



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
IN EURO AT 31/12/2005**

<b>Note 1</b>	<b>General information</b>	<b>3</b>
<b>Note 2-1</b>	<b>Consolidation scope</b>	<b>4 - 5</b>
<b>Note 2-2</b>	<b>Associated parties</b>	<b>6</b>
<b>Note 3</b>	<b>Principles and methods</b>	<b>6</b>
	Accounting reference system	6
	Information under IFRS for comparative periods	6 - 10
	Consolidation methods	11
	Entry value of assets and liabilities	11
	Valuation rules and methods	12 - 13
	Comparability of the financial statements	14
	Proforma information	15
<b>Note 4</b>	<b>Goodwill</b>	<b>16</b>
<b>Note 5</b>	<b>Non-current assets</b>	<b>16 - 17</b>
<b>Note 6</b>	<b>Inventories and work in progress</b>	<b>18</b>
<b>Note 7</b>	<b>Trade and other accounts receivable</b>	<b>18</b>
<b>Note 8</b>	<b>Deferred tax assets</b>	<b>18</b>
<b>Note 9</b>	<b>Cash</b>	<b>19</b>
<b>Note 10</b>	<b>Deferred tax</b>	<b>19</b>
<b>Note 11</b>	<b>Provisions</b>	<b>19</b>
<b>Note 12</b>	<b>Financial debt</b>	<b>19 - 20</b>
<b>Note 13</b>	<b>Segmented information</b>	<b>21 - 24</b>
<b>Note 14</b>	<b>Employee benefits expense</b>	<b>25</b>
<b>Note 15</b>	<b>External expenses and development costs</b>	<b>26</b>
<b>Note 16</b>	<b>Other operating expenses</b>	<b>26</b>
<b>Note 17</b>	<b>Financial income and expenses</b>	<b>26</b>
<b>Note 18</b>	<b>Income tax</b>	<b>27</b>
<b>Note 19</b>	<b>Diluted earnings per share</b>	<b>28</b>

## **NOTE 1 General Information**

### 1.1 Key facts

Full-year revenue at 31/12/2005 amounted to € 50.1M, up 44%. With a constant dollar, the increase is 45.7%.

Income after tax amounted to € 4,006K, up 39% on the previous year.

At the beginning of January 2005, Naturex realized a 10.66 million euro (issue expense € 0.44M) capital increase through a 414,865 share with warrant issue at the price of 25.70 euros. Two warrants entitle the holder to subscribe to a new share in the company at the issue price of € 34 between now and January 27, 2008. At 31/12/05, 2,743 warrants had been converted.

Moreover, Naturex realized, through incorporation of current accounts, a capital increase in respect of Naturex Inc (fully-owned subsidiary) for an amount of € 5,451,602 and a capital increase in respect of Maroc Extraction (now a 89.29%-owned subsidiary) for an amount of € 1,973,562.

Following Naturex S.A.'s takeover bid for Pure World, Inc. at the price of 4.30 US dollars per share payable in cash, Naturex acquired 100% of Pure World Inc. shares in July 2005. The total acquisition cost was \$ 41.5M, of which \$ 34.8M corresponds to the purchase of the shares, and \$ 2.1M to the purchase of the options relating to Pure World's capital.

The business of Pure World, Inc represented revenue of \$ 31.3M in financial year 2005.

The acquisition was financed through cash (€ 8.5M) and by taking out two loans:

- \$ 22.5M (€ 18.6M) repayable over 7 years,
- € 7.5M repayable according to new shares subscribed as a result of converting the warrants issued at the time of the capital increase in January 2005.

Pure World Inc. and its subsidiaries have been merged with Naturex Inc under the commercial name of Naturex Inc, a fully-owned subsidiary of Naturex.

Pure World, Inc., whose head office is in South Hackensack, New Jersey, designed and produced plant extracts for use in the cosmetic, agro-food, aromatic, pharmaceutical and nutraceutical industries.

### 1.2 Events after financial year end

No significant event occurred.

## NOTE 2-1 Consolidation scope

- The consolidated companies are as follows:

Naturex s.a.	- Parent company - Pôle Technologique Agroparc Montfavet - 84140 AVIGNON - Siret No.: 384 093 563 000 29 - APE Code: 246 E
Maroc extraction	- Subsidiary - Technopôle Nouasser Aéroport Mohamed V B.P. 42 20240 NOUASSER (Morocco)
Naturex Incorporated	- Subsidiary - 375 Huyler Street 07 606 South Hackensack (N.J.)
S.C.I. Les Broquetons	- Subsidiary - Site d'Agroparc BP 1218 84 911 AVIGaNON

They are owned either directly or indirectly based on the following percentages:

Company	% of control	Interest
Naturex	Parent company	Parent company
Maroc extraction	89.29%	89.29%
Naturex Inc.	100%	100%
S.C.I. Les Broquetons	100%	100%

- Change in consolidation scope:

There was no change in the consolidation scope in financial year 2005 except for the percentage stake in the Maroc Extraction subsidiary. This increased from 85.72% to 89.29% as a result of Naturex SA subscribing to a capital increase in March 2005.

- The following company is not consolidated:

Gaïa Herbs	- Sub-subsidiary - 108 Island Ford Road 28 712 Brevard (N.C)
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Naturex Incorporated owns 35% of this company's shares, but has no voting right and has no notable influence on the company as defined by standard IAS28. The shareholding registered in the consolidated financial statements at 31/12/05 amounts to € 1,279,986.

This company has no other commercial or financial connections with the group.

Table - non-consolidated shareholding:

	Gaia herbs USA
Securities account value (gross)	1,279,986
Securities account value (net)	1,279,986
Related receivables	0
Share of capital owned	35%
Capital	1,333,051
Reserves, Issue premium and carried forward	1,467,272
Income	414,566
Revenue	9,637,638
Dividend receipts	0
Loan and non-reimbursed prepayments	0
Guarantees and endorsement	0
Observations	US dollars at the closing rate and average rate for revenue

The data provided for Gaia Herbs are as at 30/11/2005, since information as at 31/12/2005 is not currently available.

Ad hoc entity:

No company in the consolidation scope is a shareholder or partner in an ad hoc entity.

Liquidation:

The sub-subsidiary, P.A.I, which has been without any activities for several years, was the subject of a declaration of discontinuation of business during financial year 2005.

## NOTE 2-2 Associated parties

The total gross remuneration for management representatives is € 577K including fringe benefits. It is paid by Naturex Inc (€ 250K), and Naturex (€ 327K).

The different subscription or purchase options allocated to executive officers are summarized in the table below.

INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS									
Meeting date	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	TOTAL
Board meeting date	02/01/2001	04/07/2001	21/12/2001	21/12/2001	30/01/2003	06/01/2004	06/01/2004	06/05/2005	
Type of option	Purchase	Purchase	Purchase	Subscription	Subscription	Purchase	Subscription	Subscription	
Number of options allocated for:									
<i>Jacques DIKANSKY</i>	0	0	0	4,750	0	1,690	14,250	15,000	35 690
<i>Thierry LAMBERT</i>	0	0	0	250	0	89	750	2,500	3 589
<i>Stéphane DUCROUX</i>	198	602	198	2,513	500	0	2,500	2,500	9 011
Start date for exercise of options	02/01/2004	04/07/2004	21/12/2004	21/12/2004	30/01/2006	06/01/2007	06/01/2007	06/05/2008	
Expiry date	02/01/2006	04/07/2006	21/12/2006	21/12/2006	30/01/2008	06/01/2009	06/01/2009	06/05/2010	
Subscription or purchase price	11.61	11.34	11.86	11.86	12.83	12.72	12.72	27.54	

## NOTE 3 Principles and methods

### ACCOUNTING REFERENCE SYSTEM

The consolidated financial statements have been prepared in accordance with the IFRS standards adopted by the European Union. The consolidated financial statements for financial year 2005 are the first to be prepared using the IFRS reference system.

The provisions of IFRS1 (initial application of international financial information standards) have been applied.

The Board of Directors closed the accounts on April 18, 2006.

### INFORMATION UNDER IFRS STANDARDS FOR COMPARATIVE PERIODS

The impact on shareholders' equity at 01/01/04 and 31/12/04 as referred to in the management report and published in the 2004 reference document has been corrected for the following restatements, which were omitted by mistake:

- (a) application of standards IAS 21.15 and 33 relating to the booking under reserves of translation differences relating to net investments abroad,
- (b) application of standard IFRS 2 relating to the allocation of stock options.

Lastly, a specific heading has been created for own shares.

**Impact of corrected IFRS standards**

**31.12.2004**

<b>Shareholders' equity (group)</b>	Capital	Premiums	Own shares	Reserves	Translation difference	Income	<b>Group share</b>
Shareholders' equity (IFRS standards) published in 2004	3,246,777	14,579,951	0	3,684,121	-4,429,928	2,951,313	<b>20,032,234</b>
Translation method for foreign subsidiaries (a)					168,765	-168,765	0
Stock options (b)				39,762		-26,508	13,254
Specific heading for own shares			-42,378	42,378			0
<b>Shareholders' equity (IFRS standards)</b>	<b>3,246,777</b>	<b>14,579,951</b>	<b>-42,378</b>	<b>3,766,261</b>	<b>-4,261,163</b>	<b>2,756,040</b>	<b>20,045,488</b>

<b>Minority interests</b>				Reserves	Translation difference	Income	<b>Minorities</b>
Shareholders' equity (IFRS standards) published in 2004 (unchanged)				824,072	-89,490	124,840	<b>859,422</b>

<b>Consolidated equity</b>	Capital	Premiums	Own shares	Reserves	Translation difference	Income	<b>Consolidated</b>
Shareholders' equity (IFRS standards) published in 2004	3,246 777	14,579,951	0	4,508,193	-4,519,418	3,076,153	<b>20,891,656</b>
Translation method for foreign subsidiaries (a)					168,765	-168,765	0
Stock options (b)				39,762		-26,508	13,254
Specific heading for own shares			-42,378	42,378			0
<b>Shareholders' equity (IFRS standards)</b>	<b>3,246,777</b>	<b>14,579,951</b>	<b>-42,378</b>	<b>4,590,333</b>	<b>-4,350,653</b>	<b>2,880,880</b>	<b>20,904,910</b>

After the correction, the impact on shareholders' equity at 01/01/04 and 31/12/04 is as follows:

<b>Impact of IFRS standards</b>							<b>01.01.2004</b>
<b>Shareholders' equity (group)</b>	Capital	Premiums	Own shares	Reserves	Translation difference	Income	<b>Group share</b>
Shareholders' equity (French standards)	3,246,777	14,579 951	0	2,051,671	-1,141,910	1,674,828	<b>20,411,317</b>
Translation method for foreign subsidiaries (1)					-1,951,108		-1,951,108
Business goodwill amortization (2)							
Goodwill amortization (3)							
Effect of recognized deferred tax (4)							
Presentation method for own shares (5)			-72,122				-72,122
<b>Shareholders' equity (IFRS standards)</b>	<b>3,246,777</b>	<b>14,579 951</b>	<b>-72,122</b>	<b>2,051,671</b>	<b>-3,093,018</b>	<b>1,674,828</b>	<b>18,388,087</b>

  

<b>Minority interests</b>				Reserves	Translation difference	Income	<b>Minorities</b>
Shareholders' equity (French standards)				666,682	-22,228	157,390	<b>801,844</b>
Translation method for foreign subsidiaries (1)					-74,437		-74,437
<b>Shareholders' equity (IFRS standards)</b>				<b>666,682</b>	<b>-96,665</b>	<b>157,390</b>	<b>727,407</b>

  

<b>Consolidated equity</b>	Capital	Premiums	Own shares	Reserves	Translation difference	Income	<b>Consolidated</b>
Shareholders' equity (French standards)	3,246,777	14,579 951	0	2,718,353	-1,164,138	1,832,218	<b>21,213,161</b>
Translation method for foreign subsidiaries (1)					-2,025,545		-2,025,545
Business goodwill amortization (2)							
Goodwill amortization (3)							
Effect of recognized deferred tax (4)							
Presentation method for own shares (5)			-72,122				-72,122
<b>Shareholders' equity (IFRS standards)</b>	<b>3,246,777</b>	<b>14,579 951</b>	<b>-72,122</b>	<b>2,718,353</b>	<b>-3,189,683</b>	<b>1,832,218</b>	<b>19,115,494</b>

## Impact of IFRS standards

31.12.2004

Shareholders' equity (group)	Capital	Premiums	Own shares	Reserves	Translation difference	Income	Group share
Shareholders' equity (French standards)	3,246,777	14,579,951	0	3,726,499	-1,914,090	2,615,729	<b>22,254,866</b>
Translation method for foreign subsidiaries (1) and (a)					-2,347,073	-168,765	-2,515,838
Business goodwill amortization (2)						462,668	462,668
Goodwill amortization (3)						30,223	30,223
Effect of recognized deferred tax (4)						-157,307	-157,307
Stock options net of tax (b)				39,762		-26,508	13,254
Presentation method for own shares (5)			-42,378				-42,378
<b>Shareholders' equity (IFRS standards)</b>	<b>3,246,777</b>	<b>14,579,951</b>	<b>-42,378</b>	<b>3,766,261</b>	<b>-4,261,163</b>	<b>2,756,040</b>	<b>20,045,488</b>

Minority interests				Reserves	Translation difference	Income	Minorities
Shareholders' equity (French standards)				824,072	-14,836	124,840	<b>934,076</b>
Translation method for foreign subsidiaries (1)					-74,654		-74,654
<b>Shareholders' equity (IFRS standards)</b>				<b>824,072</b>	<b>-89,490</b>	<b>124,840</b>	<b>859,422</b>

Consolidated equity	Capital	Premiums	Own shares	Reserves	Translation difference	Income	Consolidated
Shareholders' equity (French standards)	3,246,777	14,579,951	0	4,550,571	-1,928,926	2,740,569	<b>23,188,942</b>
Translation method for foreign subsidiaries (1) and (a)					-2,421,727	-168,765	-2,590,492
Business goodwill amortization (2)						462,668	462,668
Goodwill amortization (3)						30,223	30,223
Effect of recognized deferred tax (4)						-157,307	-157,307
Stock options net of tax (b)				39,762		-26,508	13,254
Presentation method for own shares (5)			-42,378				-42,378
<b>Shareholders' equity (IFRS standards)</b>	<b>3,246,777</b>	<b>14,579,951</b>	<b>-42,378</b>	<b>4,590,333</b>	<b>-4,350,653</b>	<b>2,880,880</b>	<b>20,904,910</b>

(1) The assets and liabilities of foreign subsidiaries are translated at the closing rate. The differences are entered under shareholders' equity.

Under French standards, these assets were valued at the historical exchange rate.

(2) US business goodwill is maintained under assets for the value net of amortizations at January 1, 2004 and restated under goodwill. Amortization charges for financial year 2004 are therefore written back.

(3) Goodwill is maintained under assets for the net book value at January 1, 2004 and is no longer subject to systematic amortization, which has been replaced by an annual amortization test.

(4) With US business goodwill no longer being amortized, the US provision for deferred tax is written back in the accounts.

(5) Own shares are now entered after deduction from shareholders' equity.

(a) Change in translation methods for foreign subsidiaries. Translation differences associated with the elimination of the blocked Naturex/Maroc Extraction account.

(b) Application of standard IFRS 2 relating to the allocation of stock options.

Lastly, the transition from French standards to IFRS standards in the income statement at December 31, 2004 is set out in the transition table below:

<u>INCOME STATEMENT</u>	31/12/2004 French accounting	Ref.	IFRS adjustments	31/12/2004 IFRS
	principles based on IFRS presentation methods			
Revenue	34,804,970			34,804,970
Immobilized production	446,314			446,314
Operating subsidies	58,384			58,384
Other operating revenues	1,028,082			1,028,082
Purchases	-13,991,293			-13,991,293
Employee benefits expense	-6,145,379	(a)	39,762	-6,185,141
External expenses	-9,545,183			-9,545,183
Taxes	-341,499			-341,499
Depreciation/amortization charges	-1,973,822	(b)	-492,891	-1,480,931
Other operating expenses	-111,699			-111,699
<b>Operating income</b>	<b>4,228,875</b>		<b>-453,129</b>	<b>4,682,004</b>
Cash and cash equivalents	50,329			50,329
Cost of gross financial debt	-549,679			-549,679
<b>Cost of net financial debt</b>	<b>-499,350</b>			<b>-499,350</b>
<b>Other financial income and expenses</b>	<b>365,789</b>	(c)	<b>253,147</b>	<b>112,642</b>
<b>Tax expense</b>	<b>-1,354,745</b>	(d)	<b>59,671</b>	<b>-1,414,416</b>
<b>Net income</b>	<b>2,740,569</b>		<b>-140,311</b>	<b>2,880,880</b>
Group share	2,615,729		-140,311	2,756,040
Minority interests	124,840			124,840

(a) application of standard IFRS 2 relating to the allocation of stock options

(b) In accordance with standard IAS 38, goodwill (€ 30K) and business goodwill (€ 380K and € 80K) are no longer amortized from the opening balance sheet, i.e. January 1, 2004.

(c) Exchange rate on blocked current account.

(d) The US deferred tax relating to the fiscal amortization of Brucia and Hauser business goodwill is therefore written back under deferred tax debt (€ 157K)

Tax recovery on stock options and exchange rate loss on blocked current account (39762/3)

In application of the provisions of standard IFRS 1 relating to the initial application of IFRS standards, the group has opted for the following treatment:

- there has been no retroactive restatement in respect of the grouping together of companies that took place prior to January 1, 2004,
- the cumulative exchange rate differences resulting from the translation of the financial statements of foreign subsidiaries prior to January 1, 2004 have been kept separately under shareholders' equity and will be entered as income in the event of the withdrawal from the consolidation scope of the corresponding subsidiaries,
- tangible and intangible assets have not be revalued,
- standard IFRS 2 has been applied only to stock option plans allocated after November 7, 2002 and whose rights had not yet been acquired at January 1, 2005,
- lastly, the company has applied standards IAS 32 and 39 to financial instruments as from January 1, 2004.

## CONSOLIDATION METHODS

### ■ Goodwill and amortization methods

Naturex SA is a founder (50%) of Naturex Incorporated and Maroc Extraction, which is itself the founder of Production Agro Industrielle.

In 2001, Naturex SA increased its stake in S.C.I. Les Broquetons from 48.48% to 100% and generated goodwill of € 47,586.

In 2002, Naturex SA increased its stake in Maroc Extraction from 82.92% to 85.72% and generated goodwill of € 33,562.

In 2005, Naturex SA increased its stake in Maroc Extraction from 85.72% to 89.29% and generated negative goodwill of € 25,859.

In July 2005, Naturex SA formed the company Naturex Acquisition Corp. This company acquired all the shares in Pure World Inc, which itself owned Pure World Botanicals (wholly-owned) and Gaia Herbs (35%) as well as various subsidiaries (wholly-owned) with no activity. Pure World Inc subsequently absorbed Naturex Acquisition Corp. in July and Pure World Botanicals in September. At end- November, Pure World Inc absorbed Naturex Inc. and assumed its name.

This acquisition generated goodwill in the US corporate accounts valued at 14,939,218 euros and additional consolidation goodwill valued at 5,784,919 euros (balance sheet value: 20,724,137 euros).

This goodwill has been subject to loss in value tests since January 1, 2004, the date of transition to IFRS. These tests have shown no indication that these assets may have experienced a loss in value.

## ENTRY VALUE OF ASSETS AND LIABILITIES

- The dates for closing the accounts are all set at December 31.
- The accounts of foreign subsidiaries and sub-subsidiaries are translated at the closing rate.

FINANCIAL YEARS	Euros	Moroccan Dirham	US dollar
31/12/2004	0.0886	1.0000	
	1.0000	11.2901	
	0.7342		1.0000
	1.0000		1.3621
31/12/2005	0.0895	1.0000	
	1.0000	11.1682	
	0.8477		1.0000
	1.0000		1.1797

In the case of Naturex Inc.'s income statement, the rate used is the annual average rate, i.e. € 0.8 (€ 1 = \$ 1.25). For Maroc Extraction, the rate used is also the annual average rate, i.e. € 0.0897 (€ 1 = MD 11.15).

In the absence of significant fluctuations, this rate is considered to be close to the exchange rates at the transaction dates.

VALUATION RULES AND METHODS

■ Goodwill

Goodwill is valued at cost, deduction having been made for the cumulative loss in value. It is allocated to cash generating units and is not amortized. However, it is subject to annual amortization tests.

All goodwill values are examined on each closing date in order to assess whether there is any indication of a loss in value.

If there is such an indication, the recoverable value of the goodwill concerned is estimated.

This value consists of the highest between the fair value, deduction having been made for selling costs, and its value in use.

To assess the value in use, the cash generating units used are based on profitability and revenue performance criteria individualized by goodwill.

The projections have been produced by applying a discount rate of 2.58%, equating to the average US inflation rate over 5 years.

■ Intangible assets (excluding goodwill)

Development expenses, i.e. resulting from the application of research results to a project aimed at producing new or substantially improved products and processes, are booked as assets if the group can demonstrate, in particular, the technical and commercial feasibility of the product or process and the availability of sufficient funds to complete the development process.

At end-2005, all development costs incurred were booked as expenses; these costs do not satisfy the criteria for assets stipulated by standard IAS 38, particularly in terms of commercial outlets.

The other intangible assets acquired have been booked at cost, deduction having been made for cumulative amortization and the cumulative loss in value.

The estimated useful life is as follows:

Asset category	Useful life
Software	3-4 years (straight line)

■ Tangible assets

Tangible assets are valued at cost, deduction having been made for cumulative depreciation and the cumulative loss in value.

Depreciation is booked under expenses according to the straight-line method over the estimated useful life for each tangible asset component.

The estimated useful life is as follows:

<b>Asset categories</b>	<b>Useful life</b>
Constructions on own soil	15-20 years (straight line)
Constructions on soil of others	10-20 years (straight line)
Plant and equipment	5-10 years (straight line)
Other tangible assets	2-10 years (straight line)

Leasing contracts that result in the transfer to the group of nearly all the risks and benefits inherent in the ownership of an asset are classified as finance lease contracts. These equipment lease contracts are treated as credit acquisitions. This equipment is depreciated using the straight-line method over a period of 5 years, with the surplus portion of the rent constituting the financial expenses associated with the credit.

#### ■ Financial assets

Financial assets consist of deposits and guarantees, and unlisted securities whose fair value cannot be accurately determined. They are therefore valued at cost (IAS 39.46c). Moreover, there is no objective loss in value indication for these securities.

#### ■ Inventories

Inventories of materials and other supplies are valued at purchase cost using the first in first out method.

Finished or semi-finished goods are valued using the first in first out method at the cost price constituted by the purchase price:

- Raw materials,
- Import expenses,
- Outsourcing,
- Water, gas, electricity,
- Adjuvants,
- Packaging,
- Waste removal cost,
- Expensed salaries,
- Depreciation.

A loss in value is recognized where the purchase cost or cost price is lower than the market price.

#### ■ Accounts receivable

Accounts receivable are valued at their fair value when they are initially booked and then at the amortized cost, deduction having been made for the total loss in value.

A loss in value is recognized when the receipt of a receivable presents a risk, even partial, of non-realization.

#### ■ Foreign currency transactions

Transactions are booked at the historic rate at the time they are carried out. Receivables not settled at the closing date are valued at the closing rate; this generates foreign currency debt and receivable translation differences that are entered in the income statement.

- Staff benefits

Provisions do not include an amount for retirement commitments or restructuring operations.

Severance pay in respect of Naturex s.a. is insured with the company Predica. The treatment of this severance pay satisfies the criteria of standard IAS 19. It is a defined contribution scheme, with no residual commitment for the group.

The other consolidated group companies have no long-term or post-employment benefits.

- Asset sales

The proceeds from asset sales are entered in the income statement when the significant risks and benefits inherent in the ownership of the assets have been transferred to the purchaser.

Consolidated revenue consists of the total sales (excluding tax) resulting from the ordinary activities of consolidated group companies, after elimination of internal operations.

## COMPARABILITY OF THE FINANCIAL STATEMENTS

- The consolidated financial statements at December 31, 2005 and those at December 31, 2004 are presented using the same methods.

## PROFORMA INFORMATION

The proforma statements drawn up as at 31/12/2005 and audited on the basis of the integration of Pure World on 01/01/2005, reveal full-year revenue of € 63.4M (with 71.1% generated in North America) for net income after tax of € 4.6M.

These statements have been drawn up based on the integration of Pure World's income statement in the first half of 2005, with Naturex having consolidated Pure World in its consolidated financial statements as from 01/07/2005. The financial statements were drawn up using the same accounting methods that the Group applied to prepare its consolidated financial statements as at 31/12/2005.

These statements have been prepared in accordance with paragraph 20.2 of appendix I and appendix II of regulation CE 809/2004. This information has a purely illustrative value and, on account of its nature, deals with a hypothetical situation. As such, it does not present the company's actual results

In Euros	Reason for adjustments	31/12/2005 published	Integration of Pure World H1 statements (unadjusted)	Proforma adjustments	Proforma 31/12/2005
Revenue	a	50,146,885	13,261,940	-12,612	63,396,213
Immobilized production		570,560			570,560
Operating subsidies		6,472			6,472
Other operating revenues		2,277,389			2,277,389
Purchases	b	-19,887,305	-6,528,827	-12,612	26,428,744
Employee benefits expense	c	-9,662,637	-2,258,111	164,841	11,755,907
External expenses		-13,705,438	-2,363,726		16,069,164
Taxes		-463,605	-5,144		-468,749
Depreciation/amortization charges		-2,242,339	-663,596		-2,905,935
Other operating expenses	d	-496,837	-526,658	477,592	-545,902
<b>OPERATING INCOME</b>		<b>6,543,145</b>	<b>915,878</b>	<b>617,209</b>	<b>8,076,233</b>
Cash and cash equivalents		128,629			128,629
Cost of gross financial debt	e	-1,189,955	-83,516	-804,691	-2,078,162
<b>COST OF NET FINANCIAL DEBT</b>		<b>-1,061,326</b>	<b>-83,516</b>	<b>-804,691</b>	<b>-1,949,533</b>
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>		<b>198,316</b>			<b>198,316</b>
<b>TAX EXPENSE</b>		<b>-1,673,971</b>	<b>-13,737</b>		<b>-1,687,708</b>
<b>INCOME</b>		<b>4,006,164</b>	<b>818,625</b>	<b>-187,482</b>	<b>4,637,309</b>
Group share		3,950,707			4,581,852
Minority interests		55,457			55,457
Earnings per share (Group share)		1.4846			1.7218
Diluted earnings per share (Group share)		1.3529			1.5691

(a) and (b) elimination of inter-group operations

(c) Severance pay paid

(d) All the acquisition costs paid by Pure World in the first half

(e) Financial costs incurred by Naturex in respect of the debt associated with the purchase of Pure World

With the exception of loan interest running until 2012, all the other proforma adjustments are not expected to have a prolonged impact on the Group's financial statements.

## NOTE 4 Goodwill

Goodwill	Amount at 31/12/05
SCI Les Broquetons 2001	€ 47,586
Maroc Extraction 2002	€ 33,562
Brucia 2002	€ 6,030,634
Hauser 2004	€ 1,640,567
Pure World 2005	€ 20,724,137
<b>Total</b>	<b>€ 28,476,486</b>

## NOTE 5 Non-current assets

### 5.1 Acquisitions and disposals

#### 2005

Asset categories	Amount 01/01/2005	Increases Acquisitions	Contributions	Disposals or scrapping (1)	Translation differences	Amount 31/12/2005
<b>Goodwill :</b>	<b>6,622,580</b>	<b>19,754,025</b>	<b>970,112</b>	<b>0</b>	<b>1,129,769</b>	<b>28,476,487</b>
<b>Intangible:</b>	<b>181,168</b>	<b>13,902</b>	<b>0</b>	<b>4,132</b>	<b>8,154</b>	<b>199,091</b>
Software - brands	181,168	13,902	0	4,132	8,154	199,091
<b>Tangible:</b>	<b>17,234,326</b>	<b>3,739,226</b>	<b>16,441,127</b>	<b>1,413,583</b>	<b>355,122</b>	<b>36,356,218</b>
Land	240,258	0	0	0	23,005	263,263
Construction on own soil	1,677,984	693,512	0	221,629	89,860	2,239,727
Construction on soil of others	1,738,608	0	0	7,547	19,145	1,750,206
Plant and equipment	8,961,567	818,624	11,675,485	451,401	135,120	21,139,395
Leased Transp. Equip. & Plant	87,085	53,679	0	0	0	141,764
Other tangible assets	4,352,602	1,234,268	4,765,642	250,909	89,782	10,191,384
Construction work in progress	176,223	939,143	0	482,096	-1,790	631,480
<b>Financial assets:</b>	<b>55,446</b>	<b>52,303</b>	<b>1,434,262</b>	<b>1,169</b>	<b>2,547</b>	<b>1,543,389</b>
Securities	0	0	1,279,986	0	0	1,279,986
Loans	0	0	89,411	0	0	89,411
Deposits and guarantees	55,446	52,303	64,864	1,169	2,547	173,991
<b>Total</b>	<b>24,093,520</b>	<b>23,559,456</b>	<b>18,845,501</b>	<b>1,418,884</b>	<b>1,495,592</b>	<b>66,575,185</b>

(1) including the transfer from one item to another of 483,265 euros

#### 2004

Asset categories	Amount 01/01/2004	Increases Acquisitions	Contributions	Disposals or scrapping	Translation differences	Amount 31/12/2004
<b>Goodwill :</b>	<b>5,682,223</b>	<b>1,420,876</b>		<b>0</b>	<b>-480,519</b>	<b>6,622,580</b>
<b>Intangible:</b>	<b>160,550</b>	<b>43,486</b>		<b>38,582</b>	<b>15,714</b>	<b>181,168</b>
Software - brands	160,550	43,486		38,582	15,714	181,168
<b>Tangible:</b>	<b>15,334,224</b>	<b>2,365,141</b>		<b>396,693</b>	<b>-68,346</b>	<b>17,234,326</b>
Land	251,939	0		0	-11,682	240,258
Construction on own soil	1,696,327	26,868		0	-45,211	1,677,984
Construction on soil of others	1,746,436	0		18,061	10,232	1,738,608
Plant and equipment	7,727,161	1,484,818		255,306	4,894	8,961,567
Leased Transp. Equip. & Plant	87,085	0		0	0	87,085
Other tangible assets	3,825,276	677,232		123,327	-26,580	4,352,602
Construction work in progress	0	176,223		0	0	176,223
<b>Financial assets:</b>	<b>108,956</b>	<b>30,661</b>		<b>83,270</b>	<b>-901</b>	<b>55,446</b>
Securities	80,436	0		80,436	0	0
Deposits and guarantees	28,520	30,661		2,834	-901	55,446
<b>Total</b>	<b>21,285,953</b>	<b>3,860,165</b>	<b>0</b>	<b>518,546</b>	<b>-534,051</b>	<b>24,093,520</b>

Naturex business goodwill is secured in respect of 100,000 euros and Maroc Extraction business goodwill up to the 9<sup>th</sup> line.

## 5.2 Lease finance assets

Variations	Gross amount at 31/12/2004	Gross amount at 31/12/2005	Remaining amount to be written off 31/12/2005	Remaining amount to be written off 31/12/2004
Value of fixed assets	€ 87,084	€ 140,764	€ 46,581	€ 16,461

## 5.3 Amortization and depreciation

### 2005

Asset categories	Amount at 01/01/2005	Charges	Dep./Amort.	Contributions	Withdrawals or scrapping	Translation differences	Amount 31/12/2005
<b>Intangible:</b>	<b>69,450</b>	<b>45,931</b>		<b>0</b>	<b>688</b>	<b>2,185</b>	<b>116,878</b>
Software - brands	69,450	45,931		0	688	2,185	116,878
<b>Tangible:</b>	<b>6,609,849</b>	<b>2,196,409</b>		<b>11,783,542</b>	<b>648,757</b>	<b>99,463</b>	<b>20,040,506</b>
Construction on own soil	415,951	66,845		0	17,545	6,678	471,929
Construction on soil of others	494,552	91,541		0	4,306	5,327	587,115
Plant and equipment	4,176,704	1,345,922		9,064,715	405,801	58,387	14,239,927
Leased Transp. Equip. & Plant	70,624	23,559		0	0	0	94,183
Other tangible assets	1,452,016	668,543		2,718,827	221,105	29,070	4,647,352
<b>Financial assets:</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other investments	0	0		0	0	0	0
<b>Total</b>	<b>6,679,299</b>	<b>2,242,340</b>	<b>0</b>	<b>11,783,542</b>	<b>649,445</b>	<b>101,648</b>	<b>20,157,383</b>

### 2004

Asset categories	Amount at 01/01/2004	Charges	Dep./Amort.	Contributions	Withdrawals or scrapping	Translation differences	Amount 31/12/2004
<b>Intangible:</b>	<b>65,157</b>	<b>44,667</b>			<b>38,582</b>	<b>-1,791</b>	<b>69,450</b>
Software - brands	65,157	44,667			38,582	-1,791	69,450
<b>Tangible:</b>	<b>5,573,608</b>	<b>1,436,265</b>			<b>396,694</b>	<b>-3,331</b>	<b>6,609,849</b>
Construction on own soil	349,182	69,030			0	-2,261	415,951
Construction on soil of others	419,579	90,942			18,061	2,092	494,552
Plant and equipment	3,570,575	853,698			255,306	7,736	4,176,704
Leased Transp. Equip. & Plant	52,437	18,188			0	0	70,624
Other tangible assets	1,181,834	404,407			123,327	-10,898	1,452,016
<b>Financial assets:</b>	<b>80,436</b>	<b>0</b>			<b>80,436</b>	<b>0</b>	<b>0</b>
Other investments	80,436	0			80,436	0	0
<b>Total</b>	<b>5,719,200</b>	<b>1,480,932</b>	<b>0</b>	<b>0</b>	<b>515,712</b>	<b>-5,122</b>	<b>6,679,299</b>

## NOTE 6 Inventories and work in progress

### Breakdown by type

	31/12/2005	31/12/2004
Raw materials	6,684,251	3,834,789
Consumables	81,815	79,497
Finished and semi-finished goods	17,208,186	9,672,826
<b>Total (1)</b>	<b>23,974,253</b>	<b>13,587,112</b>

(1) including a Pure World contribution of € 6,964,799

## NOTE 7 Trade and other accounts receivable

	31/12/2005	31/12/2004
Trade accounts receivable	11,203,200	5,782,486
Trade debtors	18,990	75,945
Advances to employees	67,408	68,611
VAT receivables	590,930	1,094,443
Income receivable	220,940	12,516
Prepaid expenses (1)	480,369	208,384
<b>Gross total</b>	<b>12,581,838</b>	<b>7,242,386</b>
Amortizations	-245,203	-111,912
<b>Net total</b>	<b>12,336,635</b>	<b>7,130,473</b>

### (1) Prepaid expenses

	31/12/2005	31/12/2004
Pre-paid insurance	203,210	127,149
Pre-paid trade fair/exhibition costs	82,675	65,439
Outsourcing and leasing	48,520	14,558
Taxes	121,891	0
Loan interest	24,072	0
<b>Total</b>	<b>480,369</b>	<b>208,385</b>

## NOTE 8 Deferred tax assets

	31 /12/2005	31/12/2004
S.C.I. Les Broquetons deficit tax receivable	4,034	2,935
Naturex s.a deferred tax receivable	61,382	67,395
<b>Total</b>	<b>65,416</b>	<b>70,330</b>

**NOTE 9 Cash**

Detail	31/12/2005	31/12/2004
Cash	4,416,893	2,227,813
Cash equivalent	0	0
<b>Total</b>	<b>4,416,893</b>	<b>2,227,813</b>

**NOTE 10 Deferred tax**

	31/12/05	31/12/04
Deferred tax in respect of Naturex Inc acquisition cost:	772,599	
Deferred tax on consolidation operation:	2,064	
<b>Total</b>	<b>774,663</b>	<b>0</b>

**NOTE 11 Provisions**

Type	Open. Bal. 01/01/2005	Charges	Write-back (used provision)	Write-back (unused provision)	Impact of method change	Change in scope	Exch. rate/opening Exch. rate/ flows	Other	Balance 31/12/2005
Tax provision	6,195			-3,869			-415		1,911
Other	3,678	12,885		-3,565					12,998
<b>Total provisions</b>	<b>9,873</b>	<b>12,885</b>	<b>0</b>	<b>-7,434</b>	<b>0</b>	<b>0</b>	<b>-415</b>	<b>0</b>	<b>14,909</b>

**NOTE 12 Financial debt**12.1 Financial debt of more than a year

TYPE	Total	2-5 years	more than 5 years
Naturex borrowings	27,872,738	23,003,373	4,869,365
Maroc Extraction borrowings	0	0	0
SCI Les Broquetons borrowings	435,909	286,029	149,880
Naturex Inc borrowings	1,352,883	1,352,883	0
<b>Total financial debt of more than a year as at 31/12/2005</b>	<b>29,661,530</b>	<b>24,642,285</b>	<b>5,019,245</b>
<b>Total financial debt of more than a year as at 31/12/2004</b>	<b>8,475,670</b>	<b>7,498,210</b>	<b>977,460</b>

## 12.2 Other financial liabilities

<b>TYPEE</b>	<b>31/12/2005</b>	<b>31/12/2004</b>
Naturex borrowings	6,013,614	2,203,704
Maroc Extraction borrowings	0	168,342
SCI Les Broquetons borrowings	62,817	58,371
Naturex Inc borrowings	425,711	0
Lease finance debts	46,581	16,460
Outstanding accrued interest	77,169	18,373
Partners' accounts	19,914	26,301
<b>Total other financial liabilities</b>	<b>6,645,806</b>	<b>2,491,551</b>

## 12.3 Change in borrowings and financial debt

### **Of more than a year**

<b>Items</b>	<b>31/12/2004</b>	<b>New</b>	<b>Repaid</b>	<b>31/12/2005</b>
Borrowings	8,475,670	26,341,371	5,155,511	29,661,530
<b>Total</b>	<b>8,475 670</b>	<b>26,341,371</b>	<b>5,155,511</b>	<b>29,661,530</b>

### **Of less than a year**

<b>Items</b>	<b>31/12/2004</b>	<b>New</b>	<b>Repaid</b>	<b>31/12/2005</b>
Borrowings	2,465,251	5,373,271	1,212,630	6,625,892
Partners' accounts	26,301		6,387	19,914
<b>Total</b>	<b>2,491,552</b>	<b>5,373,271</b>	<b>1,219,017</b>	<b>6,645,806</b>
Bank loans	<b>3,665,795</b>	226,720		<b>3,892,515</b>

## 12.4 Breakdown of financial debt by currency expressed in euros

<b>TYPE</b>	<b>Total</b>	<b>EUR</b>	<b>DOLLARS</b>	<b>DIRHAM</b>
Naturex borrowings	33,886,353	14,813,707	19,072,646	
Maroc Extraction borrowings	0			
SCI Les Broquetons borrowings	498,726	498,726		
Naturex Inc borrowings	1,778,594		1,778,594	
Leasing loans	46,581	2,743		43,838
Outstanding accrued interest	77,169	77,169		
Bank loans	3,892,515	3,723,443	169,071	
Partners' accounts	19,914	19,721		193
<b>Total</b>	<b>40,199,850</b>	<b>19,135,509</b>	<b>21,020,311</b>	<b>44,031</b>
<b>Total (as %)</b>		<b>47.60%</b>	<b>52.29%</b>	<b>0.11%</b>

## 12.5 Breakdown of borrowings at fixed and variable rates

TYPE	Total	Fixed rate	Variable rate
Naturex borrowings	33,966,264	6,163,256	27,803,008
Maroc Extraction borrowings	43,838	43,838	
SCI Les Broquetons borrowings	498,726	91,927	406,799
Naturex Inc borrowings	1,778,594	1,292,030	486,564
<b>Total</b>	<b>36,287,423</b>	<b>7,591,051</b>	<b>28,696,372</b>
<b>Total (as %)</b>		<b>20.92%</b>	<b>79.08%</b>

## NOTE 13 Segmented information

First level: geographical sectors

### 13.1 Subsidiary-based revenue

Geographical breakdown	FRANCE	MOROCCO	USA	TOTAL
31/12/2005	16,201,428	2,391	33,943,067	50,146,886
31/12/2004	15,301,510	3,354	19,500,106	34,804,970

### 13.2 Revenue - France/Export

	Naturex	Maroc Extraction	Naturex Inc.	Consolidated
France	4,778,830			4,778,830
Outside France	11,422,598	2,391	33,943,067	45,368,056
<b>Production sold</b>	<b>16,201,428</b>	<b>2,391</b>	<b>33,943,067</b>	<b>50,146,886</b>
Carriage	158,444		228,477	386,921
<b>Total</b>	<b>16,359,872</b>	<b>2,391</b>	<b>34,171,544</b>	<b>50,533,806</b>

### 13.3 Operating income

<u>Group companies</u>	31/12/2005	31/12/2004
NATUREX	427,650	992,604
SCI	50,283	53,737
MAROC EXTRACTION	615,502	1,249,609
NATUREX INC	5,449,711	2,386,054
<b>Operating income</b>	<b>6,543,145</b>	<b>4,682,004</b>

Naturex has received a commitment of 1,846,488 euros from Coface to guarantee the political risk in Morocco.

In addition, Naturex has stood security with the Moroccan Customs for an amount representing 340,674 euros.

### 13.4 Inventories

Geographical breakdown	France	Morocco	USA	TOTAL
Raw materials	1,121,521	1,660,331	3,902,399	6,684,251
Consumables	19,137	31,252	31,426	81,815
Finished and semi-finished goods	758,035	10,547,334	5,902,818	17,208,186
<b>Total</b>	<b>1,898,693</b>	<b>12,238,917</b>	<b>9,836,643</b>	<b>23,974,253</b>

### 13.5 Gross assets

Asset categories	France	Morocco	USA	Amount 31/12/2005
<b>Goodwill :</b>	<b>47,586</b>	<b>33,562</b>	<b>22,610,420</b>	<b>28,476,487</b>
<b>Intangible:</b>	<b>125,334</b>	<b>8,713</b>	<b>65,044</b>	<b>199,091</b>
Software - brands	125,334	8,713	65,044	199,091
<b>Tangible:</b>	<b>9,862,987</b>	<b>8,869,308</b>	<b>17,623,924</b>	<b>36,356,218</b>
Land	263,263			263,263
Construction on own soil	2,239,727			2,239,727
Construction on soil of others	71,046	1,679,160	0	1,750,206
Plant and equipment	2,959,537	5,987,667	12,192,191	21,139,395
Leased Transp. Equip. & Plant	87,085	53,679		140,764
Other tangible assets	3,610,850	1,148,802	5,431,733	10,191,384
Construction work in progress	631,480	0		631,480
<b>Financial:</b>	<b>68,286</b>	<b>12,422</b>	<b>1,462,681</b>	<b>1,543,389</b>
Securities			1,279,986	1,279,986
Loans			89,411	89,411
Deposits and guarantees	68,286	12,422	93,284	173,991
<b>Total</b>	<b>10,104,193</b>	<b>8,924,005</b>	<b>41,762,069</b>	<b>66,575,185</b>

### 13.6 Allocations for the financial year

Asset categories	France	Morocco	USA	Amount 31/12/2005
<b>Intangible:</b>	<b>30,456</b>	<b>1,374</b>	<b>14,100</b>	<b>45,931</b>
Software - brands	30,456	1,374	14,100	45,931
<b>Tangible:</b>	<b>785,012</b>	<b>714,230</b>	<b>697,167</b>	<b>2,196,409</b>
Construction on own soil	54,840		12,005	66,845
Construction on soil of others	7,105	83,958	478	91,541
Plant and equipment	332,040	550,741	463,141	1,345,922
Leased Transp. Equip. & Plant	11,791	11,768		23,559
Other tangible assets	379,237	67,763	221,543	668,543
<b>Financial:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other investments				0
<b>Total</b>	<b>815,468</b>	<b>715,604</b>	<b>711,267</b>	<b>2,242,340</b>

### 13.7 Acquisitions and asset contribution

Asset categories	France	Morocco	USA	Amount 31/12/2005
<b>Goodwill :</b>			<b>20,724,137</b>	<b>20,724,137</b>
<b>Intangible:</b>	<b>2,655</b>	<b>2,454</b>	<b>8,793</b>	<b>13,902</b>
Software - brands	2,655	2,454	8,793	13,902
<b>Tangible:</b>	<b>2,086,859</b>	<b>289,973</b>	<b>17,803,520</b>	<b>20,180,353</b>
Land				0
Construction on own soil			693,512	693,512
Construction on soil of others				0
Plant and equipment	544,726	181,209	11,768,174	12,494,109
Leased Transp. Equip. & Plant		53,679		53,679
Other tangible assets	1,011,068	53,295	4,935,547	5,999,910
Construction work in progress	531,065	1,790	406,288	939,143
<b>Financial:</b>	<b>41,406</b>	<b>537</b>	<b>1,444,622</b>	<b>1,486,565</b>
Securities			1,279,986	1,279,986
Loans			89,411	89,411
Deposits and guarantees	41,406	537	75,224	117,167
<b>Total</b>	<b>2,130,920</b>	<b>292,964</b>	<b>39,981,072</b>	<b>42,404,957</b>

### 13.8 Other operating revenues

Other revenues	France	Morocco	USA	Consolidated total
Recurrent	460,867	14,357	394,479	869,702
Insurance repayment			1,407,688	1,407,688
	<b>460,867</b>	<b>14,357</b>	<b>1,802,166</b>	<b>2,277,389</b>

The insurance revenue recognized in the United States concerns compensation in respect of the fire at Brucia in February. The other recurrent revenue consists essentially of rebilled costs (€ 204K) of rebilled transport costs (€ 387K).

### 13.9 Assets and liabilities by geographical sectors

	France	Morocco	USA	Total
Total assets	20,150,786	7,846,196	59,939,127	87,936,108
Total liabilities	74,487,077	3,795,594	9,653,437	87,936,108

**Second level:** sectors of activity

### 13.10 Revenue per activity

Revenue	31/12/2005
MPs for the aromatic industry	4,937,871
Cosmetic and food ingredients	13,861,889
Tailored extraction	2,115,298
Nutraceutical	29,095,379
Miscellaneous	136,449
<b>TOTAL</b>	<b>50,146,886</b>

### 13.11 Breakdown of assets by sector of activity

<b>Assets</b>	<b>31/12/2005</b>
MPs for the aromatic industry	8,658,906
Cosmetic and food ingredients	24,307,802
Tailored extraction	3,709,324
Nutraceutical	51,020,803
Miscellaneous	239,274
<b>TOTAL</b>	<b>87,936,108</b>

Since all the tools are multi-purpose, this breakdown has been calculated based on the percentage of revenue per activity defined in item 13.10.

### 13.12 Asset acquisitions by sector of activity

<b>Asset acquisitions</b>	<b>31/12/2005</b>
MPs for the aromatic industry	4,175,538
Cosmetic and food ingredients	11,721,821
Tailored extraction	1,788,727
Nutraceutical	24,603,488
Miscellaneous	115,384
<b>TOTAL</b>	<b>42,404,957</b>

Since all the tools are multi-purpose, this breakdown has been calculated based on the percentage of revenue per activity defined in item 13.10.

### 13.13 Revenue breakdown by geographical location of customers

<b>Revenue</b>	<b>31/12/2005</b>
France	4,777,728
European Union excluding France	10,396,683
Asia/Oceania	1,578,752
USA/Canada	32,442,803
Rest of the world	950,920
	<b>50,146,886</b>

## NOTE 14 Employee benefits expense

### 14.1 Headcount

Employee benefits expense has increased by around 63% compared with financial year 2004. The average headcount is 349 (vs. 235 at 31/12/04), broken down as follows:

- Naturex: 123
- Naturex Inc.: 144
- Maroc Extraction: 82

### 14.2 Stock options

The value of options has been calculated using the Black and Scholes valuation model and entered in accordance with standard IFRS 2 under employee benefits expense for an amount of € 72,533. The fair value of the benefit granted in respect of the plan approved by the Board of Directors on 06/05/2005 amounts to € 35,300. The expense corresponding to this benefit has been spread over the three-year allocation period, in the same way as previous allocations.

The different stock option plans are summarized in the following table:

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8
Meeting date	19/03/2001	19/03/2001	19/03/2001	19/03/2001	19/03/2001	19/03/2001	19/03/2001	19/03/2001
Board meeting date	02/01/2001	04/07/2001	21/12/2001	21/12/2001	30/01/2003	06/01/2004	06/01/2004	06/05/2005
Type of option	Purchase	Purchase	Purchase	Subscription	Subscription	Purchase	Subscription	Subscription
Number of options allocated for: (remaining at 31/12/2004)								
<i>Executive officers</i>	0	602	198	7,513	698	1,779	17,500	21,500
<i>Employees</i>	594	0	0	892	1,156	0	1,948	2,850
<i>(with 10 employees having received the largest allocations)</i>	594			892	1,156		1,948	2,388
Start date for exercise of options	02/01/2004	04/07/2004	21/12/2004	21/12/2004	30/01/2006	06/01/2007	06/01/2007	06/05/2008
Expiry date	02/01/2006	04/07/2006	21/12/2006	21/12/2006	30/01/2008	06/01/2009	06/01/2009	06/05/2010
Purchase or subscription price	11.61	11.34	11.86	11.86	12.83	12.72	12.72	27.54
Number of shares subscribed at 31/12/05	594	0	0	0	0	0	0	0
Subscription or purchase options cancelled during the financial year	0	0	0	0	0	0	132	0
Remaining subscription or purchase options	0	602	198	8,405	1,854	1,779	19,316	24,350

**NOTE 15 External expenses and development costs**

Description	Amount	
	31/12/2005	31/12/2004
non-immobilized purchases	5,908,664	3,536,017
leasing	679,769	424,019
maintenance	350,927	42,453
insurance	721,963	772,861
documentation	23,887	18,768
fees	1,347,793	894,433
advertising, trade fairs, exhibitions	396,086	361,614
transport costs	2,427,658	2,106,728
travel	1,367,526	1,026,062
telecommunications	318,577	229,965
other expenses	162,589	132,263
<b>total</b>	<b>13,705,439</b>	<b>9,545,183</b>

- Development costs are entered as an expense for an amount of around € 1.2M. These costs do not satisfy the asset criteria stipulated by standard IAS 38, particularly in terms of commercial outlets.

**NOTE 16 Other operating expenses**

Description	Amount	
	31/12/2005	31/12/2004
other expenses	48,961	77,148
provision charges	156,470	46,290
write-backs and transferred expenses		-31,391
non-recurring expenses	5,232	19,652
NBV of assets sold	286,174	
<b>total</b>	<b>496,837</b>	<b>111,699</b>

**NOTE 17 Financial income and expenses**17.1 Cost of net financial debt

	31/12/2005	31/12/2004
Interest and related expenses	-1,189,955	-549,679
Financial income	128,629	50,329
<b>Net financial debt</b>	<b>-1,061,326</b>	<b>-499,350</b>

17.2 Other financial income and expenses

	31/12/2005	31/12/2004
Exchange rate losses	1,962,512	1,137,163
Exchange rate gains	2,160,828	1,249,805
<b>Other financial income and expenses</b>	<b>198,316</b>	<b>112,642</b>

## NOTE 18 Income tax

### 18.1 Breakdown of deferred taxes/taxes payable in the income statement

Tax payable:	743,173
Deferred tax:	930,798
Total tax:	1,673,971

### 18.2 Reconciliation of tax expense and theoretical tax expense

Income of fully consolidated companies	4,006,163
Tax booked	1,673,971
<b>Pre-tax consolidated income</b>	<b>5,680,134</b>
<b>Theoretical tax: 33.33% + 1.5% contribution</b>	<b>1,921,778</b>
Impact of US tax rate (1)	-140,532
Impact of Moroccan tax rate	-118,109
Impact of definitively non-deductible expenses	5,827
. Tax on companies' vehicles	2,950
. Depreciation of private vehicles	503
. Fine	1,692
. Private vehicle rents	682
Impact of deferred tax	5,007
<b>Tax booked</b>	<b>1,673,971</b>

(1) including a partial tax loss carryforward of € 146,281 originating from the US subsidiary: the carryforward has not been activated because of uncertainty over the amount still to be charged

### 18.3 Breakdown of booked deferred tax assets and liabilities

	<b>Assets</b>	<b>Liabilities</b>	<b>Net liabilities</b>
Temporary differences:	65,416	774,663	709,247

### 18.4 Criteria for booking deferred taxes, and impact of changes in the income statement

The following were booked at December 31, 2005: SCI deferred tax for -€ 1,388, Naturex SA deferred tax for € 156,485, the recovery of a Naturex receivable in respect of 2004 deferred tax for € 16,269, 2005 organic deferred tax for -€ 15,231, Maroc Extraction deferred tax for € 2,064 and the tax on the activation of acquisition costs in respect of Pure World in the USA for € 772,599. Total deferred tax: € 930,798.

**NOTE 19 Diluted earnings per share**

	31/12/2005	31/12/2004
Options following S2P share with warrants issue of 16/12/02		79,000
Options allocated to employees on 21/12/01	8,405	10,186
Options allocated to employees on 30/01/03	1,854	2,916
Options allocated to employees on 06/01/04	19,448	19,778
Options allocated to employees on 06/05/05	24,548	
Share with warrants issue/capital increase of 12/01/05	204,590	
<i>Total options granted</i>	<i>258,845</i>	<i>111, 880</i>
<i>Number of shares making up the capital</i>	<i>2,661,126</i>	<i>2,164,518</i>
Earnings (group share)	3,950,707	2,756,040
<b>Diluted earnings per share</b>	<b>1.3530</b>	<b>1.2107</b>