

The 4th quarter of 2008 saw another 16% drop in the index, driven largely by uncertainty in both consumer spending on wellness products and by anticipated price compression of existing contracts. A few companies posted value gains largely due to their ability to leverage strong IP positions or via well placed acquisitions that drove financial performance.

INDEX PERFORMANCE*

Since Inception (1/1/03) : **+43.8%**

36 Month : **-11.1%**

12 Month : **-30.6%**

6 Month : **-17.3%**

3 Month : **-16.1%**

*Data as of 12/31/08

INDEX COMPONENTS

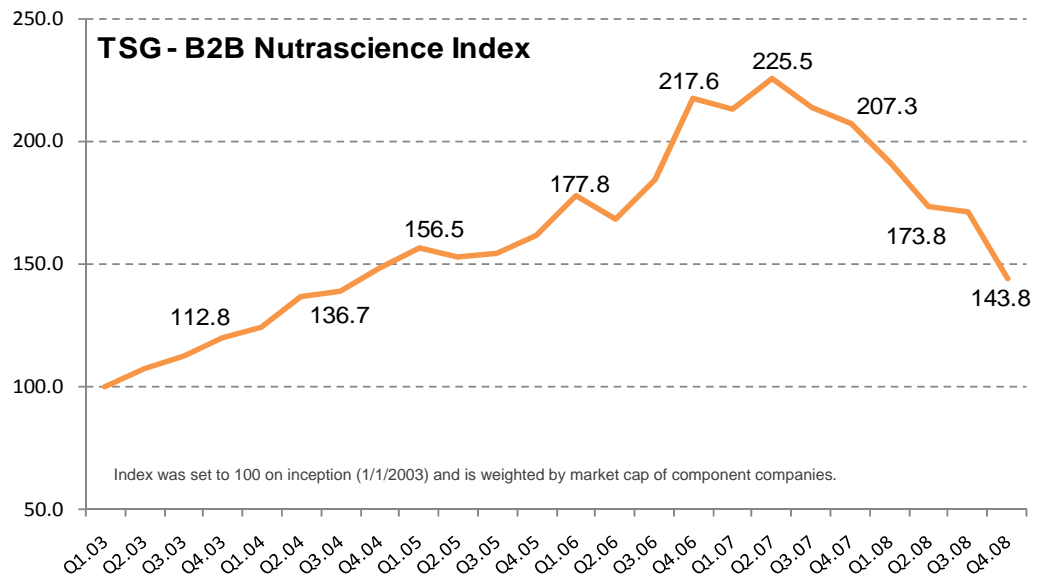
- 31 public companies
- All companies are primarily focused on the B2B value chain serving the health, wellness ingredients, nutrition and food, beverage and personal care industry
- Index is global in scope, with companies headquartered in locations ranging from Israel, France, Sweden, Spain, USA, Canada, Japan, Malaysia and United Kingdom
- Companies range in market value (capitalization) from \$5.5 Bn to < \$10 Mn USD

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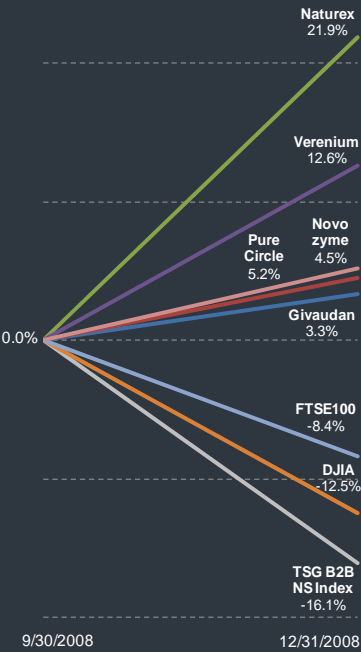


- ➔ B2B nutrascience companies are being forced to compete mainly on price in a bid to retain key contracts with consumer goods companies in 2009. TSG anticipates strategic consolidation among B2B companies as they augment their current offerings with value added components and services that provide key customers a more differentiated offering.
- ➔ Enzyme companies are well-positioned to experience increased demand in the near term as food processors seek enzymatic methods for increasing yield and cheaper means of removing impurities. Food enzymes comprise 23% of enzyme company Novozymes' annual revenue. The company indicated an increase of 12% in food enzyme revenue for Q3 of 2008 compared to Q3 of 2007 and attributed this growth to the increasing demand of using enzymes in food processing.
- ➔ Companies such as Malaysian sweetener company PureCircle have entrenched themselves in the product development cycle of customers and will grow through standing contracts to provide Stevia to major beverage companies.
- ➔ Food processing companies are driving operational efficiencies by using excess capacity to provide more "white" label and private label services to supermarkets and big box retailers. From 2005 to 2008, consumer goods store Safeway saw an increase in sales revenue of 167% from its "O" line of organic products. Success of the brand has led Safeway to build the O line of products from 30 to 350 and expand into providing new brands such as Eating Right, a premium health-oriented brand.
- ➔ TSG expects companies with strong balance sheets to view this economic climate as a time to augment capabilities through acquisition of discounted companies that fill key operational gaps or drive growth in strategic areas.

Five companies have gained share value and outperformed the broader markets during Q4 2008.

Company (Q4 Returns)	Key Criteria for Gains
→ Naturex (+21.9%)	<ul style="list-style-type: none"> - Q3 2008 revenue up 26.6% in constant dollars, buoyed by Q1 acquisition of Berkem's Actifs Innovants division - Rosemary extract officially received food antioxidant status in EU
→ Verenium (+12.6%)	<ul style="list-style-type: none"> - Formed agreements with major chemical companies including BP and DuPont to develop cellulosic ethanol using proprietary techniques - BP to invest \$90M over 2 years to create jointly held entity Galaxy Biofuels
→ PureCircle (+5.3%)	<ul style="list-style-type: none"> - Gained contracts to provide Stevia products to Coca-Cola, Cargill and PepsiCo - US FDA approved GRAS (Generally Recognized as Safe) status for Reb-A stevia products
→ Novozymes (+4.5%)	<ul style="list-style-type: none"> - Exceeded Q1 profit expectations by 2 percent, recording Q1 pretax profit of \$63M - One of 4 companies selected by US Dept. of Energy to develop new ethanol procedures
→ Givaudan (+3.3%)	<ul style="list-style-type: none"> - Discovered and profiled eight new, natural orange flavor varieties - Posted 13 percent rise in net profit for H1 to \$89.78 M (94 M CHF), boosted by \$2.4B 2007 acquisition of Quest International flavor and fragrance business

SELECT Q4 2008 SHARE RETURNS



Company	Valuation Ratios		Key Financials		Share Performance		
	EV/Rev	EV/EBIT	Mkt. Cap	Rev. (ttm)	12 Mo.	36 Mo.	60 Mo.
Givaudan	2.36	29.52	\$5,577.6	\$3,755.3	-11.9%	8.0%	49.8%
Novozyymes	3.24	16.22	\$4,557.4	\$1,425.1	-16.4%	40.9%	125.5%
Kerry	0.78	11.07	\$3,148.7	\$6,426.9	-36.6%	-25.4%	-5.4%
IFF	1.64	11.35	\$2,709.7	\$2,400.0	-33.0%	-3.7%	-7.6%
Tate & Lyle	0.80	10.19	\$2,592.0	\$5,047.8	-39.0%	-51.8%	-13.0%
Danisco	0.90	8.20	\$1,958.4	\$2,871.4	-47.4%	-60.6%	-27.6%
Symrise	1.26	8.24	\$1,648.5	\$1,726.6	-43.2%	N/A	N/A
Sensient	1.34	10.78	\$1,148.3	\$1,260.0	-17.2%	36.5%	23.6%
Martek	2.49	15.61	\$978.7	\$2,180.0	2.2%	22.8%	-53.6%
Glanbia	0.43	10.25	\$968.1	\$3,008.8	-50.6%	-7.7%	0.3%
Large Co. Averages	1.45	13.69			-29.3%	-4.6%	10.2%
Frutarom	1.15	8.25	\$438.1	\$415.0	-9.5%	-20.1%	84.1%
PureCircle	18.83	162.19	\$382.3	\$19.3	12.1%	N/A	N/A
Atrium Innovations	3.64	15.02	\$377.4	\$272.0	-40.7%	N/A	N/A
Nutraaceutical	1.48	17.29	\$233.9	\$208.6	-39.2%	-41.4%	29.2%
Robertet	0.75	6.58	\$197.7	\$372.7	-33.9%	-46.6%	-18.3%
Naturex	2.38	28.69	\$149.9	\$114.4	-10.2%	-26.9%	108.2%
Burcon Nutrascience	N/A	25.60	\$122.3	\$0.0	-13.7%	192.7%	242.9%
Senomyx	1.56	1.13	\$91.1	\$20.0	-59.5%	-75.0%	N/A
Nutraaceutical Intl.	0.67	5.53	\$89.1	\$166.9	-39.0%	-40.2%	-26.4%
Soda Aromatic	0.31	2.43	\$84.5	\$187.1	-11.1%	-30.2%	92.0%
NutraCea	3.14	4.60	\$74.0	\$32.1	-63.2%	10.4%	310.9%
Global Sweeteners	0.20	1.41	\$70.9	\$217.6	-60.2%	N/A	N/A
Verenium	3.75	1.64	\$66.5	\$62.9	-78.8%	-69.2%	-84.0%
Midsize Co. Averages	1.88	11.97			-34.4%	-14.6%	83.7%
EuroGem	0.90	8.62	\$50.3	\$58.6	-47.7%	N/A	N/A
Probi	4.76	34.55	\$46.0	\$8.2	-16.4%	-4.2%	N/A
Treatt	0.48	6.66	\$31.9	\$74.5	-25.6%	-21.4%	-11.5%
Neptune	2.22	4.91	\$22.6	\$8.8	-86.6%	-24.7%	88.3%
Innovia	1.58	12.83	\$18.4	\$14.2	-22.1%	-52.0%	71.4%
MGP Ingredients	0.03	0.55	\$13.4	\$403.9	-91.3%	-92.9%	-88.9%
Nutrition 21	0.12	0.43	\$11.2	\$47.5	-69.0%	-58.7%	-69.0%
Provexis	21.47	1.63	\$6.6	\$0.2	-32.8%	84.0%	N/A
Small Co. Averages	1.68	10.72			-48.9%	-24.3%	-1.9%
Index Averages	1.69	11.70			-36.5%	-13.7%	35.7%

Valuation Averages do not include highs, lows and negatives in each category

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