

Paris, February 26<sup>th</sup> 2008



## INCREASE OF HALF-YEARLY OPERATING INCOME ON 12.31.07: UP BY 18 MILLION EUROS LIKE FOR LIKE

### CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS 2007-2008

It should be remembered that the consolidated financial statements for the first semester traditionally show negative income because of the seasonal nature of the business; on average, the sales for the first semester represent less than one third of Vilmorin's annual sales.

In millions of euros	2006-2007 12.31.06 published	2006-2007 12.31.06 restated	2007-2008 12.31.07	Variation* 12.31.06 restated
<b>Sales</b>	286.2	245.3	<b>279.9</b>	+ 14%
<b>Operating income</b>	(25.5)	(18.6)	<b>(9.8)</b>	+ 8.8 M€
<b>Financial income</b>	(10.7)	(9.9)	<b>(14.0)</b>	- 4.1 M€
<b>Income from discontinued operations</b>	-	(2.5)	<b>(7.6)</b>	- 5.1 M€
<b>Net income</b>	(30.3)	(30.3)	<b>(30.4)</b>	- 0.1 M€
<b>Incl. Group share</b>	(25.6)	(25.6)	<b>(27.6)</b>	- 2.0 M€

\* With current data

### Accounting standards

Vilmorin's consolidated half-yearly financial statements have been established in accordance with the IFRS (International Financial Reporting Standards), as adopted in the European Union on December 31<sup>st</sup> 2007.

Following the announcement in October 2007 of its plan to sell its home garden business, Vilmorin now applies IFRS standard 5 "Non-current assets held for sale and discontinued operations".

**This standard requires that any flows concerning these assets are to be recorded as specific items on the balance sheet and the income statement: the information published for fiscal 2006-2007 has been restated in consequence.**

### Variations in scope

Apart from the project related to the home garden business, the main variations in scope that have occurred during the semester are the following:

- > Vilmorin concluded, in July 2007, a strategic alliance with the Chinese company Hunan Xindaxin, leading shareholder of the Chinese seed company Yuanlongping High-Tech Agriculture ("LPHT").  
Consequently, LPHT is now consolidated using the equity method.

- > In July 2007, Vilmorin took full control of the Turkish company Anadolu Tohumculuk, which has become Vilmorin Anadolu. Previously consolidated using the equity method, Vilmorin Anadolu has been integrated globally as of 1<sup>st</sup> July 2007.
- > Within the framework of its cooperation with Euralis Semences, during this semester Vilmorin has increased its participation in Soltis, a company specializing in sunflower research, from 40% to 50%.  
Previously consolidated using the equity method, Soltis is now integrated proportionally.

### **Business and income for the semester**

- > **The consolidated sales for the first semester of fiscal 2007-2008, closed on December 31<sup>st</sup> 2007, stand at 279.9 millions euros, an increase of 14% with current data. With a constant exchange rate, the increase is 17%, and like for like 15.5%.**

Sales for the vegetable seed business for the first semester came to 154.9 million euros, an increase of 2.7% compared to the first half of 2006-2007.

Restated like for like (currency translations and variations in scope), the increase is 4%.

The first six months were marked by:

- fine performances from all the operating units, particularly in North America and in the Mediterranean basin,
- a significant reduction in the agricultural supplies business of Mikado Kyowa (Japan); restated with respect to this business, like for like sales of vegetable seeds increased by 7.1%.

Sales for the field seeds business for the first semester came to 125 million euros, a strong progression (+ 33.9% like for like) compared with the previous year:

- in Europe, the first part of the commercial season confirmed the excellent campaign for rape and winter cereal seeds,
- on the North American market, the spring order book showed on December 31<sup>st</sup> an increase both in volume and in value, in spite of an anticipated drop in the market for corn seeds..

Now presented directly in the income statement as discontinued operations, sales for the home garden business for the first semester 2007-2008 came to 45.1 million euros, almost stable like for like compared with the previous year, in spite of the fact that business in Germany has continued to drop significantly.

- > After taking into account the cost of destruction and depreciation of inventory, margins on the cost of sales come to 44.1% of total sales.

Net operating costs come to 133.3 million euros, an increase of 1.8 million euros compared to December 31<sup>st</sup> 2006.

It should be noted that:

- the first semester of fiscal 2007-2008 registered positive non-recurring items, notably the goodwill related to the full take-over of Hazera Genetics at 7.7 million euros; no significant operations of this nature were taken into account in the first semester of 2007-2008.
- the sale of assets registers a profit of 0.5 million euros compared to 2.3 million euros the previous year.

**The half-yearly operating income shows a loss of 9.8 million euros on December 31st 2007, compared to 18.6 million euros the previous year.**

**Restated for non-recurring items, the operating income shows a progression of 18.3 million euros.**

> The financial result shows a net charge of 14 million euros and is notably impacted by the increase in interest rates on the financial markets in the first semester.

> Income from discontinued operations comes to -7.6 million euros compared with a net loss of 2.5 million euros on December 31st 2006; this included 4.6 million euros for the sale, by Flora Frey, of a purchase option relating to a long-term contract for real estate rental.

> **The half-yearly net income shows a loss of 30.4 million euros, including a Group share loss of 27.6 million euros.**

**Restated for non-recurring items, this shows a significant progression in businesses and their profitability.**

## **OUTLOOK**

In view of the results obtained in the first semester, as described above and on the basis of the information currently available, **Vilmorin can confirm, for fiscal 2007-2008, its objectives to significantly increase sales and operating margin.**

In the second semester, the increase will however depend on the evolution of acreage for corn production, on both the European and North American markets, and the impact of price increases of agricultural raw materials on the procurement and selling prices of vegetable and field seeds.

The advancement of Vilmorin's plan to sell its home garden business will of course be another key element in determining its financial performance.

## **COMING DISCLOSURES FOR FISCAL 2007-2008:**

**Tuesday May 6<sup>th</sup> 2008 at the end of the day:** disclosure of sales at the end of the 3<sup>rd</sup> quarter.

**Tuesday August 5<sup>th</sup> 2008 at the end of the day:** disclosure of the sales for the year.

**Tuesday October 7<sup>th</sup> 2008 at the end of the day:** disclosure of the results for the year.

*Vilmorin is the fourth largest seed company in the world, and expert in the creation of novel vegetable and field crop plants. Based on a sustainable and responsible vision of its development, its strategy aims to achieve a successful combination of innovation and international growth.*

*Listed on Euronext Paris since 1993, Vilmorin's quotation is included in the Next 150, CAC Mid 100 and SBF 250 indices. ISIN code: FR0000052516 (RIN). Website: [www.vilmorin.info](http://www.vilmorin.info)*

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