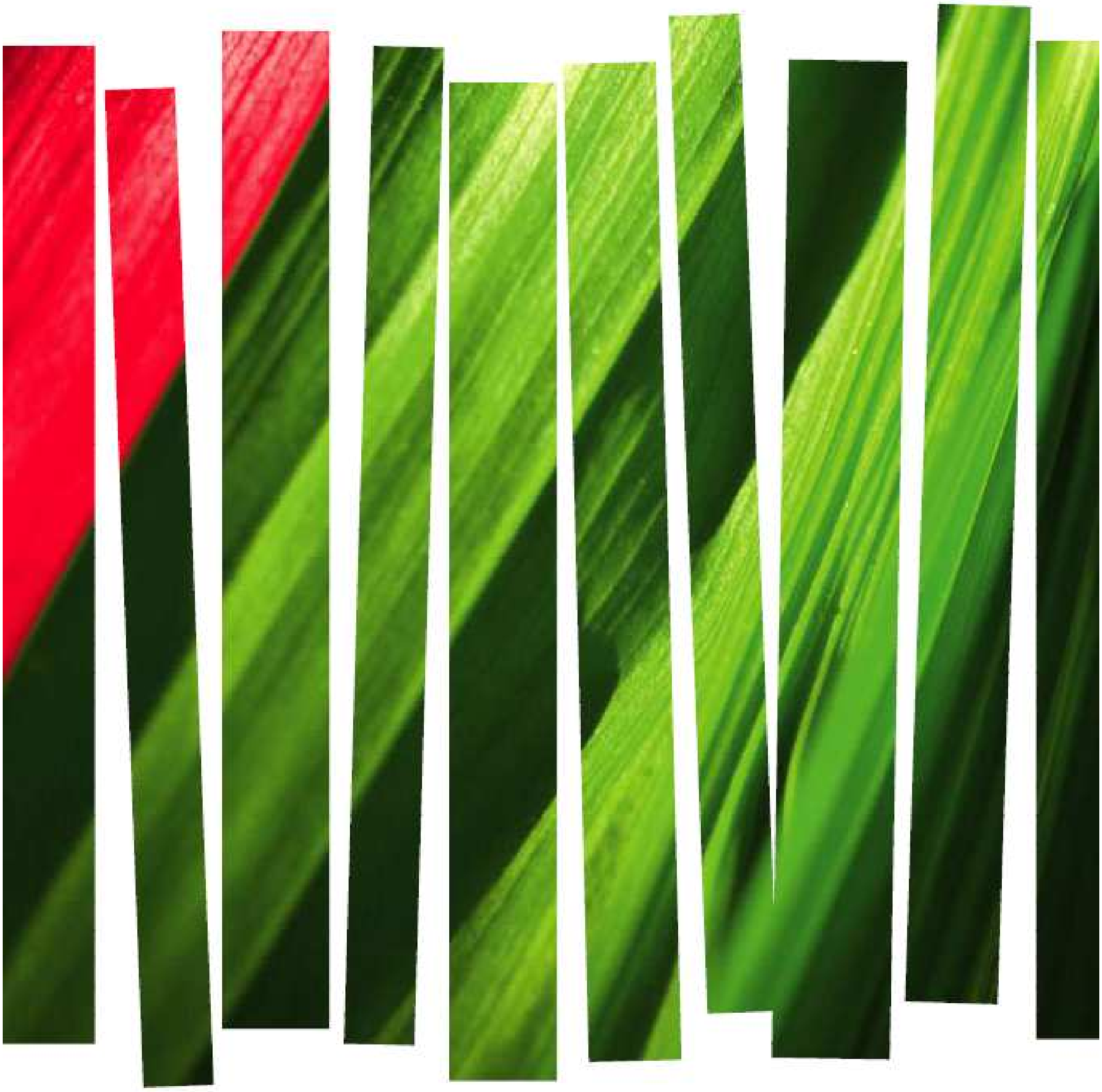
NATUREX
Ultimate Botanical Benefits

Interim Business Report

June 30, 2010



NATUREX
Ultimate Botanical Benefits

General contents

Certification of the persons responsible for the interim report

Jacques Dikansky, President of the Board of Directors of Naturex SA.

"I certify that, to the best of my knowledge, the summary financial statements for the first six months of 2010 have been drawn up in accordance with generally accepted accounting principles and that they are a true and fair reflection of the financial position and results of the parent and all of the companies within the consolidation scope. I also certify that this interim business report is a fair reflection of the major events that occurred during the first half of the year and their impact on the interim accounts, of all of the main transactions between related parties as well as of the main risks and uncertainties for the remaining six months of the year."

Jacques Dikansky
August 30, 2010

Financial information

Person responsible for the information:

Thierry Lambert – Vice-President and CFO
Tel.: 04 90 23 96 89
Fax: 04 90 23 73 40
t.lambert@naturex.com

The incorporating document and articles of association of Naturex SA, as well as all of the legal and financial documentation for previous fiscal years and periods may be consulted at the company's head office:

NATUREX S.A.
Pôle technologique Agroparc
BP 1218
84911 Avignon Cedex 09

The main press releases and documents published by Naturex group can be found on the group's website: www.naturex.com.

Authorization for publication from the Board of Directors

The publication of the interim financial statements for the period ending June 30, 2010 was approved by the Board of Directors' meeting of August 23, 2010.

Interim Business Report

June 30, 2010

Amounts expressed in euros

Contents of the Business Report

1 Activity

1.1 Presentation of the Group

Naturex is the global leader in specialty plant-based natural ingredients for the food, flavoring, nutraceutical, pharmaceutical and cosmetics markets.

They are intermediary products sold exclusively to industrial companies.

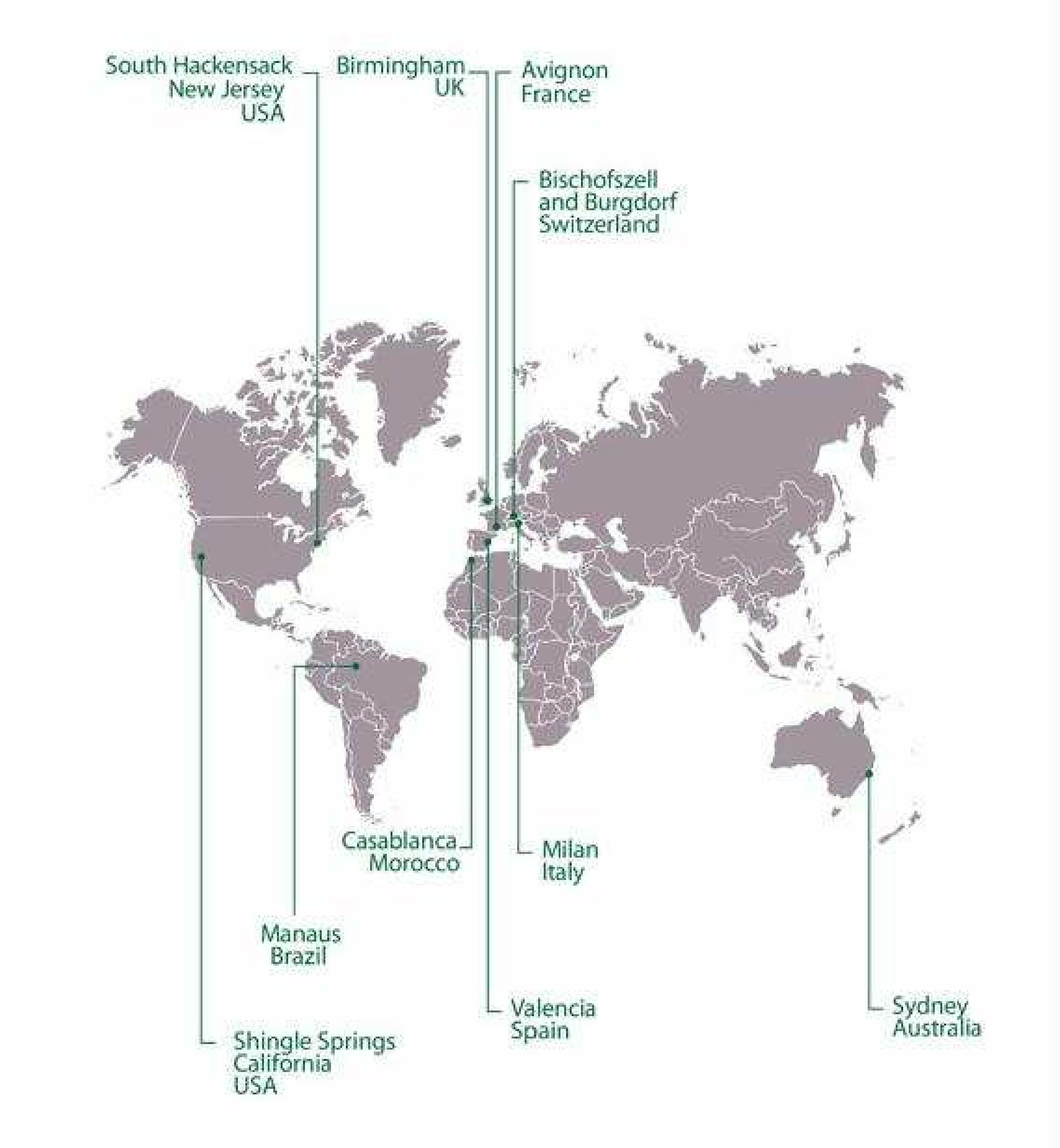
The group handles each stage in their production, from the selection of raw materials to the processing of final ingredients.

Today’s market for extracts is very strong, with the natural origin of the raw materials and ingredients used by industrial companies fulfilling a buoyant and fast-growing demand from end consumers

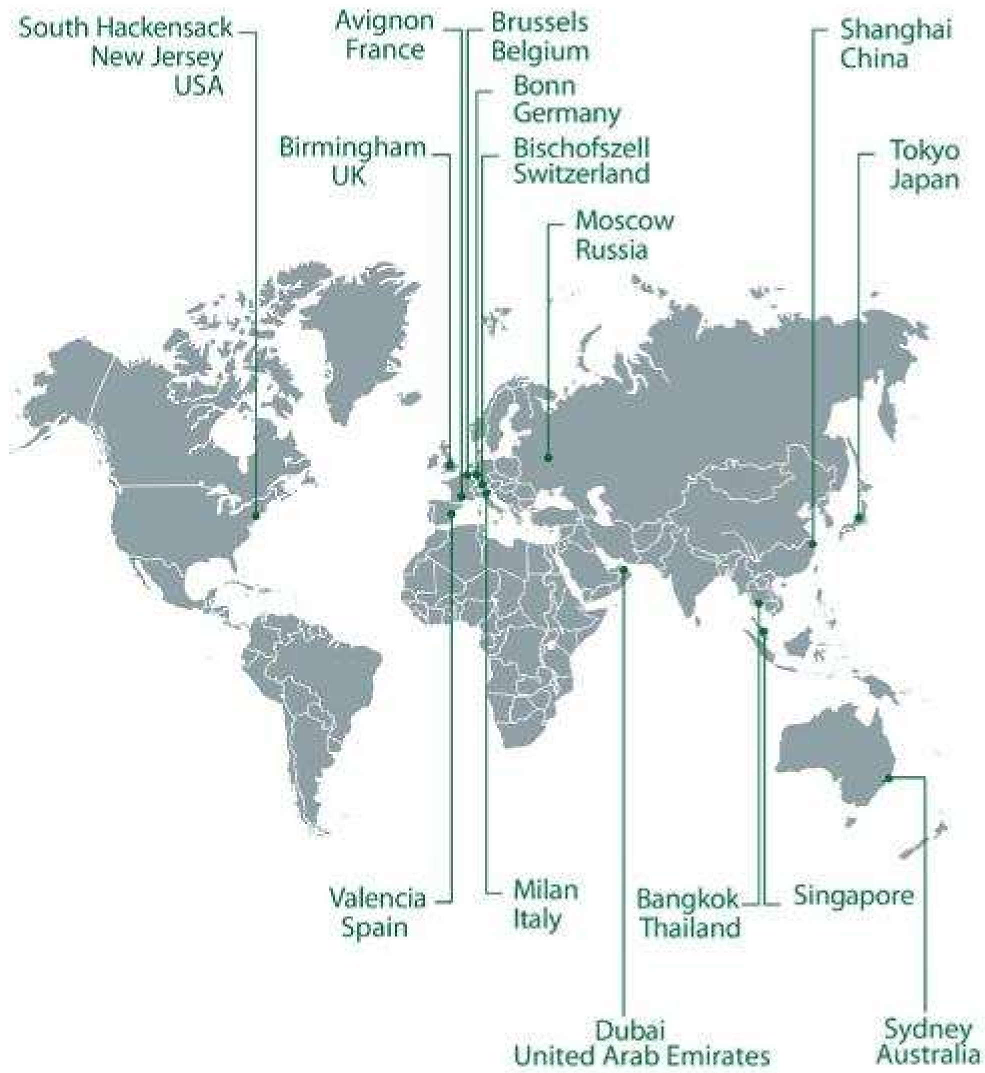
Naturex's strength lies in its ability to position itself on specific products with a high value-added which constitute market niches.

Naturex is a global group, with eleven industrial units and fifteen sales offices spanning the world's five continents.

At June 30, 2010, Naturex's eleven industrial units were located as follows:



and its fifteen sales offices spread out as indicated below:



Naturex boasts a two-fold expertise:

- Extraction: the transformation of plant into extract.
  Mastering the art of extraction means mastering the science of natural chemistry. It means being able to identify and extract the main active flavors, colors and health-related agents contained in plants.

- Formulation: the transformation of raw extract into processed extract.
  Formulation involves modifying the physical-chemical properties of extracts in order to adapt them to the specific needs of users.
  For example, it might involve creating water-soluble powders from raw, liposoluble liquid extracts. This second area of expertise requires an in-depth knowledge of the manufacturing processes used in client sectors.

Naturex is able to draw upon an efficient and structured sales network that enables it to meet the precise needs of its industrial clients. It has also developed a strict sourcing policy that guarantees it the best raw materials at the best prices.

Following the acquisition of the Ingredients division of Natraceutical Group, the breakdown in Naturex's activity by geographical region and market has changed significantly since the start of 2010, and the company has enjoyed rapid growth in its sales and industrial scope.

At June 30, 2010, Naturex's consolidation scope was made up of the following companies and/or holdings:

- **Naturex SA:**

Naturex SA is the group's parent company located in Avignon. The management of the group's various departments is centralized at Avignon, and the site also houses R&D laboratories, a multi-purpose industrial facility and a warehouse, as well as the majority of the group’s sales teams for Europe.

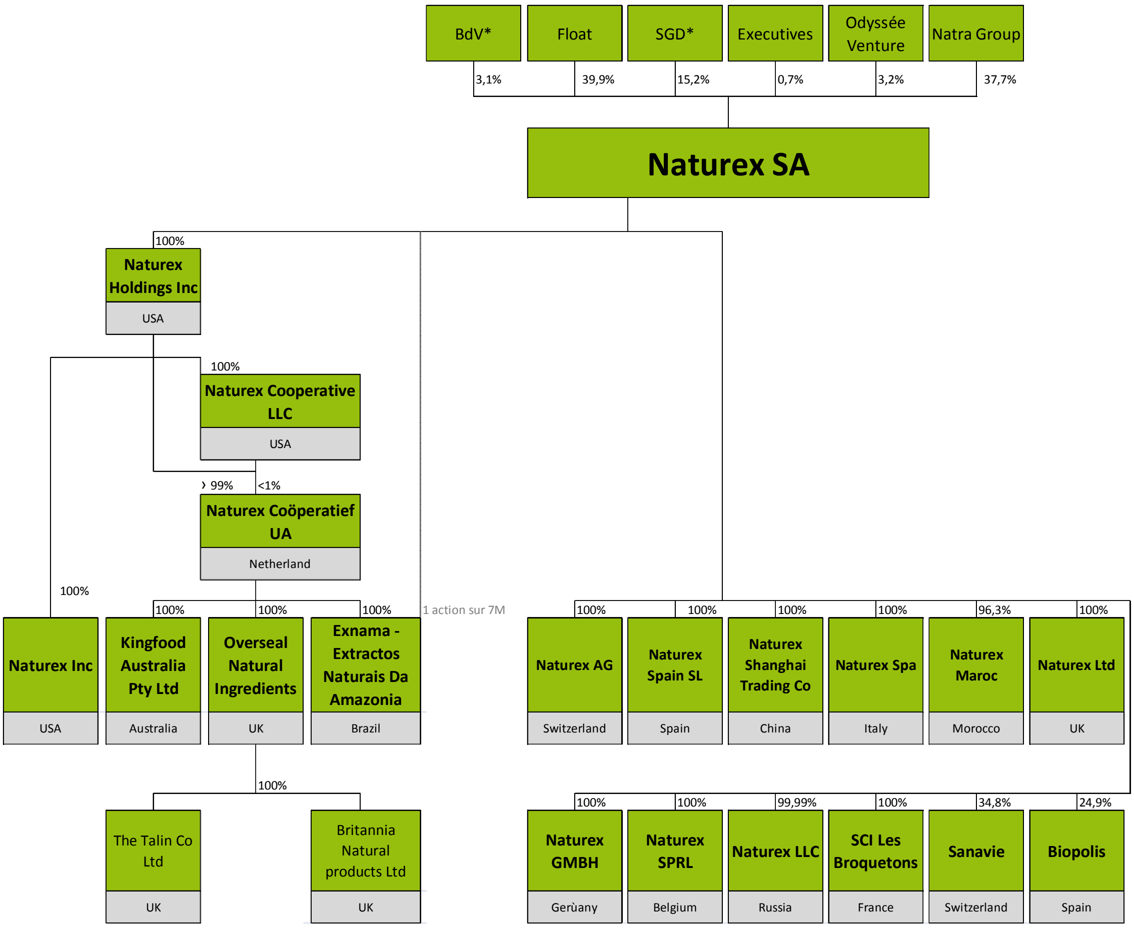
Naturex SA owns the following companies and/or holdings:

- ✓ **Naturex Holdings Inc**: A holding company based in the United States
- ✓ **Naturex AG**: a company with two production sites in German-speaking Switzerland
- ✓ **Naturex Spain SL**: a company based in Valencia, Spain
- ✓ **Naturex Shanghai trading co**: a subsidiary in Shanghai, China
- ✓ **Naturex S.p.A.:** a company based in Milan, Italy
- ✓ Naturex Morocco SA: a company which is 96.3%-owned by Naturex SA and is based in Nouasser, Morocco
- ✓ **Naturex Ltd**: a company based in England
- ✓ **Naturex GMBH**: a company based in Bonn, Germany
- ✓ **Naturex SPRL:** a company based in Brussels, Belgium
- ✓ **Naturex LLC**: a company which is 99.99%-owned by Naturex SA and is based in Moscow, Russia
- ✓ **SCI les Broquetons**: a real estate company which is wholly-owned by Naturex SA and which in turn owns the premises in Avignon.

Naturex SA also has holdings in:

- ✓ **Sanavie**, a Swiss company (34.8% stake)
- ✓ **Biopolis**, a company based in Spain (24.9% stake)

Legal structure



**BdV: Banque De Vizille. SGD: the family-owned holding company of President and CEO Jacques Dikansky*

- **<u>Naturex Holdings Inc:</u>**

Naturex Holdings Inc. is made up of six companies, several of which were incorporated following the acquisition of the Ingredients division of Natraceutical group.

- **Naturex Inc.** is a US subsidiary of Naturex Holdings Inc.
  Set up in September 1997, Naturex Inc. is a long-standing group company with two major production facilities:
  - the New Jersey facility which boasts very large-capacity production and atomization equipment for the production and commercialization of plant extracts used by the food-processing, flavoring, pharmaceutical, nutraceutical and cosmetics industries. It is also home to R&D and quality control laboratories, the group's US sales teams, an administrative department and a storage warehouse;
  - the Californian facility with mixing and granulation equipment devoted exclusively to the production of nutraceutical extracts and a quality control laboratory. In terms of logistics, the Californian site perfectly complements the group's New Jersey plant.

- **<u>Naturex Cooperative LLC and Naturex Coöperatief UA</u>**:
  These two companies are governed by US and Dutch law respectively.

  Naturex Coöperatief UA holds a 100% stake in:
  - ✓ **Kingfood Australia Pty Ltd,**
  - ✓ **Overseal Natural Ingredients,**
  - ✓ and **Naturex Extractos Naturais Da Amazonia Ltda.**

- **Kingfood Australia Pty Ltd:**
  Based in Sydney, Kingfood is Naturex's distribution platform in Australia whose primary purpose is the development of group sales in the Asia/Pacific region.

- **Overseal Natural Ingredients:**
  English company Overseal Natural Ingredients Ltd is a leading European manufacturer and supplier of naturally-derived coloring agents. It also specializes in yeast and Talin (a naturally-strong sweetener which is principally used to mask bitterness), with activities that perfectly complement each of the businesses within Naturex's former consolidation scope prior to its acquisition of the Ingredients division of Natraceutical group.
  Overseal Natural Ingredients holds a 100% stake in The Talin Co Ltd and Britannia Natural Products Ltd, which are currently dormant companies.

- **Exnama - Extractos Naturais da Amazônia Ltda:**
  Exnama is a company based in Manaus in Brazil which produces purified caffeine for the food industry as well as caffeine-enriched beverages.

- **<u>Naturex AG:</u>**

Naturex AG is the new name for Obipektin AG, a recognized European leader in fruit and vegetable powders and specialty pectins with two major production sites in Bischofszell and Burgdorf, Switzerland.
Like Naturex, the company markets its natural ingredients to industrial groups, primarily within the food sector, particularly baby foods. Naturex AG also has a sales office in Bangkok, Thailand.

- **<u>Naturex Spain SL:</u>**

Following its acquisition from Natraceutical, Naturex now owns a major production facility in Valencia Spain, for which the land and buildings are under lease. with a major extraction capacity (solvent and water extraction, production of polyphenols).

- **<u>Naturex Trading Shanghai Co. Ltd. :</u>**

Naturex's Chinese subsidiary, Naturex Trading Shanghai Co., Ltd., was officially inaugurated on October 14, 2008. It has two objectives:

- to up the reliability of sourcing from that part of the world by implementing local quality control procedures and by forging stronger relations with producers;
- and to develop group sales on the Chinese market. Naturex's Chinese subsidiary was launched in the second half of 2009 and accounted for € 0.5 million of the group's procurement over the year. In the first half of 2010, it handled a procurement turnover of over € 3 million for the group.

- **Naturex S.p.A.:**

Naturex S.p.A. is a company that was formed in 2007 following the repurchase of Italian company, Hammer Pharma which has an industrial plant in Caronno Pertusella near Milan and specializes in the production and commercialization of plant extracts for the industrial sector, and the acquisition of HP Botanicals in April 2007, which specializes in the formulation and distribution of plant extracts for the nutraceutical sector in Italy.
The company directly handles the commercialization of the group's product range in Italy and primarily produces extracts for the pharmaceutical industries.

- **Naturex Morocco SA:**

Located in Nouasser near Casablanca, Naturex Morocco produces a substantial proportion of the raw materials intended for the flavoring industry as well as different extracts sold to the food and nutraceutical sectors, particularly antioxidant rosemary plant extracts. The company also has quality control laboratories and its own administrative offices.

- **Naturex UK Ltd:**

Naturex UK Ltd is the subsidiary which handles the direct commercialization of Naturex products (former consolidation scope) in the United Kingdom.

- **Naturex GMBH:**

Since 2010, Naturex GMBH devotes its activities to the commercialization of Naturex products in Germany. The company was recently set up and will begin operations in the second half of 2010.

- **Naturex SPRL:**

Naturex SPRL is responsible for the commercialization of Naturex products in the Benelux countries since 2010.

- **Naturex LLC:**

A subsidiary based in Moscow, Russia, Naturex LLC is a streamline structure in charge of the sale of Naturex products on the Russian market. Acquired as part of the group's transaction with Natraceutical, the company is first and foremost a distribution platform for the products of Overseal Natural Ingredients and Naturex AG.

Branches and sales offices:

Naturex also has several sales offices and branches working to develop its presence on the world's emerging and/or high potential markets.
The group has subsidiaries in Singapore (devoted to the development of its activities in Asia), Japan and Dubai (since January 6, 2010). Like the group's European branches, their remit is to develop and reinforce Naturex's local commercial presence and sales.

Other holdings and investments:

- **Sanavie:**

Naturex has a 34.8% minority stake in Sanavie, a Swiss-based company that distributes its products (former consolidation scope) in Russia and Ukraine.

- **Biopolis:**

Naturex has purchased a 24.9% stake in this R&D company which specializes in ingredients and is also based in Valencia, Spain. The company's research focuses primarily on the production, design and purification of microorganisms (bacteria, yeasts and filamentous fungi) and microbial metabolites (by-products with a high value-added such as enzymes, proteins and nucleic acids).

Group consolidation scope

Naturex’s group scope is detailed in Note 2 to the consolidated financial statements (p. 50).

1.2 Other information on group activity

Research and development

Naturex’s R&D Department is at the heart of its economic model.

Working in close collaboration with the R&D departments of the group’s clients and with university research centers around the world, Naturex's R&D unit designs and creates new products to meet market needs. The group's laboratories play a decisive role in the production of extracts that are subject to increasingly complex technical and regulatory specifications. The R&D department develops specialty, high value-added products whose initial production stages require specific expertise and whose composition is customized to suit individual requirements.
Naturex's strong commitment to and investment in R&D have resulted in a number of major technological innovations that afford the group an important competitive advantage.

The department currently employs a team of 54 engineers and technicians across France, the United States, Italy and Morocco.

In accordance with the provisions of Article L. 233-26 of the French Commercial Code governing corporate reporting, we hereby inform you that Naturex group invested € 2.7 million in its R&D activities in the first half of 2010. The projects concerned are set out in Note 19 of the Notes to the consolidated financial statements.

Moreover, the group intends to step up its investment in R&D in the coming years. In particular, through its new Spanish subsidiary, Naturex is taking part as lead arranger in Senifood, a major research program over several years devoted to foods and ingredients for the elderly.

Environmental impact

Out of Naturex's eleven production sites, four handle plant extraction which requires major energy consumption (linked to evaporation operations) and generates the emission of volatile organic compounds.
The operation of these different sites is subject to authorization. They regularly undergo emissions tests and are equipped with emissions reduction systems.

The environmental management system of Naturex's site in Avignon has been ISO 14001 certified since 2007.

Two of the new sites that are part of the Ingredients Division of Natraceutical group (Bischofzell in Switzerland and Valencia in Spain) use inflammable solvents which, like the sites in the group's former scope, results in substantial energy consumption and discharges into the atmosphere. Retrieval systems have been put in place in order to reduce these emissions.

Moreover, the management of wastewater is a priority at every site which are all equipped with facilities for the pretreatment (and in some cases treatment like the site in Valencia, Spain) of water that are adapted to their different needs and types of effluents in compliance with applicable standards.

The Overseal plant in the United Kingdom has also been ISO 14001 certified since 2008.

Energy consumption for plant extraction activities is outlined in the table below:

Site	Avignon France	Nouasser Morocco	South Hackensack, NJ USA	Brucia, CA USA	Milan Italy	Bischofszell Burgdorf Switzerland	Birmingham, UK	Manaus Brazil	Valencia Spain	Sydney Australa
Main source of energy	Electricity	Electricity	Gas	Electricity	Gas	Gas	Electricity	Electricity	Gas	Electricity
2010 Gas consumption (KW) (6 months)	1,689,427		4,215,840		7,576,437	29,513,183			2,478,946	
2010 Fuel oil consumption (Kg) (6 months)		773,500					89,649	150,480		
2010 Electricity consumption (KW) (6 months)	2,772,684	2,468,651	3,250,120	217,760	1,562,247	6,342,333	765,022	655,200	1,274,667	64,899

**NB: The regular declarations made by the Nouasser and Avignon entities to the relevant national authorities provide detailed data on emissions.*

Off-balance sheet commitments linked to ordinary operations

Off-balance sheet commitments linked to ordinary operations are set out in Note 24.2 of the Notes to the consolidated financial statements.

1.3 Highlights

Strong growth in revenue and results

Naturex's revenues for the first six months of 2010 stand at € 112.1 million, more than twice the figure generated in the first half of 2009 (€ 54.4 million).

Proforma, revenues for the first six months of 2010 were up 17.0% in current currencies and 14.7% in constant currencies. Each of the group's divisions and geographic sectors enjoyed new growth over the first half of 2010.

At June 30, 2010, the group's operating income stood at € 14,287,000, an 87.2% increase on the € 7,631,000 reported one year earlier. Like-for-like, operating income increased 40.4%.

Accordingly, the ratio of operating income to revenues increased 2.1 points to 12.7% after a figure of 10.6% in 2009.

Despite today's difficult economic backdrop, Naturex's clear head start on its yearly targets for 2010 is concrete proof of its ability to substantially accelerate its growth.

Integration of the Ingredients division of Natraceutical Group

Naturex continues to focus on the successful integration of the Ingredients division of Natraceutical and on the industrial and commercial synergies generated by the acquisition.

Bringing together the expertise made of industrial and commercial resources of both groups, the new entity benefits from a balanced presence between Europe and the United States.

The new group is already able to capitalize on the strong sales synergies resulting from the acquisition.

The majority of the former agreements signed with sales agents for the distribution of the products of the Ingredients division of Natraceutical have been terminated, with their repurchase representing an investment of € 2.7 million, € 0.5 million of which was paid in the first six months of 2010. As a result, the new entity has an integrated sales structure which directly handles the distribution of Naturex products in most regions.

Furthermore, the expertise of the group's sales teams mean they are able to sell sophisticated and highly technical products which generate the highest value-added.

In addition, the potential for cross-selling means Naturex is able to offer a broader range of products to a broader spectrum of clients.

Lastly, Naturex's production facilities have been reinforced, notably following its acquisition of the factory in Valencia, Spain, with its new plants in Switzerland (Bischofszell and Burgdorf) affording the group a wider range of industrial resources.

The integration of the Ingredients division of Natraceutical is already well underway, with Naturex looking to rapidly return to the operating profitability levels reported before the acquisition thereby confirming the new entity's potential.

Outlook and market trends

Naturex group fully intends to pursue its growth in specialty plant-based ingredients - a sector with a strong market potential that is set to stay. The acquisition of the Ingredients division of Natraceutical is a strategic move that will enable the group to develop new product ranges and reinforce its global sales.

Naturex has two key growth reservoirs: one which is geographical with the expansion of its activities in Asia and Latin America which are expected to be buoyant markets in the years to come, and another which is sector-based with the development of the group's Personal Care business (natural cosmetic products).

The group is also taking part as lead arranger in Senifood, a major Spanish research program devoted to foods and ingredients for the elderly that has a global budget of close to € 12 million; thereby placing Naturex amongst the leaders in this sector.

At the same time, Naturex continues to invest in the R&D activities linked to its different product ranges.

Other major events

The Naturex Foundation

"The Naturex Foundation is an independent, non-profit making entity with its own resources, which supports education, medicine, and the basic necessities of local communities in those countries from which Naturex obtains its plant materials."

The mission of the Naturex Foundation is to improve the living conditions of communities where Naturex sources its raw materials. Since 2008, it supports projects in Morocco, Peru and India, and is now involved in two new projects in Mongolia and Cambodia.

In Mongolia

This project is headed by Naadam, a French NGO[1] whose aim is to help the people of Mongolia through training and education. Over the past five years, this association has worked with local inhabitants in the Choibalsan region in creating food-producing gardens. The purpose of the program is to teach the local people new gardening techniques that provide basic foods and therefore help overcome malnutrition. In order to improve this system, an in-depth study of the nutritional and economical consequences is necessary. In the coming months, the Foundation will support the team in charge of the study, whose report will lead to the appointment of an expert agronomist to head up the rest of the project.

[1] NGO: Non Governmental Organization

In Cambodia

The Foundation supports the "Agriculture diversification around Siem Reap" project which is coordinated by Agrisud, the NGO with which it already works in Morocco and India. The new project is located in North West Cambodia and its objective is to ensure food supply within the area and to fight poverty amongst farming families. The project started in June and is planned to end in 2013. The first step is to pilot new agricultural systems with 40 farming families, and then to extend these techniques to 280 other families.

New important step: the backing of an endowment fund

An increasing number of Naturex' clients are interested in the actions led by its Foundation, and many of them would like to contribute to its programs. In order to meet this increasing demand, the group has set up an endowment fund attached to its Foundation that will allow it to collect client donations and transfer them to the Foundation. The Naturex fund is a new and particularly ground-breaking initiative that reflects the group's unfailing commitment to building a better world.

Impact of the financial crisis

Despite the current economic climate, Naturex’s management remains optimistic about the Group’s future development given its clear positioning on the defensive sectors of food and health in which each segment shows strong growth potential.

Public demand for natural extracts continues to increase year after year, even during periods of recession ; and the group's outstanding growth in the first half of 2010 more than vindicates its strategy.

1.4 Events after closing

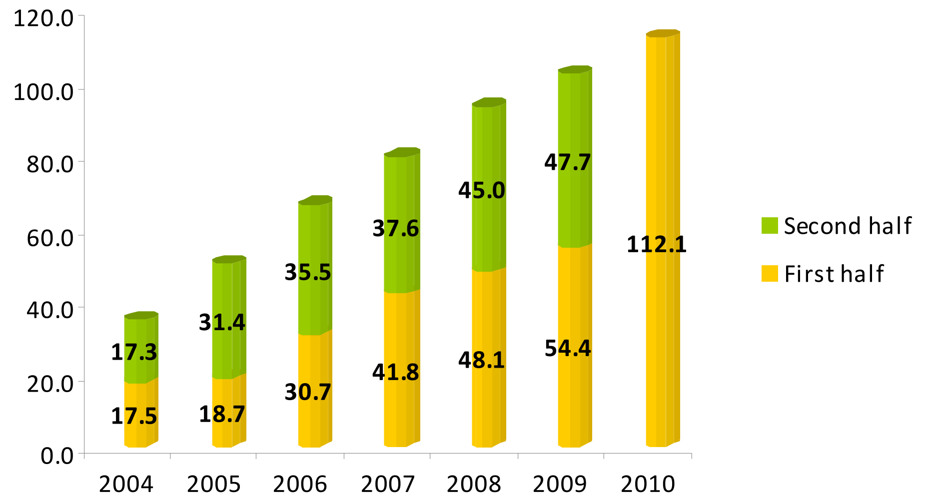
None.

2 Analysis of the consolidated financial statements as at June 30, 2010

2.1 Revenue

Trend in revenue

Breakdown in revenue in millions of euros and in current currencies:



Naturex's revenues for the first six months of 2010 stand at € 112.1 million, more than twice the figure generated in the first half of 2009 (€ 54.4 million).

Proforma, revenues for the first six months of 2010 were up 17.0% in current currencies and 14.7% in constant currencies.

The group has a clear head start on the targets set at the beginning of the year (forecast growth of 5% to 10% like-for-like), once again confirming its ability to integrate new activities and the organic growth potential linked to the acquisition of the Ingredients division of Natraceutical in an ever buoyant market.

Over the first half, revenues for the group's three core markets [2] break down as follows:

- ✓ *Food & Beverage* accounts for 59.5% of sales,
- ✓ *Nutrition & Health* accounts for 34.1% of sales,
- ✓ and *Personal Care* accounts for 1.1% of sales.

[2] Since 2009, Naturex's offering is divided into three separate business units with three distinct markets: *Food & Beverage* for the food sector, *Nutrition & Health* for the nutraceutical and pharmaceutical sectors and *Personal care* for cosmetics.

The breakdown in revenue by geographical region has changed substantially following the integration of the Ingredients division of Natraceutical with:

- ✓ 53.7% of sales generated in Europe/Africa,
- ✓ 36.1% of sales generated in North and South America,
- ✓ and 10.2% of sales generated in the Asia/Pacific region.

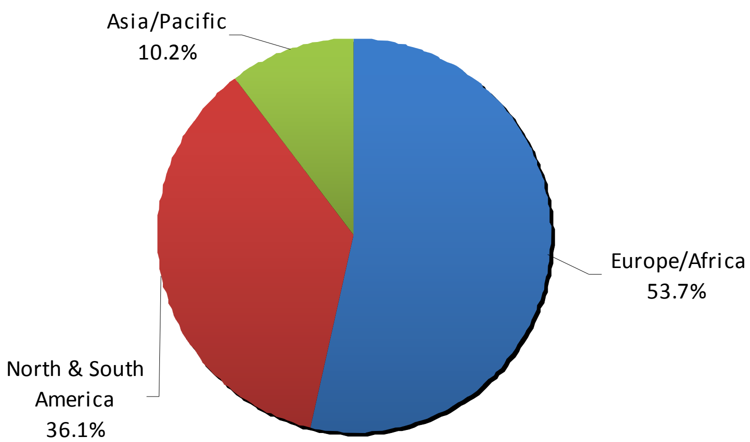
Despite a persistently difficult market climate, Naturex has once again proven its capacity to generate sustained growth and successfully integrate new structures.

Revenue by geographical region

Revenue by geographical region[1] breaks down as follows:

in thousands of euros Revenue	June 30, 2010		June 30, 2010		Change	as a %
Europe/Africa	60,201	53.7%	17,985	33.1%	42,216	234.7%
North & South America	40,463	36.1%	33,844	62.2%	6,619	19.6%
Asia/Pacific	11,426	10.2%	2,568	4.7%	8,858	344.9%
Total	**112,090**	**100.00%**	**54,397**	**100.00%**	**57,693**	**106.1%**

[1] *Breakdown based on geographic location of clients.*



The breakdown in Naturex's revenues by geographical region was substantially modified by its acquisition from Natraceutical.

In the first half 2010, Naturex realized close to 90% of its revenues in Europe/Africa and North & South America.

Europe/Africa now represents Naturex's leading market, accounting for close to 54% of sales.

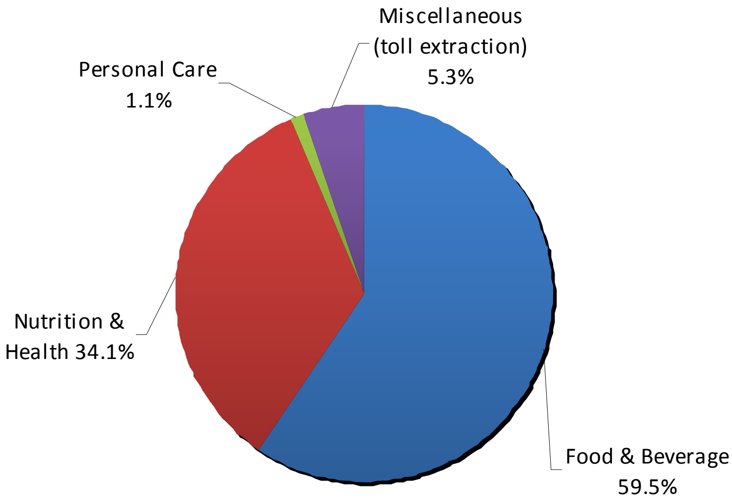
North & South America account for 36% of sales, with the United States still representing the group's biggest market worldwide.

The Asia/Pacific region for its part accounts for more than 10% of revenues.

Revenue by market

Revenue by market breaks down as follows:

in thousands of euros Sector	June 30, 2010		June 30, 2010		Change	as a %
Food & Beverage	66,692	59.5%	15,826	29.1%	50,866	321.4%
Nutrition & Health	38,269	34.1%	35,363	65.0%	2,906	8.2%
Personal Care	1,226	1.1%	626	1.2%	600	95.8%
Miscellaneous (toll extraction)	5,903	5.3%	2,582	4.7%	3,321	128.6%
Total	**112,090**	**100.00%**	**54,397**	**100.00%**	**57,693**	**106.1%**



The breakdown in Naturex's revenues by market changed significantly in the first half of 2010.

Long-standing business divisions, *Nutrition & Health* and *Food & Beverage* accounted for close to 94% of total revenues.

With 1.1% of sales, the cosmetics sector (Personal Care) is a source of future growth.

Custom extraction and miscellaneous activities represented 5.3% of revenues over the first half (no major change on the first six months of 2009).
This activity primarily consists of highly technical custom extraction for certain clients.

2.2 Results for the period

Naturex's consolidated income statement for the period breaks down as follows:

in thousands of euros	June 30, 2010	June 30, 2009 Published	Change as a %
Revenue	112,090	54,397	106.1%
Gross margin	65,209	36,415	79.1%
	58.2%	66.9%	
Operating income (EBIT[1])	**14,287**	**7,631**	**87.2%**
EBIT / CA	**12.7%**	**14.0%**	
EBITDA[2]	**19 552**	**10,218**	**91.3%**
EBITDA / CA	**17.4%**	**18.8%**	
Cost of net financial debt	(2 756)	(2 387)	
Other financial income and expenses	(337)	66	
Companies accounted for using the equity method	–	17	
Tax	(3 591)	(895)	
Net income	**7,603**	**4,432**	71.6%
Proportion of net income to revenue	**6.8%**	**8.1%**	

The two periods are not comparable as the group has since doubled in size following its acquisition of the Ingredients division of Natraceutical.

Like-for-like, the group's income statements break down as follows:

in thousands of euros	June 30, 2010	June 30, 2009 Proforma*	Change as a %
Revenue	112,090	95,814	17.0%
Gross margin	65,209	53,714	21.4%
	58.2%	56.1%	
Operating income (EBIT[1])	**14,287**	**10,178**	**40.4%**
EBIT / CA	**12.7%**	**10.6%**	
EBITDA[2]	**19,552**	**14,560**	**34.3%**
EBITDA / CA	**17.4%**	**15.2%**	
Cost of net financial debt	(2 756)	(3 706)	
Other financial income and expenses	(337)	80	
Companies accounted for using the equity method	–	17	
Tax	(3 591)	(1 189)	
Net income	**7,603**	**5,220**	45.7%
Proportion of net income to revenue	**6.8%**	**5.4%**	

**The information pertaining to comparative data is set out in Document E filed with the French market authority, the AMF, on December 10, 2009, under No. 09-093.*

[1] *EBIT: Earnings Before Interest and Tax*

[2] *EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization: operating income restated for depreciation and amortization*

Revenue

The trend in group revenue is set out in paragraph 1 (p. 21).

Operating income

The most relevant comparison between the two periods is that based on the proforma figures for 2009 as set out below.

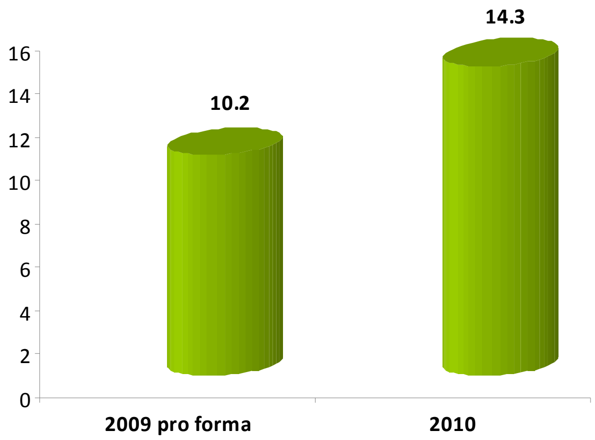
At € 14,287,000, Naturex's operating income on June 30, 2010 was up by over 40% on the € 10,178,000 posted on June 30, 2009. Proportionate to revenue, it climbed 2.1 points to 12.7% versus 10.6% in 2009.

EBITDA increased by over 34.3% to stand at € 19.6 million compared to € 14.5 million on June 30, 2009. Proportionate to revenue, it rose 2.2 points to 17.4% after 15.2% in 2009.

As such and like-for-like, Naturex has therefore met its target increase in its operating margins.

Lastly, Naturex's net income benefited from a € 1 million drop in debt-related expenses, increasing by 45.7% to € 7.6 million from € 5.2 million one year earlier (like-for-like).

The trend in Naturex's operating income is as follows (in thousands of euros):



This substantial improvement in Naturex’s operating performance is linked to several factors:

- ✓ As most of Naturex's businesses have fixed overheads, the strong increase in revenues has enabled the group to streamline its expenses.
- ✓ In recent years, Naturex has invested in its production resources, thereby improving the performance of its industrial equipment. These investments have since led to an improvement in the group's operating margin.
- ✓ Lastly, by sharing its expertise, processes and know-how, Naturex has been able to rapidly restore the former margin levels enjoyed by the Ingredients division of Natraceutical group.

2.3 Interim consolidated balance sheet

Naturex's consolidated balance sheet for the period breaks down as follows:

in thousands of euros	*30-Jun-10*	*31-Dec-09*
NON-CURRENT ASSETS	**185,308**	**164,009**
Goodwill	84,500	74,091
Other intangible fixed assets	4,612	3,003
Tangible fixed assets	90,512	83,694
Financial assets	1,090	1,372
Deferred tax assets	3,321	1,849
Derivatives, non-current assets	1,273	–
CURRENT ASSETS	**162,010**	**133,294**
Inventories	92,453	76,819
Tax receivables	1,507	1,504
Trade and other receivables	55,247	39,359
Derivatives, current assets	498	–
Cash & cash equivalents	12,304	15,612
NON-CURRENT ASSETS HELD FOR SALE	**780**	**795**
TOTAL ASSETS	**348,098**	**298,097**

in thousands of euros	*30-Jun-10*	*31-Dec-09*
SHAREHOLDERS' EQUITY	**161,185**	**144,767**
Group share	160,839	144,414
Minority interests	345	353
NON-CURRENT LIABILITIES	**118,364**	**91,953**
Long-term financial debt	105,122	82,880
Non-current provisions	1,697	1,511
Deferred taxes	8,331	7,562
Derivatives, non-current liabilities	3,215	–
CURRENT LIABILITIES	**68,549**	**61,378**
Current provisions	2,451	2,772
Tax payables	2,012	397
Trade and other payables	49,518	36,663
Other financial liabilities	11,158	16,306
Derivatives, current liabilities	775	–
Bank overdrafts and loans	2634	5,238
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**348,098**	**298,097**

Naturex's balance sheet total increased € 48.7 million over the period, going from € 298.1 million on December 31, 2009 to € 348.1 million on June 30, 2010.

The rise in the dollar played an important part, with a euro/dollar parity of 1.4338 at opening and 1.2271 at closing.

Non-current assets on which exchange rates have an important impact increased € 20 million.

Goodwill increased € 10.4 million, including € 2.4 million in adjustments to the fair value and acquisition expenses linked to the purchase of the Ingredients division of Natraceutical, and € 8.0 million in currency variations.

Other fixed assets net of amortization increased € 8.1 million, € 6.5 million of which was linked to currency variations with the balance primarily attributed to the following investments:

- ✓ € 0.5 million linked to the acquisition of client bases (repurchased from the former sales agents of Natraceutical group),
- ✓ € 0.7 million linked to research and development, essentially in Italy with the EDMF projects (detailed in Note 18 to the consolidated financial statements) and in Spain with the Senifood project (development of food extracts for the elderly),
- ✓ € 5.3 million in tangible investments, notably the major overhaul of the group's plant in Spain (€ 1.5 million).

Other non-current assets increased € 1.3 million following the booking of various financial instruments.

Current assets increased € 28.7 million.

Inventories increased € 15.6 million over the period, € 8.2 million of which is linked to exchange rate effects and € 7.4 million of which is linked to growth in activity.

Trade receivables increased € 15.9 million, € 4.0 million of which is linked to exchange rate effects and € 7.0 million of which is linked to growth in activity.

The € 16.4 million increase in shareholders' equity is first and foremost linked to the group's results over the period (€ 7.6 million) and to prevailing exchange rate effects (€ 11.5 million).

Liabilities increased € 33.6 million including: a € 17.1 million increase in gross financial debt (€5.2 million of which is due to the net increase in exchange rate effects of € 11.9 million); a € 12.8 million increase in operating debt directly linked to the growth in activity and inventories; and € 4.0 million in financial instrument liabilities.

3 Risks and commitments

The non-financial risks to which Naturex is exposed are set out below.

Its financial risks described in Note 16 to the consolidated financial statements are as follows:
- ✓ Credit risk,
- ✓ Liquidity risk,
- ✓ Exchange rate risk,
- ✓ Interest-rate risk.

Legal risks

The legal risks tied to Naturex's activities are essentially linked to the use of patents and trademarks.
The purpose of the research carried out by Naturex is to add to the group's manufacturing expertise. In line with market practices, Naturex does not systematically file patents or trademarks but prefers to safeguard the confidentiality of formulations and designs.

While the group monitors the filing of new patents and trademarks, it is possible that a competitor that has filed or is in the process of filing a patent may bring legal proceedings before the group.
Legal risks can be substantial, particularly in the US where the costs involved in the defense or challenge of patents can be high and result in substantial legal fees.
Otherwise, there is no risk of dependency on a particular patent.

Risk of price volatility

Naturex is exposed to volatility in the prices of raw materials, but only to a very limited degree. Of all the plants processed by the group, for example, only a low proportion are exposed to speculation (pepper, paprika, saffron or chili peppers).

While the fact that Naturex markets various niche products does leave it exposed to a potentially sharp volatility in prices, the probability of a substantial increase across a large range of niche raw materials is extremely low.

In fact, the majority of raw materials purchased by the group have not seen an increase in price other than in line with currency market trends. Furthermore, experience has shown that, when the markets rally, the group is able to adjust its sales prices accordingly and, in doing so, neutralize any impact on its margins.

Competitive risk

Naturex considers that it is the only group of its size to operate on its various market segments. Within its primary business lines (food and flavor, nutraceutical and pharmaceutical sectors), the group is faced with less than half a dozen competitors.

Moreover, the risk of seeing new competitors emerge on the market is extremely slim for several reasons:

- ✓ the industry's technological constraints and the fact that the sector is a capital-rich one are major obstacles for newcomers,
- ✓ the lasting growth trends of the various niches,
- ✓ the compartmentalization of the various product niches which cannot substitute each other in companies with diversified portfolios.

The highest risk is linked to products in the flavorings industry which is highly concentrated. It is quite low for the most innovative food ingredients and can be qualified as average for other food ingredients and raw materials for the nutraceutical industry.

Risk of dependence on executives

Naturex's executive management team is made up of seven individuals who complement each other perfectly but are not interchangeable.
The group's development to date comes essentially on the back of a combination of the talents of this team. Were a member of the team, particularly one of the directors, to be absent for a long period of time, the company's operations and development would most likely suffer.
This risk has nonetheless been substantially reduced over the last two years as the teams have been reinforced. As a result, the long-term absence of a member of the team would not go so far as to compromise the long-term future of the group.

Political risk

Naturex carries out a large proportion of its production in Morocco. This geographic location combines several advantages:

- ✓ sound compromise between low labor costs and good quality work;
- ✓ existence of plants that are extremely well suited to Naturex's requirements; For example, Moroccan rosemary has high anti-oxidant properties enabling quality rosemary extracts at very competitive prices.

Deterioration in Morocco's political situation, leading to a substantial slowdown or even the stoppage of the Moroccan factory, could have a serious impact on Naturex's industrial competitiveness.
However, the Avignon factory is capable of producing the majority of the ingredients manufactured in Morocco in the event of a crisis situation.

Bolstered by the group's acquisition at the end of the year, this risk is limited insofar as the group's new production plants will enable it to offset any production downtimes at its other sites.

Client risk

Past financial years show that the proportion of revenue attributable to each client varies enormously, with a decrease in some compensated by an increase in others.

Finally and above all, the financial quality of Naturex's major clients is first class and its customer database is very well balanced. Over the course of 2009, the group's top 10 clients accounted for 22.9% of revenue, the top 20 for 32.5% and the top 30 for 39.4%.

Manufacturing risk

A decline in technical expertise in production seems improbable, given:

- ✓ the "traditional" equipment used to manufacture products of this type,
- ✓ that basic manufacturing know-how resides in the composition of recipes whose implementation does not pose any major problems.

With regard to the risk of operating incidents given the installations used and the use of more or less inflammable or explosive solvents, Naturex's exposure is similar to that of any company working with materials of this type. In 1995, it suffered an explosion causing little damage and with no impact on its profitability. Existing safety measures are extensive and include explosion-proof workshops, safety clothing, recourse to specialist consultants, etc.

Naturex's production resources include a number of specialized lines per product that are independent of each other.
Moreover, the group has a Head of Hygiene, Safety and the Environment in charge of coordinating the Heads of Hygiene, Safety and the Environment at each of the group production sites.

Lastly, Naturex is insured against operating losses.

Quality and brand image risk

Naturex products are essentially intended for food or para-pharmaceutical consumption. There is therefore a risk that these products may be toxic, notably as a result of a defect during development. However, this risk is mitigated in the case of food since, in the final product, the proportion of the ingredients developed by Naturex is extremely low.

Given the strong degree of trust that exists amongst partners in this sector, any serious problem concerning the quality of a delivery would necessarily impact on the company's brand image. As such, to avoid this risk, each manufacturing batch undergoes a test analysis at Naturex and then at the client's site before being used. Furthermore, as this profession is highly compartmentalized, an incident is unlikely to spread elsewhere.

Regulatory risk

Regulations are very slow to adapt to developments in industry.
In certain cases, inclusion on a positive list, which is a long and costly process, is necessary.

Nevertheless, regulations are not particularly restrictive when it comes to extracts or traditional plants, even if these extracts are used more for their secondary properties (coloring, anti-oxidant or other) than for their flavoring qualities.

When an ingredient used for its secondary properties takes on major proportions, the necessary toxicological studies should be carried out in conjunction with the supervisory authorities, and an application for inclusion on the positive list filed.
This is notably the case for rosemary. While its application is still being processed, the Autorité Européenne de Sécurité des Aliments (EFSA) already ruled to allow the use of rosemary extracts in food additives in 2008. This ruling obviously features in the key events of the group's management report for that year.

The company feels that, today, these practices, which have been deep-rooted for decades now, are unlikely to be called into question.

Changes in regulations will tend more towards tighter restrictions governing the introduction of new synthetic products and labeling, all of which are favorable to the growth of the natural ingredients sector.

With regard to the nutraceutical sector, regulations are not particularly restrictive in either Europe or the US, providing companies comply with the relevant obligations and restrictions regarding claims and intended to avoid any risk of products being confused with pharmaceutical products.

Here again, the company feels that these practices are unlikely to be called into question. On the other hand, tighter controls on labeling and the listed content of active ingredients are probable. These should mostly prove favorable for companies like Naturex which have the required technical and scientific potential.

The group has completed various certification processes and obtained a number of different certifications listed in its business report. Today, certification remains a priority for the group in its constant quest for operational excellence.

Risk of dependence on suppliers

Naturex's procurement requirements are low in relation to the size of the raw materials markets. The company is therefore not dependent on its suppliers.

Nevertheless, to ensure the optimal management of its procurements, Naturex's relations with its suppliers are generally planned and are sometimes granted by contract (e.g. mustard grains).

Industrial and environmental risks

The main risk linked to Naturex's industrial sites is the handling of inflammable liquids (solvents used in plant extractions), even if the quantities used remain well below the thresholds stipulated in the SEVESO directive.

Naturex has implemented the necessary technical, human and organizational resources to control these risks and ensure the proper steps are taken in the event of an incident. Moreover, its Health and Safety Department carries out a permanent technical and regulatory watch to ensure the constant improvement of safety and environmental procedures.

Below are examples of just some of the projects carried out in recent years:

- ✓ construction a 600 m^3 retention basin at the Avignon site;
- ✓ start-up in 2008 of a physical/chemical treatment station at the Avignon plant;
- ✓ launch of a state-of-the-art unit for the retrieval of Volatile Organic Compounds (VOCs) at the plant in Avignon;
- ✓ start-up in 2010 of a biological wastewater treatment station at the plant in Morocco;
- ✓ construction in 2010 of a foam fire protection system at the plant in Morocco;
- ✓ installation of a permanent water mist fire protection system at the Avignon site;
- ✓ extension and ongoing upgrading of current fire sprinkler systems at the plants in America;
- ✓ publication of an Internal Operations Plan listing all emergency scenarios and the procedures to follow in order to limit their impact, along with regular staff training on these procedures, notably during drills;
- ✓ implementation of the requirements stipulated in the ATEX directives governing potentially explosive atmospheres.

Other risks

To the best of the company's knowledge, there are no existing or potential state, legal or arbitrage proceedings, or any other form of proceedings, that have or are likely to compromise the company's and/or group's financial position or earnings for the last 12 months.

Main risks and uncertainties for the remaining six months of the year

As set out below, the main uncertainty is the current economic climate and global financial crisis.
Naturex’s management nonetheless remains optimistic about the group’s future development given its clear positioning on the defensive sectors of food and health which each shows strong growth potential.
This factor aside, there are no other known risks for the next six months.

Insurance and risk cover

The table below is a guide (based on indexation, excess clauses and policies) to the maximum cover in euros by type of risk of the various insurance policies subscribed to by the group:

Type of risk	Total in € millions
Operating losses and damages (up to € 25 million to € 50 million per claim depending on the site)	260
Environmental damage	4.8
Transported goods (per claim)	0.5
Third-party liability for operations	16
Third-party liability after delivery	16
Work-related accidents	0.6

The total cost of the group's insurance cover amounted to € 0.6 million for the first half of 2010.

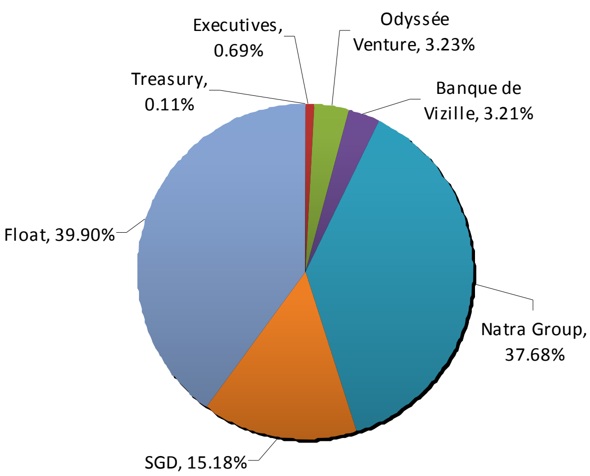
4 Capital and Executive Officers

4.1 Shareholder structure and breakdown in capital and voting rights

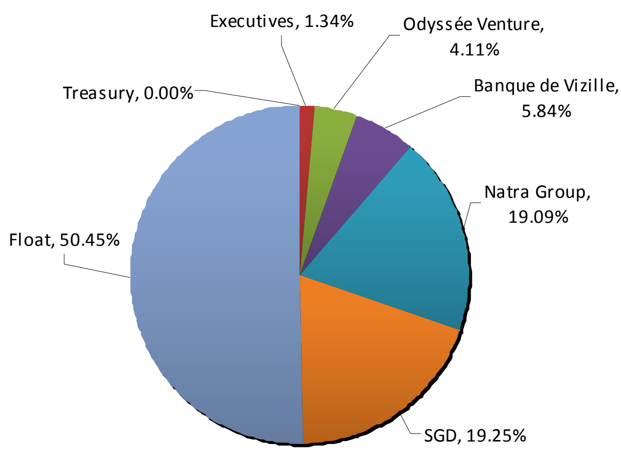
At June 30, 2010, Naturex's capital and voting rights broke down as follows:

Shareholder structure	As at 30/06/2010			As at 31/12/2009		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Executive shareholders:						
Jacques Dikansky	35,335	0.55%	1.11%	28,335	0.45%	1.13%
Thierry Lambert	3,489	0.05%	0.09%	989	0.02%	0.02%
Stéphane Ducroux	5,011	0.08%	0.15%	2,511	0.04%	0.10%
Total Executives	*43,835*	*0.69%*	*1.34%*	*31,835*	*0.51%*	*1.25%*
Shares held jointly with Jacques Dikansky						
SGD	969,557	15.18%	19.25%	1,036,886	16.29%	19.45%
NATRA Group	2,406,631	37.68%	19.09%	2,406,631	37.82%	19.15%
Total joint shares	*3,420,023*	*53.41%*	*39.44%*	*3,475,352*	*54.56%*	*39.73%*
Partner shareholder groups:						
Odyssée Venture	206,301	3.23%	4.11%	206,301	3.24%	4.11%
Banque de Vizille	205,042	3.21%	5.84%	205,042	3.22%	5.66%
Treasury	7,000	0.11%		7,000	0.11%	
Float:						
Bearer shares	2,540,621	39.77%	50.29%	2,462,100	38.69%	50.15%
Registered shares	8,205	0.13%	0.16%	8,205	0.12%	0.23%
TOTAL	**6,387,192**	**100%**	**100%**	**6,364,000**	**100%**	**100%**

Shareholder structure
as at June 30, 2010:



Voting rights structure
as at June 30, 2010:



4.2 Treasury shares

None of the companies controlled by the group has shares in the capital of Naturex SA.

At June 30, 2010, Naturex SA held 7,000 of its capital shares, i.e. 0.05%.

Between January 1 and June 30, 2010, the company made no purchase or sales transactions linked to these shares.

At June 30, 2010, Naturex's average share price stood at € 28.86.

4.3 Liquidity contract

A liquidity and liquidity generating contract that complies with the AEFI charter was signed on June 18, 2009 between Naturex and NATIXIS Securities. Concluded for a period of 1 year and renewable by tacit agreement, the contract includes various provisions with regard to market making and liquidity. Signed for a period of 1 year and renewable by tacit agreement, the contract provides for the following with regard to market making and liquidity.

As part of its mandate, NATIXIS Securities undertakes to ensure a frequency of securities quotation and market liquidity in accordance with the commitments set out in the updated rules governing the organization and functioning of the Nouveau Marché.
The contract was drawn up in accordance with current legal provisions, notably the provisions of (i) EC regulation No. 2273/2003 of December 22, 2003 governing the implementation of EC directive 2003/6/EC drawn up by the European Parliament and Council relating to exemptions applying to share repurchase programs and the stabilization of financial instruments; (ii) Articles L. 225-209 et seq. of the French Commercial Code; (iii) the General Regulation of the AMF and (iv) the AMF ruling of October 1, 2008.

Within the framework of its liquidity contract, NATIXIS Securities purchased 37,317 shares and sold 35,327 over the six-month period. At June 30, 2010, the number of shares held by virtue of the contract amounted to 7,578.

The grounds for the different operations on the group's shares are as follows:

Grounds for operations	% capital
Boosting the share price	100%
Employee shareholdings	n/a
Securities affording access to shares	n/a
Acquisitions	n/a
Cancellation	n/a

5 Market and share performance

	Volumes (in number of shares)		Capital traded (in thousands of euros)	Rate (in euros)		
Period	Total over the period	Average over the period	Total over the period	Average rate	High	Low
FY 2006	**999,501**	**3,934**	**50,016**	**50.24**	**61.60**	**42.50**
FY 2007	**1,209,660**	**4,791**	**58,101**	**47.64**	**57.20**	**32.05**
FY 2008	**1,052,741**	**2,384**	**28,604**	**27.08**	**37.49**	**20.15**
FY 2009	**1,054,750**	**4,156**	**27,810**	**25.49**	**32.10**	**18.60**
Jan-10	56,391	2,820	1,562	27.57	28.51	26.75
Feb-10	42,539	2,127	1,177	27.66	29.00	26.54
Mar-10	56,429	2,453	1,636	27.85	29.99	26.91
Apr-10	70,464	3,523	2,142	30.38	31.00	29.00
May-10	98,205	4,676	2,922	29.75	31.95	25.00
Jun-10	33,820	1,610	1,012	29.94	30.60	29.50

Source: Euronext Paris

Consolidated financial statements and notes

Consolidated balance sheet

In thousands of euros	Notes	30/06/2010	31/12/2009
NON-CURRENT ASSETS		**185.308**	**164 009**
Goodwill	5, 6, 7	84 500	74 091
Other intangible fixed assets	7	4 612	3 003
Tangible fixed assets	7	90 512	83 694
Financial assets	7	1 090	1 372
Deferred tax assets	10	3 321	1 849
Derivative, non-current assets	13	1 273	-
CURRENT ASSETS		**162 010**	**133 294**
Inventories	8	92 453	76 819
Tax receivables		1 507	1 504
Trade and other receivables	9	55 247	39 359
Derivative, current assets	13	498	-
Cash & cash equivalents	11	12 304	15 612
NON CURRENT ASSETS HELD FOR SALE	7	**780**	**795**
TOTAL ASSET		**348 098**	**298 097**

In thousands of euros	Notes	30/06/2010	31/12/2009
Capital		9 581	9 546
Issue premier		117 869	117 265
Reserves		26 252	24 305
Translation differences		-120	-11 595
Income for the period		7 603	5 247
SHAREHOLDERS' EQUITY		**161 185**	**144 767**
Company owners		160 839	144 414
Holding in wich the group has no controlling interest		345	353
NON-CURRENT LIABILITIES		**118 364**	**91 953**
Long-term financial debt	14	105 122	82 880
Non-current provision	12	1 697	1 511
Deferred tax	10	8 331	7 562
Derivative, non-current liabilities	13	3 215	-
CURRENT LIABILITIES		**68 549**	**61 378**
Current provision	12	2 451	2 772
Tax payables		2 012	397
Trade and other payables		49 518	36 663
Other financial liabilities	14	11 158	16 306
Derivative, current liabilities	13	775	-
Bank overdrafts and loans	14	2 634	5 238
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**348 098**	**298 097**

Consolidated income statement

in thousands of euros	Notes	30/06/2010	30/06/2009
Revenue	16	112,090	54,397
Immobilized production		48	149
Inventories		2,449	5
Operating subsidies		494	421
Other operating revenues		4,061	841
Purchases		-49,329	-17,986
Personnel expenses	17	-21,943	-12,041
External expenses	18	-25,319	-14,154
Taxes		-409	-631
Depreciation and amortization expense	7	-5,380	-2,586
Other operating expenses	19	-2,474	-784
OPERATING INCOME	16	**14,287**	**7,631**
Cash and cash equivalents		54	245
Cost of gross financial debt		-2,810	-2,632
COST OF NET FINANCIAL DEBT	20	**-2,756**	**-2,387**
OTHER FINANCIAL INCOME AND EXPENSES	20	**-337**	**66**
INCOME BEFORE TAX		**11,194**	**5,310**
NET INCOME OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD		**-**	**17**
TAX EXPENSE	21	**-3,591**	**-895**
NET INCOME FOR THE PERIOD		**7,603**	**4,432**
Income for the period attributable to:			
Company owners		7,621	4,409
Holdings with no controlling interests		-18	24
Earnings per share:			
basic earnings per share (in euros)		1.19	1.14
diluted earnings per share (in euros)		1.16	1.09

Comparative data pertaining to the income statement is presented in Note 25.

Summary of global income

in thousands of euros	30/06/2010	30/06/2009
NET INCOME FOR THE PERIOD	**7,603**	**4,432**
Profit/loss arising out of the translation of the financial statements of foreign entities	11,475	(1,077)
Fair value of hedging instruments	(3,990)	-
Deferred taxes on hedging instruments	1,330	-
TOTAL GLOBAL INCOME	**16,418**	**3,355**

Total global income for the period attributable to:		
Company owners	16,426	3,333
Holdings with no controlling interests	(8)	23

Cash flow statement

in thousands of euros	**30/06/2010**	**30/06/2009**
Income	**7,603**	**4,432**
Net depreciation and allowances	4,956	2,565
Income and expenses linked to stock options	61	84
Change in deferred taxes	-	(895)
Capital gains/losses on disposals	4	(6)
Cost of net financial debt	2,756	2,387
Other financial income and expenses	337	-
Net tax expense	3,591	895
Cash flow before cost of net financial debt and taxes	**19,308**	**9,462**
Taxes paid	***(1,898)***	***(1,533)***
Change in working capital requirement linked to operations (1)	***(22,149)***	***(1,385)***
Net cash flow from operating activities	**(4,739)**	**6,544**
Intangible investments	(2,265)	(604)
Tangible investments	(5,298)	(3,954)
Financial investments	(63)	(11)
Disposal of fixed assets	4	27
Repayment of long-term investments	112	10
Net cash flow from investing activities	**(7,510)**	**(4,548)**
Capital increase - shareholders of the parent (warrants and stock options)	639	17,087
Dividends paid to shareholders of the parent	-	(388)
Cash receipts on new loans	13,794	525
Loan repayments	(8,222)	(3,304)
Net change in other financial liabilities	(393)	(214)
Financial interest paid	(3,129)	(2,387)
Net cash flow from financing activities	**2,689**	**11,321**
Effect of foreign exchange rate changes (2)	*8,858*	*(568)*
Change in cash flow (3)	**(703)**	**12,749**

Opening cash position	**10,373**
Closing cash position	**9,670**

Cash flow statement (cont'd)

(1)

	30/06/2010	**30/06/2009**
Increase in taxes	(1,611)	#REF!
Increase in inventories	15,634	(1,820)
Increase in trade and other receivables	16,658	4,746
Change in derivatives to be booked to income	1,771	-
Increase in trade and other payables	(10,303)	1,970
Change in working capital requirement	**22,149**	**#REF!**

(2)

	30/06/2010	**30/06/2009**
Shareholders' equity	11,475	(1,077)
Fixed assets	(14,531)	751
Borrowings	11,914	(242)
Effect of foreign exchange rate changes	**8,858**	**(568)**

(3)

Cash at 30/06/2010	Clôture	Ouverture	Variations
Cash	12,304	15,612	(3,308)
Bank loans	(2,634)	(5,238)	2,605
Cash and cash equivalents	**9,670**	**10,373**	**(703)**

Cash at 30/06/2009	Clôture	Ouverture	Variations
Cash	6,306	3,501	2,805
Bank loans	(1,028)	(10,972)	9,943
Cash and cash equivalents	**5,278**	**(7,471)**	**12,749**

Changes in consolidated shareholders' equity

Group share

Group share *in thousands of euros*	Capital	Premiums	Own shares	Groupe reserves	Translation differences (Group)	Income (Group)	**Shareholders' equity (Group)**
Shareholders' equity at January 1, 2009	**4,522**	**39,902**	**(72)**	**20,077**	**(9,798)**	**4,250**	**58,882**
Income for the year						**4,409**	**4,409**
Change in translation differences					(1,076)		**(1,076)**
Other components of global income	**-**	**-**	**-**	**-**	**(1,076)**	**-**	**(1,076)**
Global income and expenses for the period	**-**	**-**	**-**	**-**	**(1,076)**	**4,409**	**3,333**
Appropriation of income	-	-	-	4,250	-	(4,250)	**-**
Dividends paid	-	-	-	(388)	-	-	**(388)**
Capital increase	1,300	15,785	-	-	-	-	**17,085**
Exercise of stock warrants	-	-	-	-	-	-	**-**
Exercise of stock options		2	-	-	-	-	**3**
Allocation of stock options	-	-	-	84	-	-	**84**
Change in own shares	-	-	-	-	-	-	**-**
Minority shares acquired	-	-	-	-	-	-	**-**
Total transactions with owners	**1,301**	**15,787**	**-**	**3,946**	**-**	**(4,250)**	**16,783**
Shareholders' equity at June 30, 2009	**5,823**	**55,689**	**(72)**	**24,023**	**(10,874)**	**4,409**	**78,998**

Group share *in thousands of euros*	Capital	Premiums	Own shares	Groupe reserves	Translation differences (Group)	Income (Group)	**Shareholders' equity (Group)**
Shareholders' equity at January 1, 2010	**9,546**	**117,265**	**(201)**	**24,098**	**(11,540)**	**5,247**	**144,414**
Income for the year						**7,621**	**7,621**
Change in translation differences					11,465		**11,465**
Fair value of hedging instruments before tax				(2,660)			**(2,660)**
Other components of global income	**-**	**-**	**-**	**(2,660)**	**-**	**-**	**(2,660)**
Global income and expenses for the period	**-**	**-**	**-**	**(2,660)**	**11,465**	**7,621**	**16,426**
Appropriation of income	-	-	-	5,247	-	(5,247)	**-**
Dividends paid	-	-	-	(700)	-	-	**(700)**
Capital increase	-	-	-	-	-	-	**-**
Exercise of stock warrants	-	-	-	-	-	-	**-**
Exercise of stock options	35	604	-	-	-	-	**639**
Allocation of stock options	-	-	-	61	-	-	**61**
Change in own shares	-	-	-	-	-	-	**-**
Minority shares acquired	-	-	-	-	-	-	**-**
Total transactions with owners	**35**	**604**	**-**	**4,607**	**-**	**(5,247)**	**(1)**
Shareholders' equity at June 30, 2010	**9,581**	**117,869**	**(201)**	**26,045**	**(75)**	**7,621**	**160,839**

Minority interests

Consolidated *in thousands of euros*	**Shareholders' equity** (Group)	**Minorities** Minority reserves	 Translation differences	 Income	 **Shareholders' equity**	**Total Shareholders' equity**
Shareholders' equity at January 1, 2009	**58,882**	**368**	**(58)**	**40**	**349**	**59,231**
Income for the year	**4,409**			**24**	**24**	**4,432**
Change in translation differences	(1,076)		(1)		(1)	**(1,077)**
Other components of global income	**(1,076)**	**-**	**(1)**	**-**	**(1)**	**(1,077)**
Global income and expenses for the period	**3,333**	**-**	**(1)**	**24**	**23**	**3,355**
Appropriation of income	-				-	**-**
Dividends paid	(388)				-	**(388)**
Capital increase	17,085				-	**17,085**
Exercise of stock warrants	-				-	**-**
Exercise of stock options	3				-	**3**
Allocation of stock options	84				-	**84**
Change in own shares	-				-	**-**
Minority shares acquired	-				-	**-**
Total transactions with owners	**16,783**	**-**	**-**	**-**	**-**	**16,783**
Shareholders' equity at June 30, 2009	**78,998**	**368**	**(59)**	**64**	**372**	**79,370**

Consolidated *in thousands of euros*	**Shareholders' equity** (Group)	**Minorities** Minority reserves	 Translation differences	 Income	 **Shareholders' equity**	**Total Shareholders' equity**
Shareholders' equity at January 1, 2010	**144,414**	**408**	**(55)**		**353**	**144,767**
Income for the year	**7,621**			**(18)**	**(18)**	**7,603**
Change in translation differences	11,465		10		10	**11,475**
Fair value of hedging instruments before tax	(2,660)				-	**(2,660)**
Other components of global income	**8,805**	**-**	**10**	**-**	**10**	**8,815**
Global income and expenses for the period	**16,426**	**-**	**10**	**(18)**	**(8)**	**16,418**
Appropriation of income	-			()	-	**-**
Dividends paid	(700)				-	**(700)**
Capital increase	-				-	**-**
Exercise of stock warrants	-				-	**-**
Exercise of stock options	639				-	**639**
Allocation of stock options	61				-	**61**
Change in own shares	-				-	**-**
Minority shares acquired	-				-	**-**
Total transactions with owners	**(1)**		**-**	**()**	**-**	**(1)**
Shareholders' equity at June 30, 2010	**160,839**	**408**	**(45)**	**(18)**	**345**	**161,185**

Contents of the notes to the consolidated financial statements

Note 1 General information

1.1 Highlights

1.1.1 Integration of the Ingredients division of Natraceutical Group

Impact of the synergies arising out of the transaction

Naturex continues to focus on the successful integration of the Ingredients division of Natraceutical and on the industrial and commercial synergies generated by the acquisition.

Bringing together the expertise made of industrial and commercial resources of both groups, the new entity benefits from a balanced presence between Europe and the United States.

Integrated on December 30, 2009, the acquisition had no impact on Naturex's consolidated income statement for financial year 2009, but all flows are reported in full in the consolidated accounts as at June 30, 2010.

The comparative figures presented in Note 25 indicate that, had the companies been acquired on January 1, 2009, revenues for Naturex group would have amounted to € 95.8 million for a operating income of € 10.2 million on June 30, 2009 as against revenues of € 112.1 million for an operating income of € 14.1 million on June 30, 2010, namely an increase of 17% in revenues and of over 40% in operating income.

Impact on the financial statements for the period

Goodwill for the period has been revised in accordance with IFRS 3. The changes made are primarily linked to the revaluation of fair value adjustments to more accurately reflect the economic reality at the time of the acquisition, as well as the additional payment to cover the cost of the acquisition made in 2010.

In the absence of a formal agreement governing the price supplement of € 10 million, no payment had been made on the date the accounts were closed, nor has the group any reason to anticipate its future payment.

Change in trade names

Naturex group has made further progress in changing the trade names of the companies acquired to Naturex.

The Swiss company formerly known as Obipektin AG has become Naturex AG and the Spanish company formerly known as Xerutan SL has become Naturex Spain SL. Following its split, Australian company Kingfood Australia is in the process of becoming Kingfood Australia and Naturex Australia, and the Russian company formerly known as Natraceutical OOO has become Naturex LLC.

The visual identities of the former companies are currently being maintained alongside that of Naturex but will be changed to Naturex alone down the line.

1.1.2 Ongoing organic development

Growth in sales

Naturex's revenues for the first six months of 2010 stood at € 112.1 million, more than twice the figure generated in the first half of 2009.

Like-for-like and in constant currencies, sales increased 14.7%. As a result, mid-way through the year, Naturex has a clear head start on its targets for 2010 (growth of 5 to 10% like-for-like), notching up an impressive performance given the current economic backdrop.

1.2 Events occurring after closure

None.

Note 2 Consolidation scope

2.1 Consolidated companies and methods

At June 30, 2010, Naturex's consolidation scope breaks down as follows:

Company name	Legal form	Address	% control	% stake	Consolidation method
Naturex SA	Parent	Site D'Agroparc - BP 1218 84911 AVIGNON Cedex 9 N°SIRET 384 093 563 000 29 Code APE : 2053Z	N/A	N/A	Full consolidation
Kingfood Australia Pty Ltd	Subsidiary acquired in 2009	9 Garling Road, Kings Park, NSW 2148, Australia	100%	100%	Full consolidation
Exnama - Extractos Naturais Da Amazonia Ltda	Subsidiary acquired in 2009	Av. Buriti 5391 distrito Industrial 69075-000 Manaus Brazil	100%	100%	Full consolidation
Naturex AG (ex Obipektin AG)	Subsidiary acquired in 2009	Industriestrasse, 8, 9220 Bischofszell Switzerland	100%	100%	Full consolidation
Naturex Coöperatief U.A	Subsidiary	Lairessestraat 154, 1075 HL Amsterdam, Netherlands	100%	100%	Full consolidation
Naturex Cooperative LLC	Subsidiary	2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA	100%	100%	Full consolidation
Naturex GMBH	Subsidiary created in 2010	Adenauerallee 15 D-53111 Bonn Germany	100%	100%	Full consolidation
Naturex Holdings Inc	Subsidiary	2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA	100%	100%	Full consolidation
Naturex Inc	Subsidiary	375 Huyler Street South Hackensack, NJ 07606 U.S.A	100%	100%	Full consolidation
Naturex LLC (ex Natraceutical Russia OOO)	Subsidiary acquired in 2009	15 Krijanovskogo Str. Block 5, Office 308 11728 Moscow, Russia	99.99%	99.99%	Full consolidation
Naturex Ltd	Subsidiary	Cranbrook House 287/291 Banbury Road OXFORD, OX2 7JA United Kingdom	100%	100%	Full consolidation
Naturex Morocco	Subsidiary	Technopole Nouasser BP 42 - 20240 Nouasser Morocco	96.35%	96.35%	Full consolidation
Naturex Spa	Subsidiary	Via Galileo Ferraris, 44, 21042 Caronno Pertusella (VA) Italy	100%	100%	Full consolidation
Naturex Spain SL (ex Xerutan SL)	Subsidiary acquired in 2009	Carretera Nacional III Km. 331, Camino de torrent s/n, Quart de Poblet, 46000 Valencia Spain	100%	100%	Full consolidation
Naturex SPRL	Subsidiary created in 2010	Val d'or Guldelle 96 6th floor 1200 Brussels Belgium	100%	100%	Full consolidation
Naturex Trading Shanghai Co, Ltd	Subsidiary	Room 318, Unit B, Lane 1305, Huajing Road Shanghai, 200231 China	100%	100%	Full consolidation
Overseal Natural Ingredients Ltd	Subsidiary acquired in 2009	Swadlincote, Derbyshire, DE12 6JX, United Kingdom	100%	100%	Full consolidation
SCI Les Broquetons	Subsidiary	Site D'Agroparc - BP 1218 84911 AVIGNON Cedex 9 France	100%	100%	Full consolidation
Britannia Natural Product Limited	Inactive subsidiary acquired in 2009	107 Hammersmith Road, London, W140QH, United Kingdom	100%	100%	Full consolidation
The Tallin Co Ltd	Inactive subsidiary acquired in 2009	107 Hammersmith Road London, W140QH, United Kingdom	100%	100%	Full consolidation
Biopolis	Holding	Carretera de Llíria, S/N 46100 Burjassot, Spain	25%	25%	Not consolidated
Sanavie	Holding	3 place du marché 1860 Aigle Switzerland	34.79%	34.79%	Not consolidated

2.2 Changes in consolidation scope over the period

2.2.1 Naturex GMBH

The group's former German branch is now a company in its own right, Naturex GMBH, with its head offices in Bonn.

2.2.2 Naturex SPRL

The group's former Brussels branch is now a company in its own right, Naturex SPRL , with its head offices in Brussels, Belgium.

2.2.3 Overseal Colour Inc

This dormant company has been dissolved.

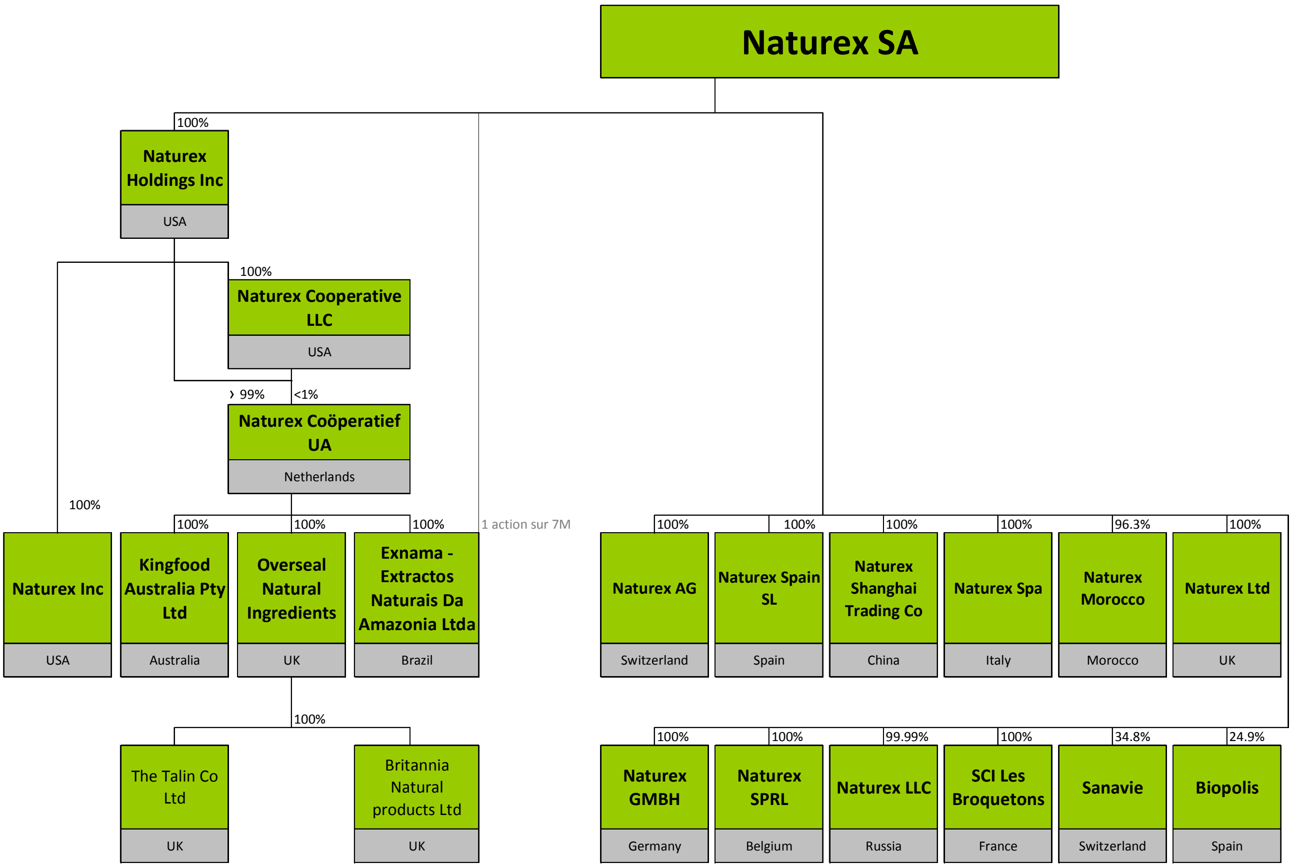
2.2.4 New company names

Following the integration of the companies acquired in 2009, the group has made the following changes:

Former company name	New company name
Obipektin AG	Naturex AG
Xerutan SL	Naturex Spain SL
Natraceutical Russia OOO	Naturex LLC

2.3 Organizational Structure

The organizational structure of Naturex group on June 30, 2010, breaks down as follows:



2.4 Equity investments

None of the consolidated companies listed below is a shareholder or affiliate of an ad hoc entity.

2.4.1 Sanavie
As the company was unable to produce any audited accounts for 2009, all of the assets linked to it were depreciated the same year.
Moreover, as Naturex group has not undertaken any commitments beyond its initial investment, there is no need to calculate any additional risk.
There were no changes to the situation on June 30, 2010.

2.4.1 Biopolis
Naturex SA acquired a 24.9% share in the R&D company on December 30, 2009, but does not exercise any significant influence over Biopolis as defined in IAS 28. The fair value of the holding was the same as the acquisition expense.

Note 3 Compliance statement

These interim financial statements were prepared in accordance with international accounting standard IAS 34 governing interim financial reporting. They do not contain all of the information required of yearly financial statements and must therefore be read jointly with the group's consolidated financial statements for the year ended December 31, 2009 which are available on the group's website, www.naturex.com.

Naturex's consolidated financial statements have been drawn up in accordance with the principles governing the accounting and valuation of transactions such as they are stipulated in the IFRS standards applying within the European Union.

The statements were drawn up under the responsibility of the Board of Directors meeting of August 23, 2010.

Note 4 Accounting principles and methods

4.1 Changes in method or presentation following the obligatory application of new accounting standards as of January 1, 2010

No new accounting standards applying as of financial year 2010 have resulted in a change in method or presentation.

4.2 New accounting standards applying as of January 1, 2010 which do not require a change in method or presentation

IFRS 3 revised (2008) "Business combinations" is subject to the following amendments which will probably have an eventual impact on the group's operations but which do not apply to the first half of 2010:

- ✓ The definition of a company has been broadened which will probably increase the number of acquisitions that are treated as business combinations.
- ✓ Counterparties will be booked at their fair value, with any subsequent changes booked to income.
- ✓ Acquisition expenses, other than the costs linked to the issue of debt or equity instruments, are to be expensed when they are incurred.
- ✓ Any prior investment in an acquired entity is booked at fair value, with any gains or losses booked to income.
- ✓ Any non-controlling minority interest is booked either at fair value or on the basis of its prorata share of the fair value of the assets and liabilities of the entity acquired. The "full goodwill" option may be elected on a transaction-by-transaction basis.
- ✓ IFRS 3 (revised) is to be applied going forward and will therefore have no impact on any group consolidated financial statements released prior to that date.

IAS 27 revised "Consolidated and separate financial statements" (2008) provides that any changes in the group's stake in a subsidiary be accounted for as an equity transaction where the group retains its

control over the entity in question. When the group loses control over a subsidiary, any residual holding is re-measured at fair value and any gain or loss is booked in the income statement.
This revision had no impact on the reporting period.

4.3 Estimations and opinions

When drawing up consolidated financial statements, hypotheses, estimations or assessments are sometimes needed to establish certain data, particularly when it comes to calculating provisions and carrying out fair value tests. These hypotheses, estimations or valuations are established on the basis of the information available or actual scenarios when the accounts are closed. They are also based upon past experience and various other factors. As the sharp downturn in today's economic environment makes it difficult to forecast future activity, it is possible that the actual figures subsequently differ from estimations and hypotheses made. Indeed, various events may actually occur after the close of the accounts and, as a result, affect the hypotheses, estimations and valuations made.

Underlying estimations and hypotheses are based upon past experience and other factors that are deemed to be plausible in light of the circumstances. They in turn serve as a basis in establishing the accounting values of assets and liabilities which cannot be directly ascertained from any other sources. Real values can obviously differ from estimated values.

Underlying estimations and hypotheses are constantly reexamined. The impact of changes in accounting estimations is booked over the period in question where only that period is affected, or over the period and any subsequent periods where the latter are also affected by the change.

All information on the main areas of uncertainty linked to the estimations and assessments made in applying the accounting methods that are liable to have a substantial impact on the amounts disclosed in the financial statements is reported in the following notes:

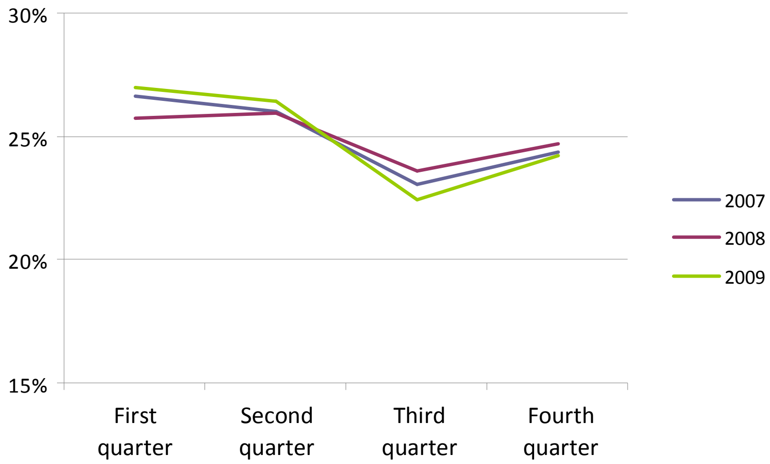
- ✓ Note 5 Valuation rules and methods - Goodwill
- ✓ Note 5 Valuation rules and methods - Inventories

4.4 Seasonal effects

Naturex's activities are rarely exposed to seasonal effects.
While the supply of certain raw materials is dependent on harvesting times, it is essentially spread over the full year with a slight peak in spring and at the start of summer. The supply of extracts is not at all affected by any seasonal effects.

Group sales are also globally unaffected by any seasonal effects.
Certain specific product ranges are subject to seasonal effects, such as coloring agents and flavorings for drinks in the Food & Beverage Division in spring and summer, and a few of the Nutrition & Health product ranges which record higher growth in autumn and winter. Globally-speaking, these products offset each other and the group's product mix is such that it is not exposed to any marked seasonal impact.

In order to illustrate the seasonal trends that affect Naturex's activities, the graph opposite shows the breakdown by quarter in revenue over the past 3 years.



4.5 Entry value of assets and liabilities

The summary consolidated financial statements include the financial statements of the parent company as well as those companies controlled by the parent on the date the accounts were closed. Here the notion of control is taken to mean the power to define and manage the financial and operational strategies of a company in order to benefit from its activities. The subsidiaries over which the group exercises control, whether directly or indirectly, are fully consolidated.

Foreign currency transactions

Transactions are booked at the historic rate at the time they are carried out.
Receivables and debts that have not been settled at year-end are valued at the closing rate resulting in any translation differences on foreign currency transactions being booked to the income statement.

Translation of accounts expressed in foreign currencies

The accounts of the group's foreign subsidiaries are held in their working currencies.
The balance sheets of those companies whose working currency is not the euro are translated at the closing rate, except for shareholders' equity which is converted at its historical rate.
Income statements are converted according to the average rate for the period which, major fluctuations aside, is generally close to the rate applying on the date of the transaction.

Translation differences are booked separately to "Translation differences" under shareholders' equity and factor in: the impact of changes in exchange rates on assets and liabilities and the difference between income calculated according to the average rate and income calculated according to the closing rate.

Goodwill and fair value adjustments arising out of the acquisition of those subsidiaries whose working currency is not the euro are booked under the assets and liabilities of the subsidiary. They are therefore expressed in the subsidiary's working currency and converted at the closing rate.

The closing rates used are as follows:

Country	Currency	Closing rate 30-Jun-10	Closing rate 31-Dec-09
USA	EUR / USD	1.2271	1.4338
UK	EUR / GBP	0.8175	0.9040
Switzerland	EUR / CHF	1.3283	1.4878
Morocco	EUR / MAD	10.9242	11.2230
China	EUR / RMB	8.3215	9.7861
Australia	EUR / AUD	1.4403	1.6008
Brazil	EUR / BRL	2.2082	2.5113
Russia	EUR / RUB	38.2820	43.1540

The average rates used are as follows:

Country	Currency	Average rate 30-Jun-10	Average rate 30-Jun-09
USA	EUR / USD	1.3412	1.3328
UK	EUR / GBP	0.8782	0.9058
Switzerland	EUR / CHF	1.4526	1.5145
Morocco	EUR / MAD	11.1631	11.2073
China	EUR / RMB	9.1349	9.1368
Australia	EUR / AUD	1.5033	
Brazil	EUR / BRL	2.3150	
Russia	EUR / RUB	40.1209	

Note 5 Valuation rules and methods

5.1 Goodwill

In accordance with IFRS 3 (revised), where subsidiaries are part of a business combination, any assets and liabilities and potential liabilities are estimated at their fair value on the date of their acquisition.

For acquisitions made after January 1, 2010, the group calculates goodwill as the fair value of the payment made (including the fair value of any holding previously owned in the company acquired) plus the amount booked for any non-controlling holdings in the company acquired minus the net amount booked (generally the fair value) for the identifiable assets and liabilities acquired which are all valued on the date of the acquisition. When the difference is negative, any profit linked to advantageous conditions is immediately booked to income.

Goodwill is allocated to the group's cash generating units (CGUs).
The CGUs applied by the group correspond to its three operating sectors such as they are defined in Note 5.9, namely:

- ✓ North and South America,
- ✓ Europe, Africa, Russia,
- ✓ Asia.

In line with IFRS 3 (revised) governing "Business combinations", goodwill is not amortized. It is subject to depreciation tests as soon as there is any sign of a depreciation in value and at least once a year.

In line with IAS 36, the method used by the group to test for a loss in the value of assets consists in:

- ✓ establishing cash flow after tax based on the strategy of the CGU in question;
- ✓ determining the useful value of the asset using a method which is similar to that used to assess the value of a business by discounting cash flow according to the Weighted Averaged Cost of Capital (WACC) for the sector;
- ✓ comparing this useful value to the book value of the assets in question in order to establish whether or not there is a loss in value.

The useful value is based on discounted forecasts for future operating cash flow over a period of 5 years and on a terminal value. The discounted rate used in these calculations is the WACC after tax.

5.2 Intangible assets (excluding goodwill)

Development expenses, namely those resulting from the application of research to a project aimed at producing new or substantially improved products and processes, must be booked as fixed assets where the group can demonstrate the technical and commercial feasibility of the product or process and the availability of sufficient funds to complete the development process.

At June 30, 2010, the majority of development costs were booked under expenses. These costs do not satisfy the criteria for assets stipulated in IAS 38, particularly as regards potential commercial openings.

The costs booked as expenses are described in full in Note 18 - External Expenses.

The other intangible fixed assets acquired are booked at cost, minus any cumulative amortization and cumulative depreciation.

Estimated useful lives are as follows:

Category of fixed asset	Useful life
Client base	Straight-line: 12 yrs
Software	Straight-line: 3 to 5 yrs
Brands	Straight-line: 4 to 5 yrs
Development expenses	Straight-line: 5 yrs

5.3 Tangible fixed assets

Tangible fixed assets are valued at cost, minus any cumulative amortization and depreciation.

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

Estimated useful lives are as follows:

Category of fixed asset	Useful life
Building on own land	Straight-line: 15 to 20 yrs
Building on leasehold land	Straight-line: 10 to 20 yrs
Plant and equipment	Straight-line: 5 to 10 yrs
Other tangible fixed assets	Straight-line: 2 to 10 yrs

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 lease finance contracts. These lease contracts are treated as credit acquisitions.

5.4 Inventories

The cost of inventories is calculated according to batch at cost price and includes the cost of raw materials, production or transformation, the applicable share of indirect costs based on the normal production capacity as well as any costs incurred in their transport and delivery in their existing state.

Inventories are valued at their lowest cost and their net realizable value.

5.5 Financial instruments

5.5.1 Non-derivative financial assets

Naturex group holds the following non-derivative financial assets: deposits and guarantees, unconsolidated securities, receivables, cash equivalents and financial assets held for sale.

Financial assets
Financial assets include deposits and guarantees and non-consolidated securities. They are booked at their fair value. In rare cases where their fair value cannot be calculated, they are booked at their historical cost (IAS 39.46c).
Where objective analysis points to their depreciation, a substantial and long-term loss in value is booked to income.

Trade and other receivables
Accounts receivable are estimated at their fair value when they are first booked and then at their amortized cost minus any depreciation in value. A provision for depreciation is booked when there is a collection risk (even partial) on receivables.

Cash and cash equivalents
Cash and cash equivalents include cash to hand, bank cash, and short-term investments that can be easily converted into cash and for which there is no major risk of a change in value.

5.5.1 Non-derivative financial liabilities

Financial liabilities include borrowings and bank debt.
Except where they are covered by a fair value hedge, financial liabilities are booked at their amortized cost according to the effective interest rate method.

5.5.3 Derivative financial instruments and hedge accounting

Naturex group uses derivative financial instruments to hedge its exposure to exchange and interest rate risk.

During the initial designation of a hedge, the group formally documents the relationship between the hedging instrument and the instrument to be hedged, the risk management objectives and strategy to be applied, as well as the methods that will be used to assess the efficiency of the hedging relationship. When the hedge is first implemented and throughout its duration, the group assesses whether it expects the hedging instruments to be "highly effective" in order to offset changes in fair value or in the cash flow of the instruments hedged over the designated period.

In order to hedge the cash flow linked to a future transaction, it must be highly probable that the transaction will effectively go ahead and the transaction must provide for exposure to changes in cash flow which could ultimately affect income.

Derivatives are initially booked at their fair value. After their initial booking, derivatives are evaluated according to their fair value and any resulting changes are booked according to the methods set out below.

Cash flow hedging
When a derivative is designated to hedge changes in cash flow linked to a specific risk on an asset or liability or on a highly probable future transaction which could have an impact on income, the effective proportion of any changes in the fair value of the derivative is booked to the other items making up the global income and presented in the hedging reserve under shareholders' equity. The amount booked to the other items making up the global income is withdrawn and booked to the income statement for the period during which the cash flow that is hedged has an impact on income. It is reported on the same line as the item hedged.

Any non-effective proportion in the changes in the fair value of the derivative is immediately booked to income.

The group has set up interest rate swaps to hedge its cash flow risks.

Fair value hedging
Fair value hedges are used to hedge exposure to any changes in the fair value of an asset or liability or a firm commitment that has not been booked that may have an impact on income.

When hedging the fair value of existing assets or liabilities, the part of the latter which is hedged is reported at its fair value on the balance sheet. Any changes in this fair value are booked to the income statement where they are offset by symmetrical changes in the fair value of financial hedging instruments.

The group has exchange rate hedges on its foreign currency debt in order to hedge its exchange rate risk.

5.6 Activities, assets and liabilities held for sale

In application of IFRS 5, those assets and liabilities that are held for immediate sale in their present state and are very likely to be sold are booked to the balance sheet under assets and liabilities held for sale. When a group of assets is held for sale in a single transaction, the group is booked as a single unit as are all related liabilities. The sale must take place within one year of the asset or group of assets being booked.

The assets or group of assets held for sale are valued at the lowest price between their net accounting value and the net fair value of the cost of the sale. Non-current assets booked as held for sale are no longer amortized once they are booked to the balance sheet.

Income from activities that have been discontinued is booked separately from income generated by activities that are ongoing and their cash flow is booked to a separate line on the cash flow statement.

5.7 Staff benefits

When it comes to defined benefit schemes, the group is only obliged to pay the corresponding contributions. The expense linked to the contributions paid is booked to income for the year.

In accordance with IAS 19, defined benefit schemes must undergo an actuarial assessment using the projected unit credit method. This method calculates the benefits linked to each unit of employee service up to the reporting date, with each unit being valued separately. The accrued benefit is then updated.

The calculations factor in various hypotheses:

- mortality tables;
- date of retirement;
- changes in wage scales and staff turnover;
- yield on hedging instruments;
- discount and inflation rates defined for each entity and according to their local macroeconomic context.

Actuarial gains or losses factor in the combined impact of:

- adjustments linked to experience (differences between former assumptions and actual figures);
- changes in actuarial hypotheses.

5.8 Sale of assets

The proceeds from asset sales are entered in the income statement when the material 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.

5.9 Operating segments

In accordance with IFRS 8 on operating segments, Naturex group defines an operating segment as a component of an entity:

- ✓ that engages in business activities from which it may earn revenues and incur expenses,
- ✓ whose operating results are reviewed regularly by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance and,
- ✓ for which discrete financial information is available.

The internal reporting provided to Naturex's President and CEO and Vice-President is structured in the same way as the group's management, i.e. according to the following three geographic regions:

  - ✓ North and South America: all Naturex Inc group companies and Exnama;
  - ✓ Europe, Africa, Russia: all Naturex SA companies, Naturex Spa, Naturex Ltd (formerly Naturex UK Ltd), SCI Les Broquetons, Naturex Morocco, Overseal Natural Ingredients Ltd, Naturex AG (formerly Obipektin AG), Naturex Spain SL, Naturex GMBH, Naturex SPRL and Naturex LLC (formerly Natraceutical Russia);
  - ✓ Asia: all Naturex Trading Shanghai Group companies and Kingfood Australia Pty Ltd.

The group distinguishes and presents its operating segments based on the information reported to the group's management.

Note 6 Goodwill

in thousands of euros	31/12/2009	Adjustment of fair value & acquisition expenses	Translation differences	30/06/2010
North & South America	36,208		5,290	41,499
Europe / Africa / Russia	35,857	2,322	2,518	40,697
Asia	2,026	48	231	2,304
Total	**74,091**	**2,370**	**8,039**	**84,500**

Insofar as the group does not apply the 2009 revised version of IFRS 3, the acquisition expenses are booked to business combinations. As the revised version of IFRS 3 will be applied going forward, the group will continue to book the additional expenses linked to the business combination under the acquisition expense in 2010.

Changes in goodwill reflect the changes in the fair value of the assets acquired and in the cost of the acquisition. The impact of changes in fair value are detailed in the notes below.

Goodwill is subject to annual impairment tests. Since there is no indication of a loss in value, no additional tests were carried out over the course of the first half.

Fair value tests were carried out on December 31, 2009 and the hypotheses applied were as follows:

- ✓ cash flow at 5 years based on realized cash flow in 2009 and the forecasts for the next 4 financial years based on the projections given in the group's business plan and its former consolidation scope. These projections are primarily indexed on past experience and adjusted for future medium- and long-term market forecasts;
- ✓ pre-tax discount rate of 7.38%, calculated each year according to the WACC method (Weighted Average Cost of Capital);
- ✓ a terminal value with no indefinite growth rate.

The discount rate used is an after-tax rate. The application of a rate before tax has no impact when calculating the useful value of CGUs.

Sensitivity to the discount rate was calculated on December 31, 2009, in order to ensure that the recoverable value is equal to the book value. The discount rates obtained for the Europe, Africa and Russia CGU and the America CGU amounted to 18% and 43% respectively.

Note 7 Non-current assets

7.1 Acquisitions and disposals

On June 30, 2010, gross values on fixed assets break down as follows:

in thousands of euros	31/12/2009	Transfers	Adjustment of fair value & acquisition expenses	Acquisitions	Disposals or scrapping	Translation differences	30/06/2010
Goodwill:	***74,091***		***2,370***	***-***	***-***	***8,039***	***84,500***
Intangible:	***4,468***	***-***	***683***	***1,511***	***6***	***167***	***6,823***
Client base	-		883	529		-	1,411
Software - brands	3,130	63	-200	232	6	143	3,363
Development expenses	1,264	-	-	729	-	24	2,017
Fixed assets in progress	74	-63	-	21	-	-	32
Tangible:	***119,231***	***-***	***-***	***5,298***	***203***	***14,872***	***139,197***
Land	5,223	221	-	-	-	366	5,810
Buildings	62,626	130	-	2,179	-	6,210	71,145
Plant and equipment	45,092	1,032	-	785	71	7,781	54,620
Other tangible fixed assets	4,057	-	-	606	132	358	4,890
Fixed assets in progress	2,232	-1,384		1,727	-	157	2,732
Financial assets:	***2,579***	***-***	***-269***	***63***	***112***	***35***	***2,297***
Advances/LT financial investments	-	-	-	-	-	-	-
Investments in companies	2,175	-	-269	-	-		1,906
Loans	37	-	-	-	7	6	36
Deposits and guarantees	366	-	-	63	105	30	354
Non-current assets held for sale:	***802***	***-***	***-***	***-***	***-***	***135***	***937***
Total	**201,170**	**-**	**2,784**	**6,872**	**321**	**23,249**	**233,754**

Restatements are triggered by the activation of fixed assets in progress on December 31, 2009.

On December 31, 2009, gross values on fixed assets break down as follows:

in thousands of euros	01/01/2009	Transfers	First consolidation Net value	Acquisitions	Disposals or scrapping	Translation differences	31/12/2009
Goodwill :	***53,591***	***-226***	***20,643***	***1,033***	***-***	***-950***	***74,091***
Intangible:	***3,007***	***-***	***555***	***951***	***40***	***-5***	***4,468***
Software - brands	2,211	-	392	573	40	-5	3,130
Development expenses	797	-	163	304	-	-	1,264
Fixed assets in progress	-	-	-	74	-	-	74
Tangible:	***65,381***	***-***	***46,689***	***8,265***	***560***	***-544***	***119,231***
Land	2,091	507	2,629	-	-	-4	5,223
Buildings	24,235	498	35,288	2,852	-	-247	62,626
Plant and equipment	34,140	292	8,280	2,746	314	-237	44,907
Leased plant and equipment	204	-	-	-	-	-19	185
Other tangible fixed assets	2,981	63	492	766	247	-11	4,044
Leased Transp. Equip.	36	-	-			-22	13
Fixed assets in progress	1,695	-1,359		1,901	-	-4	2,232
Financial assets:	***1,209***	***226***	***1,174***	***58***	***83***	***-6***	***2,579***
Advances/LT financial investments	-	-	-	-	-	-	-
Investments in companies	984	226	969	-	-	-3	2,175
Loans	51	-	-	-	13	-1	37
Deposits and guarantees	174	-	206	58	70	-1	366
Non-current assets held for sale:	***826***	***-***	***-***		***-***	***-24***	***802***
Total	**124,015**	**-**	**69,061**	**10,307**	**684**	**-1,529**	**201,170**

7.2 Amortization and depreciation

On June 30, 2010, amortization and depreciation on fixed assets break down as follows:

in thousands of euros	31/12/2009	Contributions	Disposals or scrapping	Provisions	Translation differences	30/06/2010
Intangible:	***1,465***	***626***	***5***	***-***	***125***	***2,212***
Client base	-	59	-	-	-	59
Software - brands	1,034	357	5	-	116	1,502
Development expenses	431	210	-	-	9	651
Tangible:	***35,537***	***4,754***	***197***	***-***	***8,592***	***48,685***
Buildings	9,011	2,014	-	-	2,189	13,214
Plant and equipment	24,246	2,364	70	-	6,184	32,724
Other tangible fixed assets	2,280	376	127	-	219	2,747
Financial assets:	***1,206***	***-***	***-***	***-***	***-***	***1,206***
Investments in companies	1,206	-	-	-	-	1,206
Non-current assets held for sale:	***7***	***-***	***-***	***149***	***-***	***157***
Total	**38,216**	**5,380**	**202**	**149**	**8,718**	**52,260**

On December 31, 2009, amortization and depreciation on fixed assets break down as follows:

in thousands of euros	31/12/2008	Transfers	First consolidation	Contributions	Disposals or scrapping	Provisions	Translation differences	31/12/2009
Intangible:	***824***	***-***		***685***	***40***	***-***	***-3***	***1,465***
Software - brands	613	-	-	464	40	-	-3	1,034
Development expenses	211	-	-	220	-	-	-	431
Tangible:	***31,764***	***-***	***-***	***4,593***	***541***	***-***	***-280***	***35,537***
Buildings	7,562	-	-	1,503	-	-	-55	9,011
Plant and equipment	22,120	-19	-	2,493	304	-	-184	24,107
Leased plant and equipment	116	-	-	42	-	-	-19	139
Other tangible fixed assets	1,943	19	-	549	237	-	-	2,274
Leased Transp. Equip.	23	-	-	6	-	-	-22	7
Financial assets:	***-***	***-***	***-***	***-***	***-***	***1,206***	***-***	***1,206***
Investments in companies	-	-	-	-	-	1,206	-	1,206
Non-current assets held for sale:	***7***	***-***	***-***	***-***	***-***	***-***	***-***	***7***
Total	**32,595**	**-**	**-**	**5,278**	**581**	**1,206**	**-283**	**38,216**

7.3 Assets held for sale

in thousands of euros	Gross value	Prior amortization	Depreciation over the period	Net value
Chart building (net value)	664	8	149	507
Chart land	273			273
Total	**937**	**8**	**149**	**780**

Assets held for sale include the land and premises of the former US subsidiary, Chart Corporation (Paterson, NJ), which was absorbed by Naturex Inc in 2008.

The land and premises have been available for sale since June 30, 2008, when they stopped being used. Given the current property crisis, the premises were not sold within a 12-month period. The group has depreciated the value of the building by US$ 200,000 (€ 149,000) in order to match its net value with the probable sales price.

Note 8 Inventories and work in progress

The breakdown of inventories by type is as follows:

in thousands of euros	30/06/2010	31/12/2009
Raw materials	38,940	28,133
Consumables	1,066	2,589
Finished and semi-finished goods	54,798	48,612
Goods & services in progress	6	-
Total gross inventories	**94,810**	**79,334**
Provisions	-2,357	-2,515
Total net inventories	**92,453**	**76,819**

Note 9 Trade and other receivables

Trade and other receivables break down as follows:

in thousands of euros	30/06/2010	31/12/2009
Trade receivables	48,056	34,754
Tax and social security receivables	6,350	5,177
Other receivables	2,215	1,384
Total (gross)	**56,621**	**41,314**
Depreciation	-1,374	-1,959
Total (net)	**55,247**	**39,355**

Depreciation in trade receivables evolved as follows:

in thousands of euros	31/12/2009	Allocations	Reversals	Change	30/06/2010
Client provisions	1,959	619	-1,290	86	1,374

Note 10 Deferred tax assets and liabilities

in thousands of euros	Assets 30/06/2010	31/12/2009
Naturex INC	-	-
Total North & South America	**-**	**-**
S.C.I. Les Broquetons	-	-
Naturex S.A.	2,319	1,155
Naturex S.p.A.	710	694
Naturex Spain	45	
Naturex UK	31	-
Naturex Morocco	89	-
Obipektin		-
Overseal	79	-
Russia	40	-
Netherlands	7	
Total Europe, Africa, Russia	**3,321**	**1,849**
Naturex China	-	-
Kingfood	-	-
Total Asia	**-**	**-**
Total	**3,321**	**1,849**

in thousands of euros	Liabilities 30/06/2010	31/12/2009
Naturex INC	3,072	2,860
North & South America	**3,072**	**2,860**
S.C.I. Les Broquetons	29	32
Naturex S.A.	-	-
Naturex S.p.A.	-	-
Naturex Spain	-	-
Naturex UK	-	
Naturex Morocco	-	9
Obipektin	4,983	4,082
Overseal	-	557
Russia	-	12
Netherlands	-	-
Europe, Africa, Russia	**5,012**	**4,693**
Naturex China	157	-
Kingfood	90	9
Asia	**247**	**9**
Total	**8,331**	**7,562**

Note 11 Cash and cash equivalents

in thousands of euros	30/06/2010	31/12/2009
Cash	11,895	15,203
Short-term investments	408	408
Total	**12,304**	**15,612**

Note 12 Provisions

in thousands of euros	31/12/2009	Fair value adjustments	Allocations	Reversals	Change	30/06/2010
Other provisions	2,772	1,154	-	-1,758	283	2,451
Employee benefits	1,511	-	5	-	181	1,697
Total provisions	**4,283**	**1,154**	**5**	**-1,758**	**465**	**4,148**

On December 31, 2009, provisions for risk and expenses linked to business combinations were estimated by the group's management to the best of their knowledge at that time. In accordance with IFRS 3 which grants companies 12 months to evaluate entry fair values, the group has adjusted its provisions to reflect the risk incurred as accurately as possible. This change in provisions has no impact on the income and expenses for the period insofar as they are offset by the corresponding goodwill.
No major liabilities were booked on June 30, 2010.

Note 13 Fair value of financial assets and liabilities

An estimation of the fair value of the group's financial instruments is booked where the relevant financial market data allows for an accurate assessment of their market value on the basis that they are not available for sale.

	30/06/2010		31/12/2009	
in thousands of euros	**Accounting value**	**Fair value**	**Accounting value**	**Fair value**
Loans, deposits and guarantees	390	390	403	403
Investments in companies	700	700	969	969
Derivatives, non-current assets	1,273	1,273	-	-
Derivatives, current assets	498	498	-	-
Cash and cash equivalents	12,304	12,304	15,203	15,203
Sub-total financial assets	***15,166***	***15,166***	***16,575***	***16,575***
Bank loans	115,867	107,904	97,683	90,969
Debt linked to lease financing contracts	127	118	53	49
Partner accounts	286	286	620	577
Debt linked to holdings	-	-	-	-
Derivatives, non-current liabilities	3,215	3,215	-	-
Derivatives, current liabilities	775	775	-	-
Bank overdrafts	2,634	2,634	5,238	5,238
Sub-total financial liabilities	***122,903***	***114,931***	***103,593***	***96,834***
Total	**107,738**	**99,766**	**87,018**	**80,258**

Future cash flow is discounted at a rate of 7.38%.

Investments in companies, short-term investments and derivatives are the only financial instruments that are booked at their fair value.

in thousands of euros	**Fair value of category at 30/06/2010**	**Listed price Level 1**	**Internal model with observable parameters Level 2**	**Internal model with unobservable parameters Level 3**
Investments in compnies	700			700
Derivatives, assets	1,771		1,771	
Short-term investments	408	408		
Derivatives, liabilities	3,990		3,990	

Note 14 Financial debt

in thousands of euros	31/12/2009	New	Repaid	Change	30/06/2010
Borrow ings	98,421	13,794	-8,222	11,874	115,867
Leasing & lease financing	146	-	-29	10	127
Partner accounts	620	27	-391	30	286
Sub-total	**99,187**	**13,821**	**-8,642**	**11,914**	**116,280**
Bank loans	5,238	-	-2,605	-	2,634
Total financial debt	**104,425**	**13,821**	**-11,247**	**11,914**	**118,913**

Naturex group's net financial debt stood at € 106.6 million on June 30, 2010 compared to € 89 million on December 31, 2009.

Gross financial debt amounted to € 118.9 million on June 30, 2010, and consisted primarily of the structured loan set in place on December 30, 2009 (for a total € 90 million).

On December 30, 2009, the group took out a structured loan for a total € 140 million denominated in three currencies, namely the Euro, US Dollar and Swiss Franc (see Note 14.4 – Breakdown of financial debt by currency expressed in euro) which are its three main transaction currencies.

As indicated in Note 14.5 (Breakdown of financial debt at fixed and variable rates), the loan was fully subscribed at a variable rate and interest-rate and currency hedges put in place as of March 31, 2010.

The loan agreement which links the group to its lenders contains a clause regarding compliance with the bank covenants on a half-yearly basis as of June 30, 2010 (as set out in Note 15.2).

The breakdown of financial debt according to due dates is as follows:

	Total	Current	Non-current	
in thousands of euros		at 1 year	2 to 5 years	Over 5 years
Borrow ings	115,994	10,873	64,108	41,014
Bank loans	2,634	2,634	-	-
Partner accounts	286	286	-	-
Total financial debt at 30/06/2010	**118,913**	**13,792**	**64,108**	**41,014**
Total financial debt as a % at 30/06/2010		**11.6%**	**53.9%**	**34.5%**
Total financial debt at 31/12/2009	**104,425**	**21,545**	**55,768**	**27,112**
Total financial debt as a % at 31/12/2009		**20.6%**	**53.4%**	**26.0%**

14.1 Non-current financial debt

Changes in non-current financial debt are as follows:

in thousands of euros	31/12/2009	New	Repaid	Transfer at less than 1 year	Change	30/06/2010
Borrowings	82,811	12,164	-271	3,498	6,842	105,045
Leasing & lease finance	69	-		2	5	77
Tota non-current financial debt	**82,880**	**12,164**	**-271**	**3,501**	**6,847**	**105,122**

14.2 Other current financial liabilities

Changes in other current financial liabilities are as follows:

in thousands of euros	31/12/2009	New	Repaid	Transfer at more than 1 year	Change	30/06/2010
Borrowings	15,610	1,630	-7,952	-3,498	5,032	10,823
Leasing & lease finance	76	-	-29	-2	5	50
Partner accounts	620	27	-391	-	30	286
Total current financial debt	**16,306**	**1,657**	**-8,371**	**-3,501**	**5,067**	**11,158**
Bank loans	**5,238**	**-**	**-2,605**	**-**	**-**	**2,634**

14.3 Bank loans

in thousands of euros	30/06/2010	31/12/2009
Current bank loans	2,634	5,238
Total	**2,634**	**5,238**

As indicated in Note 15.2 (Liquidity risk), at the date on which the accounts were closed, Naturex had two short-term facilities of € 20 million and US$ 6 million respectively.
On June 30, 2010, the group had drawn down € 7.8 million and US$ 3.5 million on each facility.

14.4 Breakdown of financial debt by currency expressed in euro

in thousands of euros	Total	EURO	US DOLLAR	SWISS FRANC	AUSTRALIAN DOLLAR	DIRHAM	STERLING
Borrowings	115,994	38,251	56,883	20,457	103	301	-
Bank loans	2,634	2,381	-	2	-	207	44
Partner accounts	286	1	1	283	-	-	-
Total financial debt at 30/06/2010	**118,913**	**40,633**	**56,884**	**20,742**	**103**	**508**	**44**
Total financial debt as a % at 30/06/2010		***34.2%***	***47.8%***	***17.4%***	***0.1%***	***0.4%***	***0.0%***
Total financial debt at 31/12/2009	**104,425**	**24,069**	**61,247**	**16,979**	**486**	**119**	**1,526**
Total financial debt as a % at 31/12/2009		***23.0%***	***58.7%***	***16.3%***	***0.5%***	***0.1%***	***1.5%***

The group took out a foreign currency hedge on its debt for a total US$ 13.3 million (€ 9.1 million). For the balance, the group opted to naturally hedge its exchange rate risk by taking out a new loan structured according to its currency flows.

14.5 Breakdown of financial debt at fixed and variable rates

The loan, initially taken out at a variable rate, was partly converted to a fixed rate. Financial instruments included, Naturex's fixed- and variable-rate debt breaks down as follows:

in thousands of euros	**Total**	**Fixed rate**	**Variable rate**
Borrow ings	115,994	76,881	39,113
Bank loans	2,634	-	2,634
Partner accounts	286	286	-
Total financial debt at 30/06/2010	**118,913**	**77,294**	**41,747**
Total financial debt as a % at 30/06/2010		***65.0%***	***35.1%***
Total financial debt at 31/12/2009	**104,425**	**5,098**	**99,327**
Total financial debt as a % at 31/12/2009		***4.9%***	***95.1%***

Note 15 Financial risk management

The main risks that are likely to have a direct impact on the group's consolidated statements are set out and assessed below.

- Credit risk
- Liquidity risk
- Exchange rate risk
- Interest-rate risk

The group's exposure to non-financial risks is reviewed in the management report of the registration document.

15.1 Credit risk

Credit risk is the risk of financial loss for the group should a client fail to meet its contractual obligations.

Naturex's credit risk is limited for several reasons, notably its extensive client base. Past financial years show that the proportion of revenue attributable to each client varies enormously, with a decrease in some compensated by an increase in others.

It is also limited thanks to the financial quality of the group's major clients and by the creation in 2010 of the post of Credit manager, whose role is to manage client risk.

15.2 Liquidity risk

Liquidity risk is the risk that the group may fail to honor its debts when they reach their term.

Naturex's policy regarding the management of its liquidity risk is to ensure, through a group wide daily cash management system, that it always has sufficient funds to honor its liabilities when they reach their term, both under normal and "difficult" conditions and without incurring unacceptable losses that may prove harmful to the group's reputation.

As set out in Note 14, the group set up a new structured loan on December 30, 2009.

The loan agreement which links the group to its lenders contains a clause regarding compliance with two bank ratios which will be assessed every six months as of June 30, 2010. These two ratios are (i) gearing which is defined by the ratio of net financial debt to total equity and (ii) financial leverage which is defined by the ratio of net financial debt to EBITDA.
In the event that (i) the group was unable to uphold these contractual ratios and (ii) the majority of lenders were in agreement, the lenders may request the repayment of the corresponding loan.

These ratios were respected on June 30, 2010.

The group no longer has any bilateral credit facilities to finance its WCR, with the exception of one line in the United States. However, the structured loan set in place on December 30, 2009, has a short-term tranche of € 20 million.
The group's overdraft facilities and outstandings at the close of the year are presented in Note 14.3.

15.3 Exchange rate risk

Naturex group carries out most of its transactions in foreign currencies and therefore incurs an exchange rate risk.

The Group realizes 91% of its revenues in 4 currencies: US Dollar, Euro, Swiss Franc and Sterling and has a better balance between them than it did under its former consolidation scope. Its financial debt was restructured in 2009 in line with this change (see Note 14.4 – Financial Debt).

While its exposure to the US Dollar is lower, the impact of the euro/dollar conversion is still high: on the one hand, a change in the dollar exchange rate affects the other currencies more or less linked to it, and on the other, it has a significant impact on the contribution of the group's subsidiaries to its consolidated income.

Group policy dictates that derivative financial instruments only be used to hedge its actual financial flows and not for speculative transactions. Hedge accounting is used for most hedging instruments.

15.4 Interest-rate risk

At June 30, 2010, the group's interest-rate risk was essentially linked to its variable-rate and bank loans.

Group policy dictates that derivative financial instruments only be used to hedge its actual financial flows and not for speculative transactions.

Note 16 Operating segments

In light of the major changes in its consolidation scope and in compliance with IFRS 8.19, Naturex redefined its operating segments in 2009 which continue to be broken down by geographic region. Up until now, the group's operating sectors were based on its subsidiaries. However, given that, since December 30, 2009, Naturex now has twice the number of subsidiaries, its management has redefined these sectors.

The operating segments are defined in Note 5.9 "Operating segments".

The segments defined each correspond to a given economic environment whose indicators are analyzed on a regular basis by the group's management.
The figures for each operating segment are set out below:

At June 30, 2010:

in thousands of euros	North & South America	Europe Africa Russia	Asia Pacific	All sectors	Restatements	Inter-sector eliminations	Consolidated
External sales	39,925	65,631	6,533	112,090	-	-	112,090
Inter-sector sales	4,663	42,990	3,094	50,747	-	-50,747	-
Operating income (sectors)	4,750	7,596	1,313	13,659	-	629	14,287
Taxes				-3,591	-	-	-3,591
Net income				7,603	-	-	7,603

in thousands of euros	North & South America	Europe Africa Russia	Asia Pacific	Total sectors
Total assets	106,527	233,075	8,497	348,098
Total acquisitions (intangible investments)	-	1,511	-	1,511
Total acquisitions (tangible investments)	783	4,284	231	5,298
Total liabilities	20,598	163,457	2,859	186,914

At June 30, 2009:

in thousands of euros	North & South America	Europe Africa Russia	Asia Pacific	All sectors	Restatements	Inter-sector eliminations	Consolidated
External sales	33,531	20,866	-	54,397	-	-	54,397
Inter-sector sales	2,543	22,494	-	25,037	-	-25,037	-
Operating income (sectors)	4,282	5,123	-42	9,363	-	-1,733	7,631
Share in companies accounted for using the equity method				17	-	-	17
Taxes				-895	-	-	-895
Net income				4,432	-	-	4,432

At December 31, 2009:

in thousands of euros	North & South America	Europe Africa Russia	Asia Pacific	Total sectors
Total assets	85,595	205,369	7,133	298,097
Total acquisitions (intangible investments)	-	1,722	-	1,722
Total acquisitions (tangible investments)	2,734	5,484	46	8,265
Total liabilities	17,428	132,784	3,118	153,330

There are no single clients that represent over 10% of group revenues.

Revenue by business breaks down as follows:

in thousands of euros Sector	June 30, 2010	June 30, 2010
Food & Beverage	66,692	15,826
Nutrition & Health	38,269	35,363
Personal Care	1,226	626
Miscellaneous (toll extraction)	5,903	2,582
Total	**112,090**	**54,397**

Note 17 Personnel expenses

17.1 Number of employees

Headcount	30/06/2010	31/12/2009
Naturex Inc	169	173
Exnama	24	26
Total North & South America	***193***	***199***
Naturex SA	198	186
Naturex Morrocco	94	96
Naturex S.p.A	73	70
Naturex UK Ltd	3	4
Naturex AG	137	137
Overseal Natural Ingredient	87	85
Naturex Spain	30	37
Naturex LLC	5	5
Naturex GMBH	3	
Naturex SPRL	2	
Total Europe Africa Russia	***632***	***620***
Kingfood	30	27
Naturex China	4	6
Total Asa	***34***	***33***
Total Groupe	**859**	**852**

17.2 Stock options

At € 61,000, the value of options has been calculated using the Black and Scholes valuation model and booked in accordance with IFRS 2 under personnel expenses.

Employee benefits in the form of stock options are calculated according to the Libor rate applying on the date the plan was implemented. Volatility reflects the yearly average of the 20 trading sessions preceding the date of allocation. The term of maturity corresponds to the average time between the date the options are allocated and the date on which they may exercised, i.e. 4 years. Options may not be exercised during the three years following the date they are allocated. As the dividend paid by Naturex is very low, no hypotheses are put forward.

The fair value of the benefits granted in respect of the plan approved by the Board of Directors on April 26, 2010 amounts to € 159,000.

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

	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 11	Plan No. 12	Plan No. 13
Date of Meeting	28/06/2004	28/06/2004	14/06/2006	30/06/2007	30/06/2008	30/06/2009
Date of Board Meeting	06/05/2005	23/03/2006	27/03/2007	25/03/2008	13/03/2009	26/04/2010
Type of option	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription
Start date for exercise of options	06/05/2008	23/03/2009	27/03/2010	25/03/2011	13/03/2012	26/04/2013
Expiry date	06/05/2010	23/03/2011	27/03/2012	25/03/2013	13/03/2014	26/04/2015
Purchase or subscription price	27.54	45.15	49.65	27.54	24.00	30.12
Number of options allocated to:	24,350	39,196	23,929	47,362	53,650	52,150
Executive officers	*20,000*	*30,500*	*13,000*	*33,000*	*33,000*	*26,000*
Employees	*4,350*	*8,696*	*10,929*	*14,362*	*20,650*	*26,150*
(including 10 employees having received the largest allocations)	*3,690*	*4,495*	*4,560*	*5,600*	*10,500*	*12,200*
Number of shares subscribed or cancelled at 31/12/2009	828	2,856	3,457	3,046	994	-
Number of shares subscribed over the period	23,192	-	-	-	-	-
Number of shares cancelled over the period	330	335	350	972	862	960
Purchase or subscription options outstanding	**0**	**36,005**	**20,122**	**43,344**	**51,794**	**51,190**

17.3 Employee benefits

Severance pay in respect of Naturex SA is part of a defined benefit scheme insured with the company Predica. Reported in line with IAS 19, Naturex's severance pay commitment amounted to € 45,000 on December 31, 2009 and is fully covered by the funds paid to its insurance carrier.

Debt pertaining to the payment of its "TFR" retirement commitment is booked in the accounts of Naturex's Italian subsidiary. This indemnity is not paid solely when an employee takes their retirement, but also when they leave a company. The TFR is a legal requirement that must be paid. The employee benefits for staff in the companies acquired have been estimated on a temporary basis in order to set the acquisition price and will be adjusted by December 31, 2010 at the latest.

Note 18 External expenses and development costs

in thousands of euros	30/06/2010	30/06/2009
Non-immobilized purchases	6,911	4,115
Outsourcing	1,540	1,111
Leasing	1,771	994
Maintenance	1,896	951
Insurance	666	679
Fees	3,339	1,751
Advertising, trade fairs, exhibitions	599	559
Transport costs	5,251	2,407
Travel	2,108	1,128
Telecommunications	582	298
Banking services	149	47
Miscellaneous	507	114
Total	**25,319**	**14,154**

The majority of Naturex's development costs do not satisfy the criteria for fixed assets stipulated in IAS 38, notably as regards their future economic benefit. They are booked as an expense in the amount of € 2.7 million for the first six months of 2010.

However, over the course of the year, the expenses linked to a project were booked given its significant potential in terms of technical success and profitability.
The project involves the Italian subsidiary, Naturex S.p.A., and its compliance in terms of EDMFs (European Drug Master File) enabling it to conform to European regulations governing plant-based medication and allowing it to continue to market certain products on this market as well as adding to its pharmacy-approved range of extracts.
The project expenses committed and booked under fixed assets for the year amount to € 159,000.

Note 19 Other operating expenses

in thousands of euros	30/06/2010	30/06/2009
Other expenses	846	502
Provisions for current assets	1,466	262
Provisions for risks and charges	5	-
NAV on disposal of fixed assets	6	20
Provision on assets held for sale	149	-
Total	**2,474**	**784**

Note 20 Financial income and expenses

20.1 Cost of net financial debt

in thousands of euros	30/06/2010	30/06/2009
Financial income	54	245
Interest and related expenses	-2,810	-2,632
Cost of net financial debt	**-2,756**	**-2,387**

20.2 Other financial income and expenses

in thousands of euros	30/06/2010	30/06/2009
Exchange rate losses	-3,303	-598
Exchange rate gains	2,966	643
Financial write-backs	-	20
Other financial income and expenses	**-337**	**66**

Note 21 Income tax

Breakdown of deferred taxes/taxes payable in the income statement

Tax payable	3,174
Deferred tax	416
Total tax	**3,591**

Reconciliation between the theoretical and actual tax expense

Consolidated income	7,603
Tax booked	3,591
Consolidated income before tax	**11,194**
Theoretical tax: 33.33%	**3,731**
Impact of local tax rate (including restatements)	39
Impact of permanent differences	-180
Tax booked	**3,591**

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

Temporary differences are booked to expenses or to deferred tax income.
The changes booked on June 30, 2010 were as follows:

in thousands of euros	**Expenses**	**Income**
Naturex SA	114	-
Naturex Inc	-	173
Naturex SpA	-	17
Naturex Morocco	-	98
Naturex UK	-	30
S.C.I. Les Broquetons	-	4
Naturex China	157	-
Naturex AG	311	-
Holding Cooperatief	-	7
Overseal	265	-
Kingfood	-	17
Natraceutical Russia	-	40
Naturex Spain	-	45
Total	**847**	**431**
Total (net)	**-416**	

Note 22 Capital management

22.1 Capital management

Ordinary and preferential shares
At June 30, 2010, the parent company capital consisted of 6,387,000 shares compared to 6,364,000 on December 31, 2009. All shares have a par value of € 1.50.

As part of the acquisition of the Ingredients Division of Natraceutical on December 30, 2009, Naturex group issued 1,520,000 shares with no voting rights. These shares will be assigned voting rights once they are sold to third party, Natra group, and, for any sale exceeding 5 % of the capital, once the transaction has been approved by the Board of Directors of Naturex SA.

All of the shares issued were fully paid up.

Holders of ordinary shares have the right to any dividends decided upon and benefit from a voting right at the annual general meetings.

Holders of preferential shares also have the right to any dividends decided upon, but do not benefit from a voting right at the annual general meetings.

Translation differences
Translation reserves include all exchange rate differences following the translation of the financial statements of foreign entities, as well as the translation of liabilities booked under investments in the financial statements of a foreign entity.

Shares held by the company
Equity reserves include the cost of the shares in the company held by the group. At June 30, 2010, Naturex group held 14,578 shares in the company.

Dividends paid
On June 30, 2010, the Annual General Meeting approved the resolution governing the payment of a dividend of € 0.11 per share which represents an increase of 10% on the previous financial year. This dividend may be paid in new shares.

The price of the new shares granted in lieu of the dividend will be equal to 90% of the average market price during the twenty trading sessions preceding the Annual General Meeting, less the net amount of the dividend in accordance with the provisions of Article L. 232-19 of the French Commercial Code, namely € 26.85.

This option applies to the full amount of the dividend paid, i.e. € 0.11 per share. Accordingly, each shareholder may elect to receive their dividend in the form of shares until the option expires (July 7 to September 10, 2010). Once the option expires, shareholders will receive their dividend in the form of a cash payment.

22.2 Diluted earnings per share

	30/06/2010	30/06/2009
Group net income (in thousands of euros)	7,621	4,409
Number of shares making up the capital	6,387,192	3,882,040
Earnings per share	**1.1932 €/share**	**1.1356 €/share**
Options outstanding	202,455	179,886
Diluted earnings per share	**1.1565 €/share**	**1.0853 €/share**

Dividends per share for 2009 have been set at € 0.11, with shareholders having the option of receiving all or part of their dividend in cash or in the form of shares with a discount of 10% on their reference market price.

Note 23 Related parties and off-balance sheet commitments

23.1 Related parties

The total gross remuneration of Naturex's management bodies amounts to € 834,000 for the first half of 2010 (as against € 764,000 for the first half of 2009), social security charges included. Compensation includes all remuneration, benefits in kind and stock options allocated over the year. It is paid by Naturex Inc (€ 573,000) and Naturex SA (€ 261,000). Members of Naturex's management bodies do not benefit from any long-term benefits.

Two transactions linked to SGD, which holds 16.29% of Naturex's capital and 19.45% of its voting rights, were carried out in 2009:

- contribution by Naturex SA of € 4,000 to the current assets of SGD over the first half of 2010, resulting in a balance of € 10,000 on June 30, 2010.
- The directors of Naturex SA transferred 8,000 Naturex shares to SGD for a total € 251,000 (OTC sale valued at the market price on the day preceding the transaction).

24.2 Off-balance sheet commitments

Committments received *in thousands of euros*	**30/06/2010**	**31/12/2009**
Life insurance covering Naturex's President and CEO	3,417	3,417
Guarantee covering the transport of alcohol	Unlimited	Unlimited

Commitments given *in thousands of euros*	**30/06/2010**	**31/12/2009**
Group company guarantees for customs offices	1,104	1,402
Pledging of securities and/or business assets as part of the structured loan agreement	107,136	92,230
Guarantees for suppliers	176	101
Guarantees on loans	10,165	-

Note 25 Comparative data

in thousands of euros	Published accounts 30/06/2010	Proforma accounts* 30/06/2009
Revenue	112,090	95,814
Operating subsidies	494	553
Other operating revenues	4,061	1,470
Immobilized production	48	172
Inventories	2,449	4
Purchases	(49,329)	(42,104)
Personnel expenses	(21,943)	(18,552)
External expenses	(25,319)	(21,298)
Taxes	(409)	(670)
Depreciation and amortization expense	(5,380)	(4,382)
Other operating expenses	(2,474)	(829)
OPERATING INCOME	**14,287**	**10,178**
Cash and cash equivalents	54	405
Cost of gross financial debt	(2,810)	(4,111)
COST OF NET FINANCIAL DEBT	**(2,756)**	**(3,706)**
Other financial income and expenses	(337)	(80)
OTHER FINANCIAL INCOME	**(337)**	**(80)**
TAX EXPENSE	**(3,591)**	**(1,189)**
NET INCOME OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	**-**	**17**
NET INCOME FOR THE PERIOD	**7,603**	**5,220**

**The information pertaining to comparative data is set out in Document E filed with the French market authority, the AMF, on December 10, 2009, under No. 09-093.*

Statutory Auditors' report on the 2010 interim financial information

For the period starting January 1, 2010 and ending June 30, 2010

To the shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with Article L.451-1-2 III of the French Financial and Monetary Code, we have:

- performed a general review of the consolidated interim financial statements of Naturex SA for the period starting January 1, 2010 and ending June 30, 2010 such as they are presented here,
- checked the information given in the interim business report.

These consolidated interim reports have been drawn up under the responsibility of the Board of Directors. Our responsibility is to express an opinion on the statements based on our general audit.

I - Opinion on the consolidated financial statements

We conducted our general audit in accordance with those professional standards generally accepted in France. A general audit essentially consists in meeting with the members of a company's management structures that are in charge of its accounting and financial data and systems and in carrying out various analyses. These investigations are less exhaustive than those required when performing an audit in line with generally-accepted professional standards in France. As a result, any assurances that these statements bear no major anomalies can only be moderate assurances compared to those given within the framework of an exhaustive audit.

Based upon our general audit, we have not detected any major anomalies that could compromise the conformity of these interim consolidated financial statements with accounting standard IAS 34 governing interim financial reporting which is part of the IFRS reference framework adopted by the European Union.

II - Specific verifications

We have also verified the information given in the interim group business report pertaining to the interim consolidated financial statements on which we performed our general audit. We have nothing to report as to its fair presentation and consistency with the interim consolidated financial statements.

Statutory Auditors

Paris La Défense
August 30, 2010
KPMG S.A.
Michel Piette

Avignon
August 30, 2010
AREs X.PERT Audit
Laurent Peyre