscal year, in 2004-2005 Vilmorin Clause & Cie has not had to deal with any environmental accident or answer any procedures involving the payment of damages.

■ Social information

On June 30th 2005, the consolidated headcount of Vilmorin Clause & Cie stood at 2 871 permanent employees compared with 2 805 on June 30th 2004.

The average annual headcount for fiscal 2004-2005, stood at 3 065 as opposed to 3 029 for the previous year.

During the course of the fiscal year, Vilmorin Clause & Cie hired 195 new permanent employees, including more than half in Europe.

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, the main reorganization measures concerned two subsidiary companies of Vilmorin Clause & Cie, either because of a drop in business activity, or as part of structural adjustments. These measures led to a staff reduction of 69 persons.

Almost half the companies run scheduled training programs that go beyond basic legal requirements. In 2004-2005 the expenditure involved came to 0.6 million euros, and 15 500 hours were devoted to developing the know-how of employees.

With regard to the representative provisions for the personnel working at Vilmorin Clause & Cie, these are generally set up throughout Europe, in accordance with applicable legislation, and concern works councils and/or shop stewards. During fiscal 2004-2005, twenty-three agreements were signed, dealing principally with salaries and sharing the company's profits with employees.

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

Change in accounting methods

In compliance with notification 2004-2005 of the Conseil National de la Comptabilité (French Society of Chartered Accountants) for the first time Vilmorin Clause & Cie's consolidated financial statements carry a posting of specific commitments concerning seniority recognition schemes (e.g. work medals in France).

The total amount concerned on June 30th 2005 was 0.5 million euros. This sum was directly deducted from consolidated reserves.

Events occurring after closing accounts

There are no significant events that have occurred after the closing of the accounts.

Perspectives for the future

The fiscal year for 2004-2005 was marked by sustained organic growth in the Professional Division, varying performances in the companies of the Home Garden Division, and the successful pursuit of the integration of the companies for which we have recently acquired control.

Vilmorin Clause & Cie's potential for development is built up around harmonious growth for the two business sectors.

It is based on a certain number of strategic principles defined several years ago:

- > a rational intensification of our research investment in upstream technologies and conventional variety breeding,
- > international development for all our business, particularly for the Professional Division,
- > 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 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 Clause & Cie will be able to reinforce its position as world leader, both on the Home Garden and Professional markets, and offer sustainable perspectives for growth. Thus, for the fiscal year 2004-2005, Vilmorin Clause & Cie has set the objective of maintaining business and profit growth at the average level it has in previous years.

Stock purchased

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

In April 2005, Vilmorin Clause & Cie took majority control of the Japanese company Kyowa Seed in which it previously held a stake of 40%.

The aim of this operation, achieved in total cooperation with the other two shareholders of the company, is to accelerate consolidation of Vilmorin Clause & Cie's business in Japan and other Asian markets.

Stock sold

No significant sale of stock occurred during the fiscal year 2004-2005.

Shareholders

At closing date, the stock of Vilmorin Clause & Cie was divided up into 3 188 993 shares each with a par value of 45.75 euros.

A majority of 51.86% of the stock is held by Groupe Limagrain Holding, 9.33% by Sélia and 9.32% by the Coopérative Agricole Limagrain, all three of which are companies belonging to Groupe Limagrain.

On June 30th 2005, Vilmorin Clause & Cie held 3 059 internal shares corresponding to 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 30th 2005 no employee held a stake in the stock.

■ Appropriation of the profits

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

Net profit on 06.30.2005	20 659 081.23 €
Application to legal reserve	1 032 954.06 €
Profit available on 06.30.2005	19 626 127.17 €
Brought forward	13 636 660.78 €
Dividends to distribute	15 466 616.05 €
Carried forward	17 796 171.90 €

The net dividend is set at 4.85 euros per share. As a proportion of the net profits for Vilmorin Clause & Cie, the sums distributed amount to 47%.

The total amount of dividends (15 466 616.05 euros), and the final sum to carry forward, do not take into account any possible shares held internally 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:

	01-02	02-03	03-04
Number of shares	3 188 993	3 188 993	3 188 993
Par	45.75 €	45.75 €	45.75 €
Net dividend per share	3.15 €	3.80 €	4.60 €
Tax credit	1.575 €	1.90 €	2.30 €
Gross dividend per share	4.725 €	5.70 €	6.90 €

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

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

En K€	04-05	03-04	02-03	01-02	00-01
Stock at the end of the year					
Stock	145 896	145 896	145 896	145 896	145 896
Number of issued shares	3 188 993	3 188 993	3 188 993	3 188 993	3 188 993
Operations and results					
Total sales before tax	8 100	7 034	8 431	10 344	8 890
Profit before tax, profit sharing, amortization, depreciation and provisions	19 614	17 609	18 198	11 748	14 211
Income taxes	- 3 371	70	293	- 252	- 2 947
Profit sharing for the year	-	-	-	-	-
Profit after tax, profit sharing, amortization, depreciation and provisions	20 659	12 204	12 094	8 825	17 141
Profits distributed	14 669	12 118	10 045	9 568	11 086
Profit per share					
Profit after tax and profit sharing, but before amortization, depreciation and provisions	6.86	4.20	4.21	3.08	5.43
Profit after tax, profit sharing, amortization, depreciation and provisions	6.48	3.83	3.79	2.77	5.37
Dividend per share	4.60	3.80	3.15	3.00	3.47
Headcount					
Average staff (1)	11	13	44	37	52
Total payroll	1002	950	1 374	1 531	2 247
Benefits paid out for the fiscal year	851	698	893	869	1 186

(1) 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.

■ Information on the adoption of the new international accounting standards (IFRS)

Transition towards the IFRS standards is part of a working program set up over two and a half years by Vilmorin Clause & Cie in the second half of 2003, and which is planned for completion at the beginning of 2006.

In particular this program includes the definition of the group's current standards in relation to the new standards, and the degree of any divergences noted in relation to these current standards along with the adaptation of reporting systems (budget and actual) to the new standards.

The main topics analyzed to date, and that are liable to have an impact on the annual financial statements of Vilmorin Clause & Cie concern:

- > the valuing of certain intangible assets,
- > the transfer of development costs to fixed assets with depreciation,
- > allocation of goodwill differentials,
- > long-term lease contracts,
- > operations concerning the securitization of commercial receivables,
- > pension plans,
- > and all deferred taxation.

Vilmorin Clause & Cie is obliged to open its accounts on July 1st 2004 according to the new reference standards, and its first publication commitment is set for December 31st 2005 for its half-yearly financial statements and June 30th 2006 for its annual financial statements.

In compliance with recommendations made by the Autorité des Marchés Financiers, Vilmorin Clause & Cie has chosen not to disclose any quantitative information before the publication of its next half-yearly statements, since such information may only be considered to be reliable as from January 2006.

■ Regulatory agreements

We ask you to approve the regulatory agreements governed by the French Commercial Code, and which are duly authorized by your Board of Directors for the fiscal year 2004-2005. 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.

On June 30th 2005, the Board of Directors was composed of the following members:

- > President: Gérard RENARD.
- > Director and CEO: Daniel CHERON.
- > Directors: François DELOCHE, Raoul FAURE, François HEYRAUD, Jean-Denis POULET, Jean-Paul FAURE.

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

During the fiscal year for 2003-2004, your Board of Directors met four times.

Moreover, for the purpose of the offices they hold in the subsidiary companies of Vilmorin Clause & Cie, the Members of the Board took part in twenty-seven meetings.

■ Token payments or allowances paid to corporate representatives

We wish to inform you that, just as in previous years, your Directors carried out their duties in 2004-2005 without any remuneration, and that it is therefore unnecessary to come to a decision on any token payments or allowances.

Monsieur Daniel CHERON, Director and CEO is also a salaried member of the staff of Groupe Limagrain Holding, the main shareholder of Vilmorin Clause & Cie, and thus it should be noted that the proportion of gross remuneration paid for the function that he held specifically for Vilmorin Clause & Cie amounted to 112 500 euros in 2004-2005.

■ Directors' terms of office

Since the terms of office of Messieurs Gérard RENARD, François HEYRAUD, Jean-Denis POULET, Raoul FAURE, François DELOCHE and Daniel CHERON have expired, your Board of Directors proposes that you renew these terms for a duration of three years ending at the Annual General Meeting that will deliberate on the financial statements for the fiscal year closing on June 30th 2008.

■ Control bodies

Since the term of office of the Statutory Auditors VISAS 4 has expired, your Board of Directors proposes that you renew this term for a duration of six fiscal years ending at the Annual General Meeting that will deliberate on the financial statements for the fiscal year closing on June 30th 2011.

Moreover, since the term of office Monsieur Jacques RIVIERE has expired, your Board of Directors proposes that you appoint Monsieur Olivier DELARUE in the same conditions as substitute Auditor.

■ 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 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 and Extraordinary Meeting of December 4th 2003, we carried out the following operations over the fiscal year, either directly or indirectly:

Number of shares purchased	9 677
Average purchasing price	139.52 €
Number of shares sold	19 632
Average selling price	139.48 €

On June 30th 2005, our company held 3 059 shares, corresponding to 0.1% of the stock, at a purchasing value of 438 925 euros, which is a unit price of 143.49 euros.

On September 30th 2005, our company held the same portfolio of internal shares.

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

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 250 euros per share,
- > the maximum quantity of shares liable to be purchased is fixed at 315 000 shares representing a maximum potential commitment of 78.8 million euros.

■ Modification of the par value of the shares

We propose to modify the par value of the shares.

The reason for this proposed change is the evolution of the share value over the past two years, and the aim is to encourage both accessibility to the share and its liquidity.

This proposed modification will involve the par value of the shares being divided by three, changing from 45.75 euros per share to 15.25 euros per share, with each former share being converted to three new shares. Following this operation, the authorized stock will comprise 9 566 979 shares, three times as many as before, with a value of 15.25 euros per share, with the total value standing unchanged at 145 896 429.75 euros.

■ Authorization to proceed with a public stock issue

During the course of the Joint General and Extraordinary Meeting of December 7th 2004, a number of resolutions were made to authorize the Board to proceed, if relevant, with the issue of bonds or other assimilated debt securities, and also to issue shares, various securities and/or stock purchase warrants with the retention or removal of pre-emptive rights; these securities may be issued alone or in conjunction with the bonds or other aforementioned assimilated debt securities. This authorization had been granted for a period of eighteen months.

In compliance with article L225-100 of the French Commercial Code, we inform you that Board of Directors did not exercise this authorization during the fiscal year 2004-2005.

However, we propose that, in order to remain attentive to market reactivity and opportunities which might come up as part of any development projects for Vilmorin Clause & Cie, these authorizations be renewed for a period of eighteen months, in accordance with the following provisions:

- 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 75 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 articles of association, and may also:

- > determine the period or periods of issue,
- > determine the issue currency and the par value of the loan,
- > fix the terms and conditions of the bonds and/or debt securities to issue, and in particular: their par value, their issue price, their fixed and/or variable rates of interest, and the payment dates, their fixed or variable 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, of various securities and/or stock purchase warrants with the retention or removal of pre-emptive rights

We request that you grant full powers to your Board of Directors to take decisions to proceed in one or several operations, with the issue of shares, various securities and/or stock purchase warrants with the retention or removal of pre-emptive rights; such issues in particular will be subject to the following conditions and provisions:

> each share issue for the company will involve a maximum par value of 75 million euros, to which should be added, where appropriate, the par value of shares to be issued in order to preserve, in compliance with legal provisions, the rights of bearers of securities which grant rights to shares,

> each issue of securities other than shares, but which provides access to the stock, must not exceed 75 million euros, or the counter value of this sum if the issue is in a foreign currency or a unit of account fixed in reference to several currencies,

> in cases where pre-emptive rights are removed, the Board of Directors may grant the shareholders a priority period, in accordance with the duration and conditions it fixes, to apply for securities without creating negotiable, transferable and assignable rights,

> the issue price of the bonds issued alone must be such that, for each share created, the sum of this price and the price of the exercise of each bond is at least equal to 105% of the average of the opening rates of the former shares recorded for the previous three trading sessions preceding the date it was fixed, and where appropriate, with a maximum discount of 5%,

> in cases where shares are distributed at no cost:

- the shares allocated by virtue of former shares which benefit from double voting rights will benefit from this right,
- broken lots are non-negotiable and the corresponding shares must be sold.

Moreover, the Board of Directors can make use of the authorizations granted in the following conditions:

> in order to remunerate securities which are made available to your company within the framework of an exchange offer

concerning securities which meet the conditions fixed by article L225-148 of the French Commercial Code,

> in order to proceed with the issue of securities, in cases where one of the subsidiaries, for which your company holds directly or indirectly more than half the stock, issues securities giving access to the stock of your company.

The application of this delegation is laid down in the ordinary and extraordinary resolutions submitted for your approval along with the special report of your Statutory Auditors.

- Stock increase reserved for employees

We inform you that, in accordance with the provisions of article L225-129-6 of the French Commercial Code, for any decision 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 savings scheme or a group savings scheme.

This project is presented to you in the twelfth resolution you will be required to vote on.

The provisions laid down by this legislation do not appear to be relevant to the specific situation of our group, and the Board of Directors, on this occasion, is not expressing any voting recommendations, leaving the decision up to the free appreciation of each shareholder.

■ 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 regulation n° 99-02 of the Committee for Accounting Regulations.

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

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

Consolidated financial statements

Consolidated income statement / Fiscal year 2004-2005

In millions of euros	Notes	Variation %	04-05	03-04	02-03
Pre-tax total sales	1-3-4	+ 1.2	498.0	492.2	434.5
Cost of goods sold			- 157.7	- 168.1	- 148.2
Gross margin		+ 5.0	340.3	324.1	286.3
Other operating income	5		6.4	9.9	6.9
Operating resources		+ 3.8	346.7	334.0	293.2
Personnel costs	6		- 133.4	- 131.6	- 114.2
Other operating expenses	7		- 138.1	- 130.9	- 116.0
Taxes			- 5.3	- 5.2	- 4.3
Amortization, depreciation and provisions allowance	8		- 40.6	- 38.2	- 33.0
Amortization, depreciation and provisions write back	8		22.5	22.6	20.7
Operating profits	1-3	+ 2.2	51.8	50.7	46.4
Financial income	9		5.1	6.5	4.6
Financial expenses	9		- 8.3	- 9.2	- 9.9
Profit on ordinary activities for integrated companies	1	+ 1.3	48.6	48.0	41.1
Extraordinary income	10		10.5	10.9	3.2
Extraordinary expenses	10		- 12.6	- 10.9	- 7.1
Income tax	11		- 11.0	- 15.8	- 12.1
Net profit for integrated companies	1	+ 10.2	35.5	32.2	25.1
Results of companies consolidated under equity method	12		0.9	1.1	- 0.1
Amortization of goodwill			- 1.0	- 1.7	- 0.5
Net consolidated profit	1	+ 12.0	35.4	31.6	24.5
Minority share			2.4	1.4	1.2
Net profit for the group share		+ 9.3	33.0	30.2	23.3

In euros	04-05	03-04
Earnings per share	10.34	9.48
Diluted earnings per share (1)	10.33	9.43

(1) After exercising the financial instruments issued as described in Note 23.

Consolidated balance sheet on June 30th 2005 / Assets

In millions of euros	Notes	06.30.05	06.30.04	06.30.03
Acquisition goodwill	13	19.4	19.3	9.4
- Amortization		- 6.1	- 5.3	- 3.8
		13.3	14.0	5.6
Intangible fixed assets	14	125.5	120.6	98.9
- Amortization and provisions		- 19.5	- 17.2	- 13.2
		106.0	103.4	85.7
Tangible fixed assets	15	198.6	184.0	152.7
- Amortization and provisions		- 127.4	- 117.5	- 97.6
		71.2	66.5	55.1
Financial assets	16	20.0	20.0	40.5
- Provisions		- 3.3	- 3.8	- 2.6
		16.7	16.2	37.9
Equity shares	16	6.6	4.2	1.9
Fixed assets		213.8	204.3	186.2
Inventories	17	199.9	173.0	142.4
- Provisions		- 31.5	- 27.2	- 18.6
		168.4	145.8	123.8
Trade receivables	18	138.8	119.8	103.5
- Provisions		- 6.6	- 6.6	- 5.2
		132.2	113.2	98.3
Other receivables and accruals	19	71.4	68.8	82.1
- Provisions		-	-	- 0.1
		71.4	68.8	82.0
Securities invested	20	27.2	16.1	1.0
Cash and bank in hand		32.6	34.5	12.7
Current assets		431.8	378.4	317.8
Total assets		645.6	582.7	504.0
Guarantees received	28	0.1	0.1	0.1

Consolidated balance sheet on June 30th 2005 / Liabilities

In millions of euros	Notes	06.30.05	06.30.04	06.30.03
Equity – Group share	21	298.3	278.3	267.7
<i>Share capital</i>		145.9	145.9	145.9
<i>Premiums</i>		29.3	29.3	29.3
<i>Consolidated reserves and income</i>		124.7	107.3	89.8
<i>Others</i>		- 1.6	- 4.2	2.7
Minority interests	22	45.3	37.7	18.9
Consolidated equity		343.6	316.0	286.6
Non redeemable funds and assimilated		-	-	-
Provisions for liabilities and charges	24	28.2	23.1	17.2
Loans and financial debts	25	129.1	119.1	93.5
Accounts payable	26	71.5	50.7	49.0
Other liabilities and accruals	27	73.2	73.8	57.7
Total debts		273.8	243.6	200.2
Total liabilities		645.6	582.7	504.0
Commitments and contingencies	28	24.8	26.3	25.1

Consolidated cash-flow statement

In millions of euros	04-05	03-04	02-03
1 – Trading operations			
Income for the year	35.4	31.6	24.5
Depreciation and provisions	15.9	15.7	13.6
Amortization of acquisition goodwill	1.0	1.7	0.5
Results of companies consolidated under equity method after dividends	- 0.9	- 0.8	0.1
Deferred tax	- 2.0	- 1.8	- 2.5
Income from capital operations	- 4.8	- 3.0	0.6
Cash-flow	44.6	43.4	36.8
Variation in working capital needs with comparable scope			
> Inventory	- 15.6	10.9	1.8
> Trade debts	- 9.6	4.7	8.5
> Short term debts	8.6	- 1.6	- 3.7
Cash-flow related to trading operations	28.0	57.4	43.4
2 – Investment operations			
Sale of fixed assets	6.9	5.2	0.1
Acquisition of fixed assets			
> Intangible fixed assets	- 1.8	- 1.0	- 4.4
> Tangible fixed assets	- 12.0	- 11.7	- 11.8
> Financial assets	- 4.0	- 5.1	- 0.1
> Cost spread over several financial years	- 0.2	- 1.3	- 2.7
Variation in scope - acquisitions (1)	- 2.7	- 20.8	- 0.1
Variation in scope - sales (1)	-	-	1.6
Variation in loans recorded as fixed assets	2.2	3.0	0.6
Impact of cash-flow variation	1.7	- 0.8	0.6
Cash-flow related to investments	- 9.9	- 32.5	- 16.2
3 – Funding operations			
Variation in shareholders' equity	-	-	0.1
Variation in financial debts	1.9	14.8	9.6
Distribution of dividends	- 15.0	- 13.0	- 10.3
Impact of cash-flow variation	-	-	-
Cash-flow related to financial operations	- 13.1	1.8	- 0.6
4 – Incidence of exchange rate variations	2.4	- 4.5	- 9.7
5 – Cash and bank variation	7.4	22.2	16.9
6 – Opening cash position (2)	79.4	57.2	40.3
7 – Ending cash position (2)	86.8	79.4	57.2

(1) Net of cash coming in or going out.

(2) Including advance cash payments recorded in "Other receivables".

NOTES TO THE CONSOLIDATED ACCOUNTS ON JUNE 30th 2005

I - CONSOLIDATION METHODS AND PRINCIPLES

The consolidated accounts for June 30th 2005 have been drawn up in accordance with the decree of June 22nd 1999 probating regulation n° 99-02 of the French Committee for Accounting Regulations.

A. Scope and consolidation method

The company Vilmorin Clause & Cie is held by:

Different companies belonging to Groupe Limagrain	
(Groupe Limagrain Holding, Société Coopérative Agricole Limagrain, Sélia)	70.50 %
General public	29.40 %
Internally held shares	0.10 %

■ Consolidation scope

Vilmorin Clause & Cie's consolidation scope includes the accounts of the following companies:

Company	Country	% Voting rights	% Conso- Financial control method	
Alliance Semillas	Chile	51.00	48.12	IG
Alliance Semillas de Argentina	Argentina	100.00	94.35	IG
American Bio Corporation (ABC)	United States	100.00	100.00	IG
Anadolu	Turkey	47.48	44.78	EQ
Asamia Cold Storage Ltd	Israel	100.00	54.80	IG
BioSeeds	Netherlands	20.00	20.00	EQ
Biotech Mah Management	Israel	50.00	27.40	IP
Carl Sperling & Co	Germany	100.00	77.18	IG
Clause Harris Moran Tezier (CHMT)	South Africa	50.00	47.18	IP
Clause Tezier Australia	Australia	100.00	100.00	IG
Clause Tezier India	India	100.00	99.97	IG
Clause Tezier do Brazil	Brazil	100.00	99.97	IG
Clause Tezier Iberica	Spain	100.00	99.97	IG
Clause Tezier Italia	Italy	100.00	99.97	IG
Clause Tezier	France	99.97	99.97	IG
Cnos Vilmorin Sp. Z o.o.	Poland	51.00	39.36	IG
Cyonie Re	Luxembourg	50.00	50.00	IP
Ferry Morse	United States	100.00	100.00	IG

Flora Frey GmbH	Germany	77.18	77.18	IG
Flora Geissler	Switzerland	100.00	77.18	IG
Groupe Limagrain Luxembourg	Luxembourg	50.00	50.00	IP
Harris Moran Seeds	United States	100.00	94.35	IG
Hazera Canarias	Spain	100.00	54.80	IG
Hazera Espana	Spain	100.00	54.80	IG
Hazera Genetics Ltd	Israel	54.80	54.80	IG
Hazera Holding International Bv	Netherlands	100.00	54.80	IG
Hazera Mauritius Ltd	Mauritius	100.00	54.80	IG
Hazera Seeds Inc	United States	100.00	54.80	IG
Hazera Tohumculuk ve Ticaret As	Turkey	99.99	54.80	IG
Henderson Seeds JV	Australia	50.65	50.65	IG
Kyowa Seed	Japan	59.03	59.03	IG
Marco Polo Seed Nusantara	Indonesia	90.00	90.00	IG
Marco Polo Seed Thailand	Thailand	100.00	100.00	IG
Nickerson Zwaan Bv	Netherlands	100.00	94.31	IG
Nickerson Zwaan GmbH	Germany	100.00	94.31	IG
Nickerson Zwaan India	India	99.85	94.31	IG
Nickerson Zwaan Ltd	United Kingdom	100.00	94.31	IG
Nickerson Zwaan Sp. Z o.o.	Poland	100.00	94.31	IG
Oxadis	France	99.99	99.99	IG
Oxadis Srl	Italy	99.00	98.99	IG
Plant Development Australia	Australia	100.00	100.00	IG
Semillas Harris Moran	Mexico	100.00	94.35	IG
Sperling GmbH	Germany	100.00	77.18	IG
Suttons	United Kingdom	100.00	100.00	IG
Top Green	France	50.00	50.00	IP
Van Den Berg	Netherlands	80.00	80.00	IG
VCC Seeds Ltd	Israel	100.00	100.00	IG
Vilmorin	France	99.96	94.31	IG
Vilmorin Clause & Cie	France	100.00	100.00	IG
Vilmorin Iberica	Spain	99.78	94.10	IG
Vilmorin Inc	United States	100.00	100.00	IG
Vilmorin Italia	Italy	100.00	94.37	IG

> IG: Global integration

> EQ: Equity method

> IP: Proportional integration

- Variation in scope

The following changes occurred:

Entry into the consolidation scope

> Through the creation of a company:

Clause Tézier Australia.

Exit from the consolidation scope

> Company no longer in business:

Triagro.

The company Kyowa Seed was consolidated using proportional consolidation until March 31st 2005, and then by global integration as from this date, following the acquisition of a majority stake in the company.

Mikado was not consolidated as the group does not have significant influence in this company.

■ Consolidation methods

Most companies in the group close their accounts on June 30th. Consequently, consolidation was based on the accounts closed on this date. For companies that close on a different date, an intermediate statement was made on June 30th.

Consolidation was applied according to the following rules:

By Global Integration for companies under the exclusive control of Vilmorin Clause & Cie. Exclusive control is the result of:

- > the direct or indirect ownership of the majority of the voting rights,
- > or the designation, for two successive years, of the majority of the members of the board, the management or supervision,
- > or the possibility to exert decisive influence.

By Proportional Integration for companies under joint control with a limited number of partners from outside the group.

By the Equity Method for companies in which Vilmorin Clause & Cie exerts significant influence; this is considered to be the case where it holds at least 20% of the capital.

Non-consolidated participations are entered in the line "Financial fixed assets" for the amount paid, after deduction of any provisions.

Calculating the earnings per share: the diluted earnings per share are calculated taking into account the exercise of all possible rights for the dilutive instruments as described in Note 23, and in accordance with the share buy-back method.

B. Accounting methods and principles

The accounting methods and principles used to draw up the consolidated financial statements are as follows:

- Intangible and tangible fixed assets

These are shown at cost of acquisition or production.

Intangible assets corresponding to purchased business goodwill or to genetic material bought or created are not amortized.

Brand values are fixed in accordance with the principles set out in Note 14.

The costs of developing new proprietary varieties are amortized over periods between five and ten years, and provisions are made when the usage value of genetic material is less than net book value, in accordance with the procedure set out in Note 14.

Costs in relation to follow-up research and development programs are directly accounted for as operating expenses.

Expenses in relation to the start up of new research programs can be recorded as fixed assets if there is a realistic chance of technical and commercial success. In such cases, amortization commences as soon as they are marketed. Provisions for depreciation may be set up if specific risks become apparent.

Depreciation of tangible fixed assets is calculated using the straight-line method with expected assets lives, which correspond to those in general use in the industry:

> Buildings and specialized complex installations	10 to 20 years
> Plant and machinery, industrial tools	5 to 10 years
> Other tangible assets (vehicles and office equipment)	5 to 10 years

- Financial assets

Gross value represents acquisition cost.

The book value of the stock is based upon the activity, the results and the perspectives of the subsidiaries. Where necessary, provisions are made to take into account the value of the participation and the proportion of the equity held.

- Inventories

These are valued at gross value excluding financial and any under-activity expenses.

A provision is made when cost as defined above exceeds expected net realizable value, in order to account for the following risks:

- > sale price is less than market value
- > expected future market conditions
- > poor quality of seeds (mainly poor germination or sanitary problems)

- Receivables

Receivables are valued at their nominal value. Provisions are made when book value exceeds current value.

- Foreign currency transactions

Income and expenses denominated in foreign currency are recorded using the exchange rate at the date of the operation. Amounts receivable or payable in foreign currency are converted into euros using the closing rate for the year, or the cover rate, as appropriate.

- Preferential methods

Vilmorin Clause & Cie uses the following preferential methods as recommended by regulation N° 99-02:

- > recording end of career benefits in provisions for liabilities and charges,
- > restatement of real estate leases,
- > amortization of the issue costs and redemption premiums for bond loans over their full duration,
- > direct recording in the result of any foreign currency fluctuations for receivables and payables.

C. Consolidation methods and principles

Before consolidation, the annual financial statements of individual companies are subject to the following restatements:

- Fiscal provisions

Fiscal provisions subject to legal provisions and investment grants have been restated either in the reserves or, with regard to any variations, in the result.

- Deferred taxes

Deferred taxes have been accounted for using the variable carry forward method with respect to all temporal variations. The following have been taken into account for this purpose:

- > purchase price discrepancy, with the exception of intangible assets, which generally cannot be amortized and which could not be sold independently of the company itself,

> timing differences and other consolidation restatements causing discrepancies between an accounting and a fiscal analysis (legal provisions, investment subsidies, leasing agreements, margin on inventory, income from the sale of assets within the group, end of career benefits, etc.).

For each company, or for each fiscal integration scope, depending on the case, an active or passive deferred tax position is determined:

- > the net active position is only maintained where the profitability of the companies concerned appears sufficiently ongoing,
- > the net passive position can, in certain circumstances, be reduced by the amounts of any fiscal deficits deferred if such compensation appears reasonable,
- > deferred tax assets related to tax losses are not accounted for except in exceptional and justifiable cases.

- Tangible assets

Tangible assets are amortized in accordance with homogeneous plans laid down within Vilmorin Clause & Cie. In the case of significant discrepancies, the appropriate restatements are made.

- Purchase price discrepancies

Purchase price discrepancies are appropriated at their real value, where this can be identified, to the appropriate lines of the balance sheet, and amortized in accordance with the economic life fixed in each case. The balance is recorded in the line "Acquisition goodwill".

Consolidated acquisition goodwill is recorded in the assets of the consolidated balance sheet when the Group's share of equity is lower than the value of the shares. Otherwise, it is recorded in the liabilities of the balance sheet in the line "Provisions for liabilities and charges".

Acquisition goodwill is amortized or written back as appropriate. The duration for amortization is generally twenty years, and for the goodwill written back the duration is three to five years; this duration can be modified depending on the economic appreciation for each company.

The main acquisition and selling operations with a significant impact on the situation of Vilmorin Clause & Cie are set out in the notes.

- The accounts of non-French companies

The accounts of non-French companies have been converted into euros on the following basis:

- > for the balance sheet: at the exchange rate of close date June 30th 2005,
- > for the income statement: at the average rate for the fiscal period.

Any differential resulting from this conversion method appears in the reserve accounts of the balance sheet.

- Finally, the following eliminations and restatements were made, as necessary for consolidations:

- > internal group transactions and reciprocal accounts have been eliminated,
- > dividends paid between consolidated companies have been restated,
- > allowances and write-back on provisions for shares concerning consolidated companies have been restated,
- > internal margins on inventory have been eliminated,
- > capital gains on internal sales have been eliminated.

D. Changes in methods

Accrued costs incurred for lump sums paid out to accompany seniority recognition schemes (e.g. work medals in France) are now accounted for (cf Notes 21 and 24).

II - NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Note I - Comparability of the income statements

In millions of euros	Variation %	04-05 pro-forma	03-04 pro-forma	02-03 pro-forma
Sales	+ 2.5	506.7	494.2	475.5
Operating income	+ 1.8	51.7	50.8	50.0
Financial result	-	- 3.2	- 2.6	- 4.6
Profit on ordinary activities for integrated companies	+ 0.6	48.5	48.2	45.4
Extraordinary result	-	- 1.7	-	- 3.8
Income tax	-	- 11.0	- 15.8	- 12.5
Net profit for integrated companies	+ 11.0	35.8	32.4	29.1
Results of companies consolidated under equity method	-	0.9	1.1	0.5
Amortization of acquisition goodwill	-	- 1.0	- 1.7	- 0.8
Total consolidated net profit	+ 12.3	35.7	31.8	28.8

> For these three fiscal years, the pro-forma results were obtained by applying exchange rates for the year 2003-2004 in order to neutralize the impact of foreign exchange fluctuations.

> The companies that entered the scope during the fiscal year 2003-2004 have been added to 2002-2003, namely: Anadolu, Marco Polo Seed Thailand, Cylonie Re and Groupe Limagrain Luxembourg, Nickerson Zwaan India, VCC Seeds Ltd, Carl Sperling and Co and Sperling GmbH, all the Hazera group.

> The company that entered the scope during the fiscal year 2004-2005 has been added to the two previous fiscal years, namely: Clause Tézier Australia.

> Triagro, a company that left the Group in 2004-2005, has been neutralized over the two previous fiscal years.

> Crozilène, a company that left the Group in 2003-2004, was neutralized over 2002-2003.

Note 2 - Information concerning variations in the consolidation scope

During the course of the fiscal year, there were various changes in the consolidation scope. Significant information concerning these transactions had the following consequences:

■ Entries in the scope

Company	Kyowa Seed
Date of entry in the scope	(a)
% acquired	
> Over the fiscal year	19.02
> Previously	40.01
Consolidation method adopted	IG (1)
Acquisition price of the shares	
> Over the fiscal year	2.7
Repercussions on balance sheet	
> Fixed assets	6.0
> Working capital needs	9.0
> Provisions for liabilities and charges	- 2.0
> Net indebtedness / cash	- 5.1
> Minority interests	- 5.4
> Acquired shareholders equity	2.5
Positive acquisition goodwill	0.2

(1) IG: Global intégration

- Further information

(a) The company Kyowa Seed was previously consolidated using the proportional integration method. On March 31st 2005, the group took majority control after purchasing a further 19.02% of the stock.

Consequently, Kyowa Seed is now consolidated using the global integration method. Elements of the income statement were consolidated by proportional integration for the first nine months of the fiscal year, and by global integration for the final three months.

■ Other variations in scope

The other variations in scope did not have any significant impact on the consolidated financial statements of the Vilmorin Clause & Cie group. They concern the following operations:

Company	Date	% held	Consolidation method	Reason for exit
Entry into the scope:				
Clause Tézier Australia	07.01.04	100	IG (1)	-
Exit from the scope:				
Triagro	07.01.04	25	EQ (2)	NB (3)

(1) IG: Global integration

(2) EQ: Equity method

(3) NB: No business

Note 3 - Sectorial information

In compliance with regulation N° 99-02, we show the break-down of sectorial information into business sectors and geographic area.

■ Information concerning each business sector

In millions of euros	Holdings	Professional Division	Home Garden Division	Total
Sales				
04-05	-	301.8	196.2	498.0
03-04	-	292.5	199.7	492.2
Operating income				
04-05	- 2.4	46.4	7.8	51.8
03-04	- 1.8	42.9	9.6	50.7
Net fixed assets				
04-05	12.0	172.5	29.3	213.8
03-04	10.7	162.7	30.9	204.3

■ Information on each geographic zone

In millions of euros	Europe	North America	Asia / Pacific	Others	Total
Sales					
04-05	329.9	96.7	59.2	12.2	498.0
03-04	335.4	93.0	53.1	10.7	492.2
Operating income					
04-05	40.9	3.3	6.2	1.4	51.8
03-04	45.6	2.3	1.9	0.9	50.7
Net assets					
06.30.05	134.0	32.0	47.2	0.6	213.8
06.30.04	130.4	32.6	40.7	0.6	204.3

Note 4 - Sales

■ Analysis by nature

In millions of euros	04-05	03-04	02-03
Goods and finished products	494.3	488.3	429.8
Services	3.7	3.9	4.7
Total	498.0	492.2	434.5

■ Analysis by geographic area

This analysis concerns finished goods and goods for resale.

In millions of euros	04-05	03-04	02-03
France	148.3	152.6	154.2
Non-France	346.0	335.7	275.6
European Union	132.6	146.1	121.9
Other European countries	22.3	8.9	16.5
North America	88.5	86.1	72.8
Central and South America	17.4	15.1	9.9
Asia, Oceania, Middle and Far East	67.0 (1)	59.6	43.9
Africa and Other countries	18.2	19.9	10.6
Total	494.3	488.3	429.8

(1) Including Japan 25.0 and Israel 9.6.

■ Analysis by product

In millions of euros	04-05	03-04	02-03
Forage and lawn seeds	22.5	25.6	15.9
Vegetable/flower seeds and young plants	390.7	383.1	325.5
Straw cereal seeds	4.7	4.2	-
Other seeds	2.8	1.0	0.1
Other products	73.6	74.4	88.3
Total	494.3	488.3	429.8

■ Sales at constant exchange rates

At constant exchange rates, the sales for goods and finished products would be 503.1 million euros, namely an increase of 3%.

Note 5 - Other operating income

In millions of euros	04-05	03-04	02-03
Operating subsidies	0.4	0.4	0.4
Transfer of operating expenses	2.5	6.5	5.3
Other income	3.2	2.7	1.1
Royalties for proprietary variety concessions patents and brands	0.3	0.3	0.1
Total	6.4	9.9	6.9

• Further information

The royalties received mainly concern income from proprietary variety concessions.

The line "Other products" includes 1.6 million euros corresponding to the retrocession of insurance premiums for the benefit of the company Cylonic Re as part of the reinsurance program.

Note 6 - Personnel costs

In millions of euros	04-05	03-04	02-03
Gross salaries	94.5	94.6	82.5
Social charges	35.5	33.6	29.0
Legal profit-sharing	3.4	3.4	2.7
Total	133.4	131.6	114.2

■ Information on the personnel

• Average annual headcount

ANALYSIS FRANCE/NON-FRANCE

	04-05	03-04	02-03
France	1 350	1 363	1 368
Non-France	1 715	1 666	1 418
Total	3 065	3 029	2 786

ANALYSIS BY EMPLOYEE STATUS

	04-05	03-04	02-03
Management	729	733	628
Non-Management	2 336	2 296	2 158
Total	3 065	3 029	2 786

- Permanent staff

ANALYSIS FRANCE/NON-FRANCE

	04-05	03-04
France	1 189	1 191
Non-France	1 682	1 614
Total	2 871	2 805

ANALYSIS BY EMPLOYEE STATUS

	04-05	03-04
Management	747	756
Non-Management	2 124	2 049
Total	2 871	2 805

ANALYSIS BY FUNCTION

	04-05	03-04
Administration	412	441
Research	545	505
Agronomic production and factory	1 016	997
Sales and marketing	898	862
Total	2 871	2 805

The variation in scope (different consolidation method for Kyowa Seed) is the reason for the extra 50 permanent staff.

Note 7 - Information concerning transactions with affiliated companies

The majority of the company Vilmorin Clause & Cie's stock is held by Groupe Limagrain. Economic relations developed with other companies in this group during the fiscal year are as follows.

RECEIVABLES AND DEBTS ON JUNE 30th 2005

In millions of euros	Assets	Liabilities
Operating receivables and debts	0.4	1.7
Financial receivables and debts	25.0	29.7
Total	25.4	31.4

EXPENSES AND INCOME FOR THE FISCAL YEAR

In millions of euros	Expenses	Income
Purchases and sales of goods	3.5	0.8
Corporate allocations	11.8	-
Other operating expenses and income	2.4	2.3
Financial expenses and income	1.1	1.1
Total	18.8	4.2

Further information

- Corporate allocations

Corporate allocations are billed by Groupe Limagrain to the subsidiaries of Vilmorin Clause & Cie on a proportional basis of budgeted expenses.

Criteria applied homogeneously since the fiscal year 1997-1998 in Groupe Limagrain to calculate the proportion take into account:

For general management services:

- > sales,
- > added value,
- > research and development costs,
- > salary costs.

Each of these criteria is weighted 25% in the global calculations.

For services of a scientific nature:

- > research and development costs,
- > added value.

Each of these criteria is weighted 50% in the global calculations.

The method remained unchanged over the fiscal year, compared to previous years. The total sum of corporate allocations came to 11.8 million euros compared with 10.3 million euros for the previous year.

- Cash flow agreements

Companies in the group have signed agreements with Groupe Limagrain Holding 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 8 - Movements on provisions (operating income)

In millions of euros	04-05		03-04		02-03	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Amortization & depreciation	13.5	-	13.3	0.1	11.9	-
Provisions	27.1	22.5	24.9	22.5	21.1	20.7
Inventory	22.0	18.0	19.1	18.4	17.5	17.7
Debtors	2.3	3.3	3.0	3.0	2.1	2.0
Liabilities and charges	2.8	1.2	2.8	1.1	1.5	1.0
Total	40.6	22.5	38.2	22.6	33.0	20.7

Due to the specific nature of the products, provisions on inventory are, in most cases, fully written back each year, and new provisions made.

Note 9 - Financial result

In millions of euros	04-05		03-04		02-03	
	Expense	Income	Expense	Income	Expense	Income
Dividends received	-	0.1	-	-	-	0.2
Foreign currency fluctuations	1.0	1.9	1.8	3.4	1.1	0.6
Interest and miscellaneous	7.2	2.4	7.2	2.7	7.4	3.1
Movement on provisions	0.1	0.7	0.2	0.4	1.4	0.7
Total	8.3	5.1	9.2	6.5	9.9	4.6

Note 10 - Extraordinary result

In millions of euros	04-05		03-04		02-03	
	Expense	Income	Expense	Income	Expense	Income
Non-capital items	5.7	0.3	3.6	1.4	3.4	0.5
Capital items	3.1	8.0	3.8	6.9	0.8	0.2
Movements on provisions and charge transfers	3.8	2.2	3.5	2.6	2.9	2.5
Total	12.6	10.5	10.9	10.9	7.1	3.2

■ Further information

The extraordinary result includes the following main operations:

In millions of euros	
Dilution profit	1.0
Capital gains on the sale of fixed assets	
<i>Shares</i>	3.9
<i>Tangible and intangible fixed assets</i>	- 0.1
Reorganization programs, social compensation	- 3.6
Sales litigation	- 1.3
Miscellaneous	- 2.0
Total	- 2.1

The incidence of the extraordinary result on income tax is approximately 0.4 million euros (income).

The proportion of minorities in the extraordinary result represents -1.1 million euros.

Note 11 - Income tax

In millions of euros	04-05	03-04	02-03
Income tax	13.0	17.6	14.6
<i>Tax</i>	<i>14.2</i>	<i>17.9</i>	<i>14.7</i>
<i>Tax relief</i>	<i>- 1.2</i>	<i>- 0.3</i>	<i>- 0.1</i>
Deferred taxation	- 2.0	- 1.8	- 2.5
Total	11.0	15.8	12.1

■ Further information

- Comparison between tax charges recorded in accounts/theoretical tax charges

As a %	04-05	03-04
Theoretical tax rate	- 33.83 (1)	- 34.33
Non deductible charges and other non taxable profits	0.79	7.97
Non-taxed or partially taxed income – rate differentials	6.76	- 8.41
Tax credits and tax relief	2.65	0.68
True tax rate	- 23.63	- 34.09

(1) 33.33% plus the extra contribution of 1.5% (as opposed to 3% the previous fiscal year).

- Information on tax losses

The group's situation for tax losses is as follows:

In millions of euros	Total deficits		Usable deficits	
	France	Other	France	Other
Deficits carried forward indefinitely	-	2.8	-	2.8
Deficits with limited carry forward	-	2.7	-	2.7
Long-term capital losses	8.9	-	-	-
Total	8.9	5.5	-	5.5

Deferred tax debits corresponding to the total deficits, and not recorded in the accounts, amount to 1.9 million euros.

Since July 1st 2000, the company Vilmorin Clause & Cie has been at the head of a fiscal integration group including the companies Clause Tézier SA and Oxadis SA.

Note 12 - Results of companies consolidated under equity method

In millions of euros	04-05	03-04	02-03
BioSeeds	0.2	0.5	- 0.05
Anadolu	0.7	0.6	-
Crozilène	-	-	- 0.05
Total	0.9	1.1	- 0.1

Note 13 - Acquisition goodwill

■ Gross

In millions of euros	
Total on 06.30.04	19.3
Scope exits	- 0.1
Variations in scope	0.2
Currency fluctuations	-
Total on 06.30.05	19.4

■ Amortization

In millions of euros	
Total on 06.30.04	5.3
Amortization	0.9
Scope exits	- 0.1
Currency fluctuations	-
Total on 06.30.05	6.1

■ Further information

> Acquisition goodwill is amortized over twenty years.

> The breakdown of acquisition goodwill for each company is as follows:

	Gross	Amortization	Net
Alliance Semillas de Argentina	0.2	- 0.1	0.1
BioSeeds	- 0.4	0.2	- 0.2
Carl Sperling and Co	1.6	- 0.1	1.5
Clause Tézier and its subsidiaries	5.5	- 2.5	3.0
Cylonie	1.0	- 0.1	0.9
Flora Frey GmbH	1.3	- 1.3	-
Harris Moran Seeds	2.2	- 1.4	0.8
Hazera Genetics Ltd	5.1	- 0.5	4.6
Hazera Espana	0.1	-	0.1
Henderson Seeds JV	0.2	- 0.1	0.1
Kyowa Seed	0.2	-	0.2
Nickerson Zwaan Ltd	- 0.2	0.1	- 0.1
CH Van den Berg BV	0.2	-	0.2
Vilmorin	2.4	- 0.3	2.1
Total	19.4	- 6.1	13.3

> The increase in acquisition goodwill from variation in scope is exclusively due to the change in consolidation method for the company Kyowa Seed.

Note 14 - Intangible fixed assets

■ Gross

In millions of euros	06.30.04	Acquisitions	Exits	Reallocation	Variation of scope	Currency fluctuation	06.30.05
Start-up costs	0.1	-	-	-	-	-	0.1
Concessions, patents, licenses	59.5	1.6	-	- 0.2	0.2	-	61.1
Business goodwill	6.7	-	-	-	-	-	6.7
Other intangible fixed assets	54.0	0.1	-	0.2	2.9	-	57.2
Pre-payments	0.3	0.1	-	-	-	-	0.4
Total	120.6	1.8	-	-	3.1	-	125.5

■ Amortization

In millions of euros	06.30.04	Amortization	Exits	Reallocation	Variation of scope	Currency fluctuation	06.30.05
Start-up costs	-	-	-	-	-	-	-
Concessions, patents and licenses	12.8	1.6	-	- 0.1	0.2	-	14.5
Business goodwill	1.9	-	-	-	-	-	1.9
Other intangible fixed assets	2.5	0.5	-	0.1	-	-	3.1
Total	17.2	2.1	-	-	0.2	-	19.5

■ Further information

Variations in scope correspond to the change in consolidation method for the company Kyowa Seed.

- The line "Concessions, patents, licenses"

mainly includes the value given to brands, patents and licenses for the following companies:

In millions of euros	Gross	Amortization and provisions	Net
Main brands (1)	40.0	-	40.0
Main patents and licenses			
Vilmorin	3.4	- 3.4	-
Clause Tézier	3.7	- 3.7	-
Others (mainly software)	14.0	- 7.4	6.6
Total	61.1	- 14.5	46.6

(1) BREAKDOWN OF THE MAIN BRANDS

Companies	Brands	Values in M€
Vilmorin	Vilmorin	11.0
Clause Tézier		16.5
	including Clause	7.6
	Tézier	2.5
	Vita	6.4
Oxadis		3.3
	including Abondance	1.8
	Tyrol	0.9
	Aimé	0.6
Suttons	Suttons	2.2
Harris Moran Seeds	Harris Moran	5.2
Sperling GmbH	Sperling	1.8

Brands are valued according to criteria of profitability and reputation compared with competing brands, and for a planned period of 10 years. If this estimate drops below book value, then provisions are made.

Plant breeds in the line "Patents and licenses" are fully amortized.

- The line "Other intangible fixed assets"

includes basic germplasm comprising all the plant material which can be used to create new varieties.

The balance sheet value corresponds to the historical values appearing in the accounts of the subsidiaries and also to the difference in the value of the balance sheet when the companies Clause Semences, Nickerson Zwaan BV and Hazera were acquired. Provisions are made when these values rise above three years of research costs.

- Analysis by currency

The main germplasm is as follows:

In millions of euros	Net value in M€
Clause Tézier	12.1
Harris Moran Seeds	7.4
Hazera	16.9
Kyowa Seed	4.8
Henderson Seeds JV	2.1
Nickerson Zwaan BV	5.4
Vilmorin	3.2
Total	51.9

- Research and development costs

directly included in operating expenses amount to 37.3 million euros as opposed to 36.0 million euros en 2003-2004. Like-for-like, the increase comes to 3.6%.

In millions of euros	Totals on 06.30.05			Totals on 06.30.04
	Gross	Amortization and provisions	Net	Net
Euro	81.0	- 16.3	64.7	66.0
US dollar	14.0	- 0.5	13.5	13.4
Pound sterling	2.9	- 0.7	2.2	2.2
Yen	5.7	- 0.3	5.4	2.0
Australian dollar	2.2	-	2.2	2.0
Shekel	19.0	- 1.5	17.5	17.3
Other currencies	0.7	- 0.2	0.5	0.5
Total	125.5	- 19.5	106.0	103.4

Note 15 - Tangible fixed assets

■ Gross

In millions of euros	06.30.04	Acquisitions	Exits	Reallocation	Variation of scope	Currency fluctuation	06.30.05
Land	7.8	0.1	- 0.6	1.3	1.7	-	10.3
Buildings	65.7	1.9	- 0.2	2.3	2.5	-	72.2
Plant and equipment	81.2	3.2	- 1.3	2.0	0.9	0.1	86.1
Other tangible assets	23.2	1.7	- 1.4	1.8	0.6	-	25.9
In progress	6.0	5.0	-	- 7.0	-	-	4.0
Payments and accounts	0.1	0.1	- 0.1	-	-	-	0.1
Total	184.0	12.0	- 3.6	0.4	5.7	0.1	198.6

■ Depreciation

In millions of euros	06.30.04	Depre- ciation	Exits	Realloca- tion	Variation of scope	Currency fluctuation	06.30.05
Land	0.6	0.1	- 0.1	0.2	-	-	0.8
Buildings	38.2	2.5	- 0.1	- 0.2	1.8	-	42.2
Plant and equipment	60.5	4.8	- 1.2	- 0.2	0.7	0.1	64.7
Other tangible fixed assets	18.2	1.7	- 1.3	0.6	0.5	-	19.7
Total	117.5	9.1	- 2.7	0.4	3.0	0.1	127.4

■ Further information

- Fixed assets under leasehold are as follows:

In millions of euros	Gross	Depre- ciation	Net
Land	0.1	-	0.1
Buildings	0.9	- 0.7	0.2
Plant and equipment	0.6	- 0.3	0.3
Total	1.6	- 1.0	0.6

- Flora-Frey GmbH long-term lease

The company Flora Frey GmbH works from premises in Solingen. The original operation was conducted through a specialized company which signed a long-term lease with Flora Frey, with the following characteristics:

- > date of effect: July 1st 1996,
- > duration: 20 years,
- > possibility to substitute a new tenant at any time with the agreement of the owner,
- > possibility for the tenant to purchase at the end of the lease for 30% of the initial investment,
- > the total amount of the investment made by the owner is 15.4 million euros including 1.5 million euros for the land,
- > the annual rent is 1.2 million euros and can be periodically revised in proportion to interest rates.

- Variations in scope

These correspond to the change in consolidation method for Kyowa Seed.

- Analysis by currency of the tangible fixed assets

In millions of euros	Gross	06.30.05 Depre- ciation and pro- visions	Net	06.30.04 Net
Euro	116.8	- 77.5	39.3	36.9
US dollar	38.6	- 22.3	16.3	15.9
Pound sterling	7.1	- 5.5	1.6	1.8
Yen	9.4	- 4.9	4.5	1.8
Australian dollar	0.7	- 0.5	0.2	0.2
Shekel	23.0	- 15.1	7.9	8.8
Other currencies	3.0	- 1.6	1.4	1.1
Total	198.6	- 127.4	71.2	66.5

Note 16 - Financial fixed assets

■ Gross

In millions of euros	06.30.04	Acquisitions	Quota of result 04-05	Exits	Variation of scope	Currency fluctuation	Distribution of dividends	Reallocation	06.30.05
Shares in non-consolidated companies	4.6	-	-	- 0.2	-	-	-	-	4.4
Other receivables related to shares in non-consolidated companies	-	0.9	-	-	-	-	-	-	0.9
Other long-term share investments	0.6	-	-	- 0.1	0.2	-	-	-	0.7
Loans	4.1	-	-	- 3.2	-	-	-	-	0.9
Other financial fixed assets	10.7	3.1	-	- 0.9	0.2	-	-	-	13.1
Shares in companies consolidated under the Equity Method	4.2	1.2	0.9	0.1	- 0.4	0.6	-	-	6.6
Total	24.2	5.2	0.9	- 4.3	-	0.6	-	-	26.6

■ Provisions

In millions of euros	06.30.04	Write-back	Variation of scope	06.30.05
Shares in non-consolidated companies	3.1	- 0.1	0.1	3.1
Other fixed financial assets	0.6	- 0.6	-	-
Other long-term share investments	0.1	-	0.1	0.2
Total	3.8	- 0.7	0.2	3.3

■ Further information

- Main shares held in non-consolidated subsidiaries

In millions of euros	% held	Gross	Totals on 06.30.05 Provisions	Net	Equity (1)	Results (1)	Stock market value of securities held
Exelixis (United States)	-	3.4	- 1.8	1.6	-	-	1.5
Mikado (Japan)	20.00	1.2	- 1.2	-	1.7	0.3	-
Others	-	0.5	- 0.3	0.2	-	-	-
Total	-	5.1	- 3.3	1.8	-	-	-

(1) For the last available balance sheet. Conversion of foreign currencies was made on June 30th 2005.

The stake in Exelixis was assessed in accordance with the same rules as for previous years, namely on the basis of the average stock market rate over two hundred days calculated on June 30th 2005. On July 1st 2005, almost all the stake in this company was sold off with slight capital gains.

Provisions for the full amount of the stake held in Mikado were recorded in view of the delicate financial situation of this company, leading to considerable downsizing.

- Shares held in companies consolidated using the equity method

In millions of euros	06.30.04	Variation of scope	Quota of result 04-05	Currency fluctuation	06.30.05
Anadolu	2.2	-	0.7	0.6	3.5
BioSeeds	2.0	0.9	0.2	-	3.1
Total	4.2	0.9	0.9	0.6	6.6

- Loans

In millions of euros	Totals on 06.30.05				Total on 06.30.04
	Total	- 1 year	1 to 5 years	+ 5 years	
Limagrain Genetics Corp	-	-	-	-	0.9
Triagro	-	-	-	-	0.4
Other loans (outside the Group)	0.9	0.2	0.1	0.6	2.8
Total	0.9	0.2	0.1	0.6	4.1

In 1994 ABC, an American subsidiary, made a bond issue of 20 million US dollars with a duration of ten years. Of this total, 7.780 thousand US dollars were allocated to Limagrain Genetics Corp. Interest is invoiced at the rate of LIBOR + 1.15%, providing a margin of 0.35%, until the month of November 2004, when the final installment of the loan was repaid.

- Other financial fixed assets

Other financial fixed assets mainly concern the following items:

- > guarantee deposited for the Group's securitization operations (cf. Note 18): 5.1 million euros,
- > guarantee deposited for the company Cylonie Re (cf. Note 28): 4.5 million euros.

Note 17 - Inventories

In millions of euros	Gross	Totals on 06.30.05 Provisions	Net	Totals on 06.30.04 Net
Raw materials and other supplies	32.3	- 3.4	28.9	25.3
Production in progress	24.6	- 3.9	20.7	20.5
Finished and semi-finished goods	71.2	- 10.0	61.2	49.4
Goods for resale	71.8	- 14.2	57.6	50.6
Total	199.9	- 31.5	168.4	145.8

On June 30th 2005, provisions amounted to 15.8% of the gross value of the inventories as opposed to 15.7% on June 30th 2004.

The change in consolidation method for the company Kyowa Seed is responsible for an increase of 5.7 million euros.

Note 18 - Trade receivables

Evolution of accounts receivable:

In millions of euros	06.30.05	06.30.04
Gross	138.8	119.8
Provisions	- 6.6	- 6.6
Total	132.2	113.2

Within the framework of the agreement on the cash flow of Groupe Limagrain, the company Oxadis has participated in securitization operations it has initiated to convert third party receivables into securities. This securitization consists in the sale of accounts receivable (in accordance with the provisions of the French Dailly law) to a company outside the Group, which finances the operation by issuing negotiable instruments on the American commercial paper market. Recovery from the assignor (Oxadis) is limited to the total amount of the guarantee deposit set up at the time of the sale. Cash freed as a result of these operations is transferred to Groupe Limagrain Holding, the company responsible for cash management in Groupe Limagrain, with a fixed interest margin for Oxadis of 0.18%. These operations are shown as follows in the balance sheet:

In millions of euros	06.30.05	06.30.04
Accounts receivables (trading debts securitized)	25.9	26.0
Other financial fixed assets (guarantee deposit)	5.1	- 5.8
Cash improvement	20.8	20.2

> Almost all accounts receivable are payable in less than one year.

> The change in consolidation method for the company Kyowa Seed is responsible for an increase of 12.9 million of euros.

Note 19 - Other receivables and accruals

In millions of euros	06.30.05	06.30.04
Deferred taxation	8.6	7.0
Other receivables		
> Other receivables	21.5	16.2
> Current account cash advances	27.0	28.8
Gross total	48.5	45.0
Provisions for amortization	-	-
Net total	48.5	45.0
Accruals		
> Prepayments	6.7	7.1
> Deferred payments	7.6	9.7
Total accruals	14.3	16.8
Total	71.4	68.8

■ Further information

> Almost all other receivables are payable in less than one year.

> Current account cash advances include Groupe Limagrain Holding for the centralized cash-flow management it operates. These advances receive interest on the average monthly basis of EONIA + 0.18%.

> The evolution of deferred payments over several years was as follows:

In millions of euros	
Total on 06.30.04	9.7
New expenses	0.2
Amortization for the fiscal year	- 2.3
Currency fluctuations	-
Total on 06.30.05	7.6

> During the course of the fiscal year 2000-2001, Vilmorin Clause & Cie signed an agreement providing unlimited access to different techniques, databases and know-how developed over more than ten years (molecular markers, transgenesis, species mapping, etc.).

The initial irrevocable agreement signed involves the sum of 8 million euros, payable on the basis of a schedule fixed up until 2005; access to all the resources described above is immediate and unlimited. The agreement also involves, for future years, a research agreement to improve existing technologies and to develop new ones.

The signed agreement opens up new favorable economic perspectives for the company, with the possibility, in particular of:

- making considerable savings on manpower and trial plots,
- accelerating the time it takes to bring out and market new varieties,
- optimizing the characteristics of these new varieties, to make them more competitive.

The initial payment (8 million euros) is recorded in deferred payments. The average economic life cycle of varieties is long, generally above ten years; thus the amortization plan is fixed at ten years. This amortization began on July 1st 2001 to respect the date the agreement was signed (end of June 2001).

- > The other deferred payments correspond mainly to:
- new packaging design expenses amortized over a maximum of five years,
 - eviction compensation paid out by the company but covered by the owner in the form of a reduction in rent over the duration of a long-term commercial lease,
 - the implementation of a new information system amortized over a maximum duration of five years.

Note 20 - Securities invested

In millions of euros	06.30.05	06.30.04
Internally held shares	0.4	1.6
Other securities invested	26.8	14.5
Total	27.2	16.1

■ Further information

> Internally held shares represent 3 059 securities on June 30th 2005 at the average unit price of 143.49 euros. Over the fiscal year 9 677 securities were purchased at an average price 139.52 euros and 19 632 securities were sold at an average price of 139.48 euros.

The consolidated value of the Vilmorin Clause & Cie share on June 30th 2005 was 138.00 euros.

> Other securities invested concern mutual funds for cash-flow for which the market value is very close to the book value.

Note 21 - Shareholders' equity – Group share

In millions of euros	Capital	Premiums	Consolidated reserves	Result for the year	Currency fluctuation	Total
Total on 06.30.03	145.9	29.3	66.5	23.3	2.7	267.7
Application of the result	-	-	23.3	- 23.3	-	-
Consolidated result for the fiscal year	-	-	-	30.2	-	30.2
Distributions	-	-	- 12.1	-	-	- 12.1
Currency fluctuation	-	-	- 0.6	-	- 6.9	- 7.5
Total on 06.30.04	145.9	29.3	77.1	30.2	- 4.2	278.3
Application of the result	-	-	30.2	- 30.2	-	-
Consolidated result for the fiscal year	-	-	-	33.0	-	33.0
Distributions	-	-	- 14.6	-	-	- 14.6
Change in method	-	-	- 0.3	-	-	- 0.3
Currency fluctuation	-	-	- 0.7	-	2.6	1.9
Total on 06.30.05	145.9	29.3	91.7	33.0	- 1.6	298.3

■ Further information

> The capital of Vilmorin Clause & Cie comprises 3 188 993 shares each with a par value of 45.75 euros.

> 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.

> Changes in the accounting methods correspond to the recording of accrued costs incurred for lump sums paid out to accompany seniority recognition schemes (e.g. work medals in France).

Note 22 - Minority interests

In millions of euros	Consolidated reserves	Result of the year	Currency fluctuation	Total
Total on 06.30.03	18.6	1.2	- 0.9	18.9
Application of the result	1.2	- 1.2	-	-
Consolidated result for the fiscal year	-	1.4	-	1.4
Distribution	- 0.9	-	-	- 0.9
Currency fluctuations	- 0.1	-	- 3.4	- 3.5
Variation in interest percentages	21.8	-	-	21.8
Total on 06.30.04	40.6	1.4	- 4.3	37.7
Application of the result	1.4	- 1.4	-	-
Consolidated result for the fiscal year	-	2.4	-	2.4
Distribution	- 0.4	-	-	- 0.4
Variation in interest percentages	5.4	-	-	5.4
Currency fluctuations	3.7	-	- 3.5	0.2
Total on 06.30.05	50.7	2.4	- 7.8	45.3

Further information

The variation in interest percentages corresponds to the minority interests of the shareholders of the company Kyowa Seed consolidated by global integration as of March 31st 2005.

Note 23 - Financial instruments issued

Different financial instruments have been issued by a certain number of the Group's subsidiaries. Their characteristics are summarized as follows:

• Stocks options

The company Hazera Genetics Ltd (Israel) has issued several stock options for the benefit of its personnel with the following general characteristics:

Date of issue	2002
Option exercise deadline	Until 08.31.2009
Number of options issued	156 078
Number of options exercised to date	-
Number of options in circulation	156 078
Number of shares that can be applied for	156 078
Exercise price per unit	18.90 NIS indexed / share
Potential dilution of the group in the company	0.54% of the stock

Note 24 - Provisions for liabilities and charges

■ Evolution over the year

In millions of euros	Provision for pensions and employee benefits	Other provisions for liabilities and charges	Deferred taxes	Provisions for shares in companies consolidated under equity	Total
Total on 06.30.04	8.8	7.7	6.5	0.1	23.1
Variations in scope	1.2	1.0	0.4	- 0.1	2.5
Amortization	1.4	6.0	0.9	-	8.3
Write-back	- 0.8	- 3.1	- 2.3	-	- 6.2
Currency fluctuation	-	-	-	-	-
Reallocations	0.5	-	-	-	0.5
Total on 06.30.05	11.1	11.6	5.5	-	28.2

■ Further information

> Other provisions for liabilities and charges are intended to cover the following liabilities and charges:

	In millions of euros
Liabilities and commercial litigation	1.6
Streamlining costs and social compensation	5.7
Tax liabilities	0.8
Miscellaneous (1)	3.5
Total	11.6

(1) This line includes a provision for liabilities set up by the reinsurance company Cylonic Re and corresponds to a statistical estimate of litigations observed to the value of 2.5 million euros.

> Commercial disputes are assessed in each individual case, taking into account any known factors at the end of the financial year. Where necessary, provisions for liabilities and charges are made, depending on the progress of each file.

■ Pensions, retirement benefits and other employee benefits

This line includes, in particular:

- Provisions for lump sums for retirement and assimilated

These mainly concern French companies; they are calculated according to agreements applied in each company and are based on the salary paid at the end of the employee's career.

For this purpose, the following parameters were taken into account:

- budgeted pay rises,
- staff turnover,
- life expectancy,
- revision.

Provisions made for this purpose came to 5.9 million euros.

- Commitments for seniority recognition schemes and other advantages

These commitments are assessed according to the obligations of each company for such schemes. Provisions on June 30th 2005 came to 0.5 million euros.

For the first time, companies have recorded their specific commitments with regard to work medals. The cost of these commitments has been directly paid for by reserves.

- Pension plans and assimilated

These plans correspond to pension schemes with clearly defined conditions. The provision set up is calculated by expert actuaries from outside the Group.

The total amount concerned on June 30th 2005 was 4.7 million euros.

> The methodology applied for deferred taxes is described in a specific paragraph in section C dealing with consolidation methods and principles.

Note 25 - Loans and financial debts

■ Evolution over the year

In millions of euros	06.30.04	New loans	Redemption	Currency fluctuation	Variation of scope	06.30.05
Medium- and long-term loans						
> Bank loans	49.6	-	- 9.0	- 0.2	0.1	40.5
> Lease/hire purchase	0.2	-	- 0.1	-	-	0.1
Total	49.8	-	- 9.1	- 0.2	0.1	40.6
Short-term loans						
> Banking facilities	50.0	0.8	-	0.2	7.6	58.6
> Current accounts	19.3	10.2	-	0.4	-	29.9
Total	69.3	11.0	-	0.6	7.6	88.5
Total loans	119.1	11.0	- 9.1	0.4	7.7	129.1

■ Further information

Current account cash advances include Groupe Limagrain Holding for the centralized cash-flow management it operates. These advances receive interest on the average monthly basis of EONIA + 0.18%.

- Breakdown of due dates

In millions of euros	- 1 year	1 to 5 years	+ 5 years	Total on 06.30.05
Medium- and long-term loans				
> Bank loans	10.0	17.4	13.1	40.5
> Lease/hire purchase	0.1	-	-	0.1
Total	10.1	17.4	13.1	40.6
Short-term loans				
> Banking facilities	58.6	-	-	58.6
> Current accounts	29.9	-	-	29.9
Total	88.5	-	-	88.5
Total loans (1)	98.6	17.4	13.1	129.1

- (1) Breakdown of loans by currency

Total on 06.30.05	
Euro	56.7
US dollar	41.8
Pound sterling	0.2
Australian dollar	0.1
Yen	13.6
Other currencies	16.7
Total	129.1

- Breakdown of loans by nature of rates

In millions of euros	Fixed rate	Variable rate	Total
Medium- and long-term loans	30.1	10.5	40.6
Short-term loans	10.1	78.4	88.5
Total	40.2	88.9	129.1

Note 26 - Accounts payable

In millions of euros	Totals on 06.30.05	Totals on 06.30.04
Suppliers	67.3	48.1
Fixed assets	4.2	2.6
Total	71.5	50.7

■ Further information

- > Almost all the accounts are payable in less than one year.
- > The change in consolidation method for Kyowa Seed is responsible for an increase of 9.2 million euros.

Note 27 - Other liabilities and accruals

In millions of euros	Totals on 06.30.05	Totals on 06.30.04
Other liabilities		
> Trade accounts	11.0	5.2
> Tax and social security	29.9	33.3
> Others	31.8	34.6
Total liabilities	72.7	73.1
Accruals		
> Deferred income	0.5	0.7
Total accruals	0.5	0.7
Total	73.2	73.8

■ Further information

Almost all the other liabilities are payable in less than one year.

Note 28 - Commitments and contingencies

■ Guarantees

In millions of euros	Commitments received	Commitments given
Endorsements, sureties, guarantees	0.1	24.3
Other commitments	-	0.5
Total	0.1	24.8

Endorsements, sureties and guarantees include letters of intent for the annual payment of rent covering the remaining duration of certain long-term commercial leases (twenty and twenty-five years) for the following companies:

	In millions of euros
Flora Frey GmbH	13.2
Suttons	9.5
Total	22.7

No delay in payment has been noted to date.

■ Reciprocal commitments

In millions of euros	- 1 year	1 to 5 years	+ 5 years	Total
Leasing	0.3	0.5	-	0.8
Forward purchasing of currency	2.6	-	-	2.6
Dry lease	4.9	10.8	14.1	29.8
Other commitments	0.2	-	-	0.2
Total	8.0	11.3	14.1	33.4

■ Debts with real sureties

In millions of euros	Medium-term loans guaranteed with real sureties
Debts guaranteed	34.8
Total amount of sureties granted	71.3
Book value of the assets provided as a guarantee	71.7

■ Commitments 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 30th 2007. To date, 18 million US dollars have been used.

As a surety for this commitment, it set up a cash pledge to a third party holder for the value of 18.3 million US dollars on June 30th 2005. The proportion of the sum integrated into the scope of Vilmorin Clause & Cie, a total of 4.5 million euros, appears in the line "Other financial fixed assets" in Note 16.

> It also received a reinsurance commitment issued by a third party reinsurance company for a maximum amount of 30 million US dollars on June 30th 2005 for a period that expires on June 30th 2009.

In addition, Cylonie Re widened its cover to include insurance for damages and operating loss.

Note 29 - Information concerning exposure to interest and exchange rate fluctuations

In compliance with the COB regulation N° 89-01, the Group's position with regard to risks in interest and exchange rates is summarized in the following tables:

- State of the group's position with regard to interest rate risks

In millions of euros	- 1 year	1 to 5 years	+ 5 years	Total
Balance sheet				
> Financial assets	40.0	0.2	1.7	41.9
> Financial liabilities	98.6	17.4	13.1	129.1
Off balance sheet	-	-	-	-
Differential	- 58.6	- 17.2	- 11.4	- 87.2
Conditional positions	-	-	-	-

- State of the Group's positions with regard to currency rate fluctuations

In millions of euros	Euro	US dollar	Yen	Pound sterling	Australian dollar	Other currencies	Total
Balance sheet							
> Assets in local currency	247.9	77.1	13.5	11.4	5.5	87.7	443.1
> Liabilities in local currency	133.8	65.6	13.8	6.0	0.8	53.2	273.2
Off balance sheet	-	-	-	-	-	-	-
Differential	114.1	11.5	- 0.3	5.4	4.7	34.5	169.9
Condition positions (1)	-	1.6	-	0.5	-	0.1	2.2

(1) Cf. Note 28.

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Statutory Auditors' Report on the consolidated financial statements

Year ended June 30th 2005

To the Stockholders,

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 Clause & Cie, for the fiscal year June 30th 2005, as appended to this report.

The 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 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 accounting rules and principles applicable in France. Without calling into question the opinion expressed above, and in compliance with the provisions of article L.232-6 of the French Commercial Code, we draw your attention to the change in accounting method occurring for this fiscal year as described in notes I D, II 21 et II 24 with regard to the first application of notification n° 2004-05 of Conseil National de la Comptabilité (French Society of Chartered Accountants)

concerning the posting of seniority recognition schemes (e.g. work medals in France).

- 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:

> According to our assessment of the accounting rules and principles followed by your company, we are in agreement with the justification of the aforementioned change in accounting method and the manner in which it is presented.

> Notes I B, II 12 and II 13 lay down the rules and accounting methods related to an evaluation of the acquisition goodwill and intangible fixed assets. We have appraised the data and the hypotheses on which the estimates are based, particularly by comparing forecasts for the fiscal year with the corresponding achievements, and examined samples of the documentation prepared within this framework.

> The nature of provisions for liabilities and charges is described in Note II 24 of the appendix. We have appraised the information on which these provisions were based, and re-examined any information concerning the liabilities and charges mentioned in the appendix to the consolidated financial statements.

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 financial statements.

Paris La Défense and Clermont-Ferrand, October 6th 2005

KPMG Audit
 Département de KPMG SA
 Michel PIETTE
 Partner

VISAS 4
 Commissariat
 Claude AUBERT

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.

Coating (cf pelleting):

Application of a special varnish to fix successive layers of different products to protect a seed against disease or parasites. The layers are finer than those used in pelleting.

Deep-freezing:

Process by which perishable goods can be frozen quickly to a very low temperature.

Fungicide:

Any pesticide used to control, deter, or destroy fungi, which are forms of plant life (including molds and yeasts) that lack chlorophyll and are unable to make their own food (such as the plant pathogen, powdery mildew).

Genealogical breeding:

Cross-breeding after analyzing the individuals with the best pedigree to pass down to future generations.

Genetic heritage:

An organism's set of genes.

Genetic resources:

Group of genes from various plant species.

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.

Germplasm:

Genetic material or resources.

High-tech seeds:

Seeds coated or pelleted using physico-chemical technology.

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.

Hygrometry:

The measurement or degree of humidity, especially of the atmosphere.

Lyophilize:

To freeze-dry (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).

Organoleptic:

Relating to perception by or the use of a sensory organ.

Pelletting:

Technique whereby inert materials are added to change seed size and shape for improved planting.

Pollination:

The transfer of pollen from the male organ to the receptive part of the female flower (by insects, the wind, etc.).

Purity of variety (POV):

Seeds with the same genetic heritage within the same variety.

Sales from proprietary varieties:

Sales made on varieties coming out of the research programs of Vilmorin Clause & Cie.

Seed multiplication farmer:

Farmer specialized in large-scale multiplication or production of seed, with a view to selling the seed.

Segment:

A homogeneous group of customers in their purchasing behavior (verb: to segment).

Sequencing:

1. The determination of the order in which the bases are arranged within a length of DNA.

2. Decyphering the genome letter by letter; these letters can then be combined to form words (genes).

Soil conditioner:

An organic material like humus or compost that helps soil absorb water, build a bacterial community, and take up mineral nutrients.

Substrate:

Mixture (soil, sand, compost, etc.) A surface on which an organism can be sown.

Trade marketing:

An approach shared both by manufacturers and distributors whose objective is to meet consumer needs and objectives, to improve their profitability and their competitive position, taking into account their mutual constraints and differences.

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:

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