

5th September 2007
SAGENTIA GROUP AG ('SAGENTIA GROUP')

INTERIM RESULTS 2007

Sagentia Group, a leading integrated technology consulting, development and venturing organisation, today announces its results for the six months to 30 June 2007.

Summary:

- First half revenues of £10.8m, although 17% down on the corresponding period in 2006 (£13.0m), are 2% ahead of preceding six months (H2 2006: £10.6m)
- Ongoing costs in Consulting and IP Exploitation reduced by £1.3m per annum
- Consulting and IP Exploitation operating loss of £0.5m (H1 2006: operating profit of £0.2m) reflecting breakeven consulting activities, cost of options and £0.4m in one-off restructuring costs
- Positive order intake momentum in the second quarter with year to date order intake now tracking 2006
- Decrease in fair value of venture portfolio assets of £1.9m (H1 2006: increase in fair value of £0.2m) primarily reflecting a £1.4m decrease in the balance sheet value of AIM-listed CMR Fuel Cells plc (£2.3m – H2 2006: £3.7m). Period end balance sheet valuation of portfolio £9.5m (H2 2006: £11.3m)
- Group loss from continuing activities before taxation of £3.0m (H1 2006: £0.3m). Losses are stated after charging a loss of £0.6m incurred by venture subsidiary companies (H1 2006: £0.3m), a decrease in fair value of financial assets of £1.9m (H1 2006 increase of £0.2m), net central costs of £0.2m (H1 2006: £0.3m) and the cost of share options of £0.1m (H1 2006: £0.1m)
- Outlook for the second half of the year encouraging with a forecast return to profitability in the consulting operations and positive cash flow throughout the Group.

Chris Masters, Sagentia Group Chairman said:

“Although in terms of overall profitability the results for the first six months of 2007 are disappointing, we have ended the period with order intake at a higher level than in the same period for 2006, with costs, after restructuring, running at a lower level than previously and with our consulting activity profitable in Q2. Added to which, an increase in licensing activity over the last few months should start to generate increased income during the second half of 2007. Given the changes implemented over the last six months, we are now confident that we have a sound platform from which to profitably grow our core Consulting and IP business.

On the venturing side of our business, the investment portfolio has suffered principally from the share price movement of CMR Fuel Cells plc which has fallen significantly during the last six months. Notwithstanding the share price movement and its continuing volatility, the value of our holding in CMR still represents a multiple of over five times our original investment and the company has recently announced a key corporate relationship with Samsung. Across the rest of the portfolio, strong technical and commercial progress has also been made in both TurfTrax and Sphere Medical.

The Board and management team remain totally committed to delivering profitable and sustainable growth from the Group's Consulting and IP operations. The focus for the future will be on increasing licensing income while at the same time reducing our dependence on venturing activities. The Consulting and IP operations are expected to be profitable in H2 2007, with full year fee income recovering to the same level as achieved in FY 2006. Actions are also underway to sell a number of our portfolio holdings which will improve both the trading and cash position of the business by the end of the year.

Overall, in terms of increasing operational efficiency and reinvigorating the sales effort, the Group has made good progress over the last six months and we look to the future with added confidence”

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**THE SAGENTIA GROUP AG
PRELIMINARY RESULTS STATEMENT**

CHIEF EXECUTIVE'S REVIEW

The following table analyses the sources of turnover and operating profits and losses on ordinary activities across the Group, and is extracted from the segmental information set out in the notes to this report.

£000s	Six months ended 30 June 2007		Six months ended 30 June 2006		Year ended 31 December 2006	
	Revenue	Profit / (Loss)	Revenue	Profit / (Loss)	Revenue	Profit / (Loss)
Consulting and IP exploitation	9,716	(32)	11,945	285	21,472	(409)
Venture Subsidiaries	239	(552)	315	(330)	531	(657)
Asset Management	204	19	240	(38)	485	64
Property and Centre	657	(214)	548	(239)	1,158	(495)
Revenues : Gross profit (loss)	10,816	(779)	13,048	(322)	23,646	(1,497)
(Loss) profit on disposals of investments		(25)		(22)		392
Change in fair value on financial assets		(1,880)		209		(876)
Related bonus accrual		190		(60)		384
Rebranding		-		-		(632)
Reorganisation		(420)		-		-
Cost of options		(52)		(119)		(235)
Operating loss		(2,966)		(314)		(2,464)

Revenue

Revenue is stated net of inter-company activity. Total revenues for the period decreased by 17% to £10.8m (H1 2006: £13.0m) due primarily to a fall in order intake within technology consulting services at the end of 2006.

Technology Consulting Services saw a reduction in fees, from £9.7m to £8.7m, as well as in recharged project expenses from £2.2m to £1.0m which, while large, does not affect profits. Revenues from technology consulting including recharged expenses representing 90% of Group revenue (H1 2006: 92%).

Property and Centre revenues continue to see growth from Manage5Nines, our IT outsourcing business, and rental income at Harston Mill.

Operating profit (loss)

Gross loss for the period of £0.8m increased from £0.3m in H1 2006. The core consulting and IP business, excluding movements on investments, made a profit of £0.3m in H1 2006, before making a £0.7m loss in the second half. H1 2007 therefore includes costs of restructuring principally in the consulting sector at the beginning of 2007. The consulting and IP activity returned to profit in Q2 2007 and is expected to be profitable in the second half of the year. Venture subsidiaries costs have increased in Intrasonics, Atranova, and a new Sensor business, Sagentia Sensors, increasing the net cost from £0.3m to £0.6m. In the second half of 2007 it is anticipated that losses will reverse as licence and other income increase in all three businesses.

Operating losses in the period have been further impacted by the reduction in the fair value adjustments (net of bonus accrual) of £1.7m from an increase of £0.1m in H1 2006, principally as a result of the significant reduction in the share price of CMR Fuel Cells plc. A further non cash cost of £0.1m (H1 2006: £0.1m), relating to the cost of options granted, is charged to the operating results. The share price of CMR Fuel Cells plc has further reduced since the half year.

Consulting and intellectual property ('IP') exploitation

The Group's international technology consulting and IP exploitation activities are primarily carried out through its wholly owned subsidiary, Sagentia Ltd ('Sagentia'). The technology and business consulting services offer customised product and process solutions and advice on new technology opportunities to a wide range of international clients, from start-ups to multinationals. Sagentia's wide and interdisciplinary skill base means that the business can take a broad approach to issues surrounding new business development, including technological, financial, marketing and strategic aspects.

The results for H1 2007 reflect a slowly recovering trading position from reduced order intake highlighted at the end of 2006. Revenues for the period have declined in comparison to 2006, however, costs have also been reduced during Q1 2007, leaving the consulting activities in profit during Q2. Order intake has however recovered and is expected to improve performance in H2 2007.

Notable successes during H1 2007 include the launch of a breakthrough mobile payment solution for remittances in Kenya, which was developed in conjunction with Vodafone for Safaricom. The service enables customers to send money safely and cheaply using a mobile phone and provides cost effective access to financial services for people without bank accounts in economies where it is unsafe, difficult and expensive to hold cash and move money around. By building on the rapidly growing mobile networks in emerging markets and linking with finance institutions, merchants and employee payment facilities, this provides a uniquely robust, reliable and efficient tool for organisations to distribute and receive money, their customers to access it and for individuals to move money around the country, and around the world.

The new service is available to anyone with a mobile phone, regardless of whether they have a bank account. Worldwide, there are more than twice as many people who have a mobile phone than have a bank account. Specifically this provides mobile phone users with a secure platform which uses simple, tailored menus on their phone to send fully encrypted and PIN locked messages to a thoroughly audited financial accounting system.

The culmination of a two year multi million pound programme, M-PESA was extensively tested on the Safaricom network. Following the successful roll-out in Kenya, the collaboration is expected to continue for at least a further two years.

Other projects are available from The Gen, our quarterly magazine, which may be downloaded from our web site (www.sagentia.com).

Non time-related income continues to be an important part of our business model. Licensing activity is increasing, and a number of license deals within the Group are expected to close during 2007. Specific to the consulting and IP sector, the next \$0.5m payment regarding the Autosheath™ licence pending grant of the US patent, expected to be at the turn of the year. All expenditure on patent fees and the creation and development activities has been written off as incurred. Spend on patent fees during H1 2007 was £0.1m (H1 2006 £0.4m).

Venture subsidiaries

Venture subsidiaries are majority owned spin-out companies created by Sagentia for the purpose of exploiting a particular technology, intellectual property or business opportunity. Sagentia's goal with its venture portfolio is to realise value through IPO or trade sale. Under IFRS, controlled investments are consolidated as subsidiaries. Costs incurred are therefore expensed through the profit and loss account and the fair value of controlled investments is not shown on the balance sheet. Controlled investments currently being exploited include Intrasonics Ltd, Sensopad Ltd, Atranova Ltd, and now Sagentia Sensors Ltd.

The net costs of venture subsidiaries in H1 were £0.6m (H1 2006: £0.3m).

Sagentia Sensors Ltd

Sagentia Sensors was created as a vehicle to exploit IP in Sagentia's Cap-track™ and Mu-track™ sensor patent families. During 2007 it has entered into negotiations to licence the technology broadly in automotive and industrial sectors, and is anticipating closing at least one such deal in H2 2007.

Intrasonics Limited

Intrasonics is Sagentia's venture in interactive media services. Intrasonics develops and markets mobile-media interactivity solutions to broadcasters, media companies and content owners, based on its proprietary communications technology. Protected by a substantial patent portfolio, Intrasonics' unique 'Sound Link and Sync' system creates a completely new data channel for mobile devices, opening up a range of sophisticated, yet easy to use 'one touch' media applications that drives new revenues for content and media owners, advertisers and broadcasters, mobile operators and service providers.

Sagentia owns approximately 90% of Intrasonics, the balance being held by founders. Intrasonics is seeking to license and sell its technology into a variety of applications.

Sensopad Limited

The automotive applications of Sensopad Technologies were sold to a subsidiary of TT electronics plc in March 2004 for a consideration of £1.2m together with anticipated future royalties. Net royalties of £1.7m have been recognised to date through the consolidated income statement. TT has announced that it has taken £100m of orders secured for its Autopad™ sensor. Royalty receipts are expected to commence in H1 2008. Sensopad has further licensed its technology in the field of fuel level sensing to TT for £0.15m in H1 2007.

Non-automotive applications for the contact-less inductive sensing technology are being exploited in the industrial, aerospace and gaming controller market via a closer marketing and operating arrangement with Sagentia Ltd.

Sagentia Group owns 77% of the equity in Sensopad.

AtraNova Limited

Hived out of Sagentia Group's portfolio company, Atraverda Ltd, AtraNova is seeking to commercialise Ebonex outside of the battery markets being exploited by Atraverda. During H1 2007 AtraNova has supplied water treatment test equipment within the UK which can significantly reduce the Mogden charge levied by water companies to manufacturers. It will seek to commercialise this market during the remainder of 2007.

Sagentia Group owns 91% of the equity in AtraNova.

The fair value of the Venture Subsidiaries is not shown in the consolidated balance sheet. The combined BVCA value of the Group holdings in the Venture Subsidiaries is £0.9m.

Asset management, property and central services

The combined net cost of asset management activities, the freehold property and central services in H1 was £0.2m (H1 2006: £0.3m). The current book value of the building is both supported by existing tenants and the improved commercial property market in Cambridge.

Change in fair value of investments

The reduction in fair value of investments of £1.9m includes a decrease in fair value of AIM listed CMR Fuel Cells plc of £1.4m; Sensor Technologies LLC £0.2m; and Turftrax £0.2m following a funding round. The TurfTrax adjustment will reverse in H2 2007 following a funding round closed in September 2007. Sagentia Group owns 11% of the issued share capital in CMR. At the end of H1 2007, CMR share price was £1.03 (H2 2006: £1.645). The price of CMR at 3 September was £0.695.

Bonus accrual on change in fair value

Bonus accrual of £190k has been written back in H1 (H1 2006: £60k) against the decrease in fair value of investments, to be paid out on cash realisation of investments under the authority of the Sagentia Group remuneration committee.

Cost of options

Under IFRS the Group has provided for the cost of options issued and outstanding at the end of H1 of £52k (H1 2006: £119k).

Analysis of balance sheet

At 30 June 2007 the Group had shareholders funds of £17.8m (H2 2006: £20.7m) which was equivalent to approximately 8.2p per share (H2 2006: 9.7p per share). This includes freehold land and buildings with a net book value of £14.2m (H2 2006: £14.2m), against which the Group has an outstanding loan of £8.4m (H2 2006: £6.6m), in addition to cash of £1.2 m (H2 2006: £2.0m).

The fair value of investments and other loans to investee companies was £9.5m (H2 2006: £11.3m). This represents the BVCA or market valuation of all non-controlled investments. The BVCA valuation of controlled investments – venture subsidiaries - is £0.9m (H2 2006: £1.1m). The difference between the BVCA valuation and the net asset value at the year-end for venture subsidiaries is equivalent to approximately 0.5p per share (2006: 0.5p).

Investments

The following investee companies now comprise 66 per cent of the fair/BVCA value of the portfolio capitalised on the Sagentia Group balance sheet at 30 June 2007:

Investee company	Group fully diluted equity interest *	BVCA valuation of Group interest
	%	£m
CMR Fuel Cells plc	9.6	2.3
Sphere Medical Holding Ltd	10.0	1.5
Atraverda Ltd	17.0	1.3
Sensortec Ltd	12.1	1.2
Total		6.3

* Fully diluted interest assumes that granted options have been exercised

Progress during H1 in the above investee companies was as follows:

CMR Fuel Cells ('CMR')

CMR exploits a revolutionary flow-through fuel cell utilising mixed reactants, developed at Sagentia. CMR's patented technology involves electrochemical devices, which convert fuel directly into electricity at higher efficiency rates and have the potential for higher power storage capacity. CMR was admitted to AIM in December 2005 with a market capitalisation of £35.7m. Sagentia retain an 11% equity stake in CMR. On 30th June 2007 the mid-market price of CMR was £1.03 (price on admission £1.76).

During 2007 CMR has entered into a non-exclusive Joint Development Agreement ('JDA') with Samsung SDI Co. Ltd. ('Samsung') of Korea. Under the terms of the JDA, Samsung and CMR will collaborate to produce a Direct Methanol Fuel Cell system demonstrator incorporating CMR's mixed reactant stack technology. The system will be evaluated as a potential alternative and replacement for today's conventional battery solutions. CMR has already delivered the first such stack to Samsung.

CMR also announced, together with its partners Johnson Matthey Plc and Accelrys Inc, the formation of a UK based Research Consortium. Funding has been awarded through the Autumn 05 Technology Programme competition for funding. The DTI will make available to the Consortium a total of £1.15 million over the duration of the three-year contract.

In its interim report issued in August 2007, CMR commented that demand for small, cost-effective and efficient portable fuel cell systems continues to grow - driven by the need to overcome the stagnating power density and safety issues associated with Lithium batteries. The Company believes that many OEMs will field-trial Methanol powered portable fuel cell systems into Asian markets in 2008/9 ahead of mass-market launches from 2010 onwards. However, price volatility of platinum and ruthenium metals, commonly used to make catalysts, is a significant concern for these OEMs, and the elimination of these materials has become a key objective across the industry. This should enhance the prospects for CMR.

Sphere Medical Holding ('Sphere')

Sphere was established by Sagentia with Siemens to develop a series of unique chip-based micro sensors for use in intensive care medicine. Based on cutting edge micro- and nano-technology, Sphere is developing highly innovative monitoring products to provide clinical and economic benefits in the critical care environment, based on the company's proprietary technology. The products allow minimally invasive, real time measurement of clinical chemistry parameters and therapeutic drug concentrators, giving healthcare professionals the information they require to more effectively manage therapy and optimise patient outcomes.

Sphere commercialised products will be marketed globally through multi-national marketing and distribution agreements. The costs associated with the conditions and complications addressed by its products are in the order of tens of billions of US\$ in the Intensive Care Unit alone. With limited alternative solutions currently available, Sphere estimates that the total market addressed by its initial products is around US \$2.2 billion a year.

During 2007, Sphere achieved EN ISO 13485:2003 for the Design and Development of Medical Monitoring Systems. EN ISO 13485 is the international quality management standard for the medical device industry and is based on ISO 9001, and is essential for companies developing medical devices for the market.

Atraverda Ltd ('Atraverda')

Atraverda has developed an innovative lead acid battery design using Ebonex™ bipolar membranes. Atraverda's plates are based on a novel and patented ceramic material, which enables a performance increase of over 30% compared with standard lead acid batteries, while reducing weight by at least 25%. Atraverda's patented Ebonex technology is the first commercially viable bi-polar product to enter the market that makes lead-acid batteries smaller, lighter and more reliable. Ebonex technology signifies a new era for the battery manufacturing industry and its customers. Markets that the company is addressing include power tools, small UPS, military, aviation, telecoms, consumer electronics, and automotive including hybrid electric vehicles. Ebonex bi-polar batteries are an environmentally strong technology with significantly less lead used than conventional batteries.

During 2007 the company has entered into a commercial relationship with Exide Industries Ltd, the largest manufacturer of lead-acid storage batteries in South Asia. The agreement will see the two companies work together to develop bi-polar lead acid batteries for a range of power storage applications using Atraverda's Ebonex technology. This news followed the Company's announcement in September 2006 that it was working with East Penn Manufacturing Company Inc., the world's largest independent battery manufacturer.

In the same period Atraverda's technology won awards from both Frost & Sullivan, a global consulting company and Red Herring for its ability to make bipolar batteries which are smaller, lighter and longer-lasting than conventional technology.

Sensortec Ltd ('Sensortec')

Sensortec, a Jersey registered company, has developed a robust and adaptable platform technology for use in disposable biosensors based on immuno-assay techniques. Sensortec's proprietary technology enables the miniaturisation of a wide range of common format assays traditionally performed at clinical reference laboratories, all in a simplified form and at a competitive price.

The unique design of the Sensortec sensor chips mean that low cost materials and methods can be used to produce the disposable cartridge incorporating the sensors and fluidics required to manipulate the blood sample and perform the tests, which has not been possible with alternative sensor technologies. This novel biosensor technology has multiple applications and has already been validated by use in the environmental and food quality assurance sectors for detecting such contaminants as mycotoxins and drug residues.

Other investments

TurfTrax Ltd primarily provides data to the betting market, media and consumer on horse racing. In particular the company has developed, with Sagentia, and introduced the TurfTrax Tracking System capturing and broadcasting horse race data to multiple clients. During H2 TurfTrax has completed a further financing round of approximately £1m at a premium to the previous round of financing. Sagentia presently holds an equity position of approximately 9% in TurfTrax.

It remains the Company's goal to seek the disposal of a number of portfolio assets by trade sale, license or IPO in the short to medium term.

Cash and cash flow

Cash at H1 2007 was £1.2m (2006 £2.0m). Borrowings increased from £7.0m to £8.9m. £2.6m of the bank loan remains available to be drawn down.

Net cash outflow from operating activities increased to £2.4m (H1 2006: £0.6 million). Of this, the loss less non cash items (depreciation, change in fair value, bonus accrual and options) accounted for £1.1m (2006 H1: £0.2m). Working capital (debtor and creditor movement's) accounted for a further £1.3m (2006 H1: £0.4m), which we would expect to reduce in H2 2007. Capital expenditure and financial investment was limited to a net £0.2m (2006: £1.0m). The cash movement was funded by the drawing down on the loan facility.

Building

The principal tenant of the Group's 77,000 square feet freehold headquarters in Harston remains the Group's consulting business, Sagentia Limited, which occupies 40,000 square feet on arms length terms. The remaining space is now let or under contract on short to medium term leases.

Board and management changes

Per Ludvigsson retired at the last AGM. The Board would like to offer its thanks to Per for the help and advice given over the last six years and wish him well in his retirement.

Daniel Flicos, a director of Sagentia Ltd, was appointed to the Board at the Annual General Meeting in April 2007.

Group Auditor

The audit operations of RSM Robson Rhodes, the Group Auditor, have merged with those of Grant Thornton UK LLP with effect from 1 July 2007. The Board has therefore appointed Grant Thornton as Group Auditor.

Outlook

The outlook for the technology development consulting market together with licence/royalty income remains positive. Order intake for Sagentia was in line with expectations for the first six months following a difficult end to 2006 and is now expected to exceed the prior year.

Notwithstanding the fall in value of CMR Fuel Cells plc and associated lack of liquidity, we anticipate improvement in H2 2007 within several portfolio companies, and believe that the prospects for a number of the investments, including Sphere Medical and TurfTrax are strong.

Attachments
The Sagentia Group AG

Consolidated income statement
For the period ended 30 June 2007

	Notes	Core operations £000	Venture subsidiaries £000	Six months ended 30 June 2007 (Unaudited) £000	Six months ended 30 June 2006 (Unaudited Restated) £000	Year ended 31 December 2006 £000
Continuing operations						
Revenue						
Core operations		10,577	-	10,577	12,733	23,115
Venture subsidiaries		-	239	239	315	531
	4	10,577	239	10,816	13,048	23,646
Operating expenses						
Core operations		(10,804)	-	(10,804)	(12,725)	(23,955)
Venture subsidiaries		-	(791)	(791)	(645)	(1,188)
	4	(10,804)	(791)	(11,595)	(13,370)	(25,143)
Gross loss	4	(227)	(552)	(779)	(322)	(1,497)
Profit (loss) on disposal of investments				(25)	(22)	392
Change in fair value on financial assets				(1,880)	209	(876)
Bonus accrual on change in fair value				190	(60)	384
Rebranding				-	-	(632)
Reorganisation				(420)	-	-
Cost of options*				(52)	(119)	(235)
Operating loss	4			(2,966)	(314)	(2,464)
Finance charges (net)				2	21	(59)
Loss on continuing operations before Income tax				(2,964)	(293)	(2,523)
Income tax expense				(12)	4	51
Loss on continuing operations for the period	4			(2,976)	(289)	(2,472)
Attributable to:						
Equity holders of the parent				(2,978)	(344)	(2,531)
Minority interests				2	55	59
Loss for the period				(2,976)	(289)	(2,472)
Loss per share (basic)	5			(1.4p)	(0.1p)	(1.1)p
Loss per share (diluted)	5			(1.4p)	(0.1p)	(1.1)p

* See Consolidated Statement of Changes in Equity.

The Sagentia Group AG
Consolidated statement of changes in equity
For the period ended 30 June 2007

Group	Issued capital	Share premium	Investment In own shares	Translation reserve	Share based payment reserve	Retained earnings	Total – Shareholders funds	Minority Interest	Total equity 2005
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2006	9,289	13,095	(74)	(52)	113	640	23,011	45	23,056
Profit (loss) for the year	-	-	-	-	-	(344)	(344)	55	(289)
New shares issued	18	38	-	-	-	-	56	-	56
Issue of shares to minorities	-	-	-	-	-	-	-	11	11
Disposal of own shares	-	-	13	-	-	-	13	-	13
Share options adjustment	-	-	-	-	119	-	119	-	119
Exchange differences on translating foreign operations	-	-	-	26	-	-	26	(5)	21
Balance at 30 June 2006	9,307	13,133	(61)	(26)	232	296	22,881	106	22,987
Balance at 1 July 2006	9,307	13,133	(61)	(26)	232	296	22,881	106	22,987
Profit (loss) for the year	-	-	-	-	-	(2,187)	(2,187)	4	(2,183)
Dividends payable to minorities	-	-	-	-	-	-	-	(8)	(8)
Share options adjustment	-	-	-	-	116	-	116	-	116
Exchange differences on translating foreign operations	-	-	-	(103)	-	-	(103)	(10)	(113)
Balance at 31 December 2006	9,307	13,133	(61)	(129)	348	(1,891)	20,707	92	20,799
Balance at 1 January 2007	9,307	13,133	(61)	(129)	348	(1,891)	20,707	92	20,799
Loss for the year	-	-	-	-	-	(2,978)	(2,978)	2	(2,976)
Share options adjustment	-	-	-	-	52	-	52	-	52
Exchange differences on translating foreign operations	-	-	-	(4)	-	-	(4)	-	(4)
Balance at 30 June 2007	9,307	13,133	(61)	(133)	400	(4,869)	17,777	94	17,871

The Sagentia Group AG
Consolidated balance sheet
At 30 June 2007

	Six months ended 30 June 2007 (Unaudited) £000	Six months ended 30 June 2006 (Unaudited Restated) £000	Year ended 31 December 2006 £000
ASSETS			
Non-current assets			
Intangible assets	7	11	9
Goodwill	-	-	-
Property, plant and equipment	14,663	14,940	14,787
Investments	9,501	12,046	11,279
Deferred income tax assets	3,014	2,984	3,014
	27,185	29,981	29,089
Current assets			
Trade and other receivables	6,286	6,562	5,212
Current tax asset	-	-	30
Investments	-	23	23
Cash and cash equivalents	1,222	1,977	1,963
	7,508	8,562	7,228
Total assets	34,693	38,543	36,317
EQUITY AND LIABILITIES			
Shareholders' equity			
Called-up share capital*	9,307	9,307	9,307
Share premium account*	13,133	13,133	13,133
Investment in own shares*	(61)	(61)	(61)
Translation reserves*	(133)	(26)	(129)
Share based payment reserve*	400	232	348
Retained earnings*	(4,869)	296	(1,891)
Total Shareholders' equity	17,777	22,881	20,707
Minority interest*	94	106	92
Total equity	17,871	22,987	20,799
Non-current liabilities			
Borrowings	6,950	6,946	6,948
Other creditors	64	-	41
Financial instruments	16	255	181
Deferred income tax liabilities	3,014	2,984	3,014
	10,044	10,185	10,184
Current liabilities			
Trade and other payables	4,796	5,300	5,250
Current income tax liabilities	60	26	43
Borrowings	1,922	45	41
	6,778	5,371	5,334
Total liabilities	16,822	15,556	15,518
Total equity and liabilities	34,693	38,543	36,317

* See Consolidated Statement of Changes in Equity.

The Sagentia Group AG
Consolidated cash flow statement
For the year ended 30 June 2007

	Six months ended 30 June 2007 (Unaudited)	Six months ended 30 June 2006 (Unaudited Restated)	Year ended 31 December 2006
	£000	£000	£000
Loss before income tax	(2,964)	(293)	(2,523)
Depreciation charges	242	246	422
Profit on disposal of investments	25	22	(392)
Change in fair value	1,880	(209)	876
Change in fair value of interest rate swap	(152)	(168)	(242)
Bonus accrual on change in fair value	(190)	60	(384)
Cost of options	52	119	235
(Increase) decrease in trade and other receivables	(1,073)	710	2,059
(Decrease) increase in trade and other payables	(237)	(1,080)	(747)
UK corporation tax (paid) received (net)	42	-	35
Foreign corporation tax paid (net)	(7)	4	3
Cash flows from operating activities	(2,382)	(589)	(658)
Purchase of property, plant and equipment	(131)	(187)	(212)
Loan repayments received from third parties	30	-	-
Purchase of financial assets through the income statement	(163)	(822)	(1,279)
Sale of financial assets through the income statement	6	-	540
Sale of current asset investments	23	-	-
Cash flow from investing activities	(235)	(1,009)	(951)
Issue of ordinary share capital / options	-	56	56
Disposal of own shares	-	13	13
Issue of shares by subsidiary undertakings to minority interests	-	11	11
Issue of loans by minority interests to subsidiary undertakings	2	(13)	(11)
Net Loan drawn down (repaid)	1,881	(60)	(64)
Cash flows from financing activities	1,883	7	5
Decrease in cash and cash equivalents in the year	(734)	(1,591)	(1,604)
Cash and cash equivalents at the beginning of the year	1,963	3,567	3,567
Exchange gains (losses) on cash	(7)	1	-
Cash and cash equivalents at the end of the year	1,222	1,977	1,963

Extracts from notes to the financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued and effective or issued at the time of preparing these statements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets at fair value, as allowed by IAS39 Financial Instruments: Recognition and Measure. The basis of consolidation is set out below:

Subsidiaries - Subsidiaries are entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. These acquisitions are accounted for using the purchase method of accounting.

Venture subsidiaries – Venture subsidiaries are investments in which the Group holds control, but holds these investments for ultimate disposal and capital gain. The Group accounts for such investments as subsidiaries until either they are disposed of or the Group issues shares to minorities and allows control to pass.

Investments – Investments are investments in which the Group does not hold significant influence. Where the Group holds these investments for ultimate disposal and capital gain, they are accounted for in accordance with IAS39, and are designated as at fair value through profit and loss.

1.2 Research and development expenditure

Research expenditure is written off as incurred.

Development expenditure is also written off as incurred, except where the Directors are satisfied that the technical, commercial and financial viability of individual projects under relevant IAS 38 criteria are met that would allow such costs to be capitalised. Under IAS 38, the Group recognise an intangible asset if it believes it can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits; either by the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Identifiable expenditure is then capitalised and amortised over the period during which benefits are expected.

1.3 Investments

The Directors consider that a substantial measure of the performance of the Group is assessed through changes in fair value arising from the investment activity of the Group. Consequently the Group classifies its investments that are not controlled investments as being financial assets at fair value through profit or loss, loans and receivables and available for sale financial assets.

Treatment of gains and losses arising on fair value investments that are not controlled investments are shown on the balance sheet at their fair value and any associated changes in fair value are included in the income statement in the period they arise.

Valuation policy - in determining fair value, investments have been valued by the Directors in compliance with the principles of the International Private Equity and Venture Capital Guidelines, updated and effective 1 January 2005, as recommended by the British Venture Capital Association (BVCA).

Listed investments - the fair values of quoted investments are based on bid prices at the balance sheet date

Unlisted investments - the valuation methodology used most commonly by the Group is the "price of recent investment", reflecting the early stage nature of the investments. The following considerations are used when calculating the fair value using the "price of recent investment" guidelines:

- Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value; and
- Where there has been any recent investment by third parties, the price of that investment will provide a basis of the valuation.
- Where a fair value cannot be estimated reliably the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired.

Convertible loan notes - Under IAS 28 financial instruments that are presently exercisable are taken into account in determining control and significant influence and this may affect the basis of consolidation.

Under IAS 39 convertible loan notes are financial assets and are defined as compound financial instruments consisting of a liability component and an equity component. At the date of issue there is a requirement to split the instrument between its debt and equity components.

The debt component is classified under investments as "Loans and receivables" and subsequently carried in the balance sheet at cost less any impairment.

The equity component is classified under investments and subsequently carried in the balance sheet at fair value. The right to convert the loan into equity represents an embedded derivative (the option) and as such needs to be re-measured to fair value at each reporting date with any changes in fair value of this right taken through profit or loss.

Convertible loans issued in a different functional currency to the issuing entity are treated the same; however, there may also be an associated financial instrument to manage the risks associated with foreign currency fluctuations.

Controlled investments - The Group also undertake investment activities in investments that are controlled, the performance of which, therefore, cannot be measure by changes in fair value arising from the investment activity of the Group. The Group identify these activities separately as Venture Subsidiaries.

1.4 Property, plant and equipment

Land and buildings comprise offices and laboratories at Harston Mill, Harston Cambridge, UK. Land and buildings are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

Buildings	25 years
Furniture and fittings	3-10years
Equipment	3-4 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The residual value of the property at Harston Mill has been revised to £10.6m. This has resulted in a reduction of depreciation for the period from £300k in H1 2005 to £43K in H1 2006.

2. Segmental information

	Consulting and IP exploitation	Venture subsidiaries	Asset management	Property and central services	Total
Period ended 30 June 2007	£000	£000	£000	£000	£000
Fees	8,710	239	204	1,193	
Recharged project expenses	978	-	-	-	
Licence / royalty income	55	-	-	-	
Less: Inter company trading	(27)	-	-	(536)	
Revenue	9,716	239	204	657	10,816
Expenses	(8,797)	(791)	(313)	(1,407)	
Recharged project expenses	(978)	-	-	-	
Less: Inter company trading	27	-	128	536	
Expenses	(9,748)	(791)	(185)	(871)	(11,595)
Gross (loss) profit	(32)	(552)	19	(214)	(779)
Profit on disposal of investments	-	-	(25)	-	(25)
Change in fair value on financial assets	-	-	(1,880)	-	(1,880)
Bonus accrual on change in fair value	-	-	190	-	190
Cost of options	(42)	-	(4)	(6)	(52)
Rebranding	-	-	-	-	-
Reorganisation	(420)	-	-	-	(420)
Operating (loss)	(494)	(552)	(1,700)	(220)	(2,966)
Finance charges					2
(Loss) before income tax					(2,964)
Income tax expense					(12)
(Loss) for the year					(2,976)
Balance sheet analysis					
Intangible assets	9	-	-	-	9
Intangible assets - amortisation	(2)	-	-	-	(2)
Goodwill	312	651	-	-	963
Goodwill - amortisation	(312)	(651)	-	-	(963)
Property, plant and equipment	6,819	50	16	14,208	21,093
Property, plant and equipment - depreciation	(3,814)	(50)	(16)	(2,550)	(6,430)
	3,012	-	-	11,658	14,670
Investments	(2,518)	-	9,501	2,518	9,501
Current assets (excluding cash)	5,707	180	(1,607)	2,006	6,286
Cash and cash equivalents	335	19	210	658	1,222
Total assets	6,536	199	8,104	16,840	31,679
Total liabilities (excluding loans and interest bearing liabilities)	9,234	3,041	167	(572)	11,870
Total equity (excluding loans and interest bearing liabilities)	(2,698)	(2,842)	7,937	17,412	19,809
Loans and interest bearing liabilities	(1,922)	-	-	(16)	(1,938)
Total equity	(4,620)	(2,842)	7,937	17,396	17,871

2. Segmental information (continued)

	Consulting and IP exploitation	Venture subsidiaries	Asset management	Property and central services	Total
Period ended 30 June 2006	£000	£000	£000	£000	£000
Fees	9,654	315	240	1,037	
Recharged project expenses	2,239	-	-	-	
Licence / royalty income	81	-	-	-	
Less: Inter company trading	(29)	-	-	(489)	
Revenue	11,945	315	240	548	13,048
Expenses	(9,450)	(645)	(278)	(1,276)	
Recharged project expenses	(2,239)	-	-	-	
Less: Inter company trading	29	-	-	489	
Expenses	(11,660)	(645)	(278)	(787)	(13,370)
Gross (loss) profit	285	(330)	(38)	(239)	(322)
Profit on disposal of investments	-	-	(22)	-	(22)
Change in fair value on financial assets	-	-	209	-	209
Bonus accrual on change in fair value	-	-	(60)	-	(60)
Cost of options	(40)	-	(36)	(43)	(119)
Rebranding	-	-	-	-	-
Operating (loss) profit	245	(330)	53	(282)	(314)
Finance charges					21
(Loss) before income tax					(293)
Income tax expense					4
(Loss) for the year					(289)
Balance sheet analysis					
Intangible assets	13	-	-	-	13
Intangible assets - amortisation	(2)	-	-	-	(2)
Goodwill	312	651	-	-	963
Goodwill - amortisation	(312)	(651)	-	-	(963)
Property, plant and equipment	6,882	134	16	14,287	21,319
Property, plant and equipment - depreciation	(3,768)	(134)	(16)	(2,461)	(6,379)
	3,125	-	-	11,826	14,951
Investments	(2,436)	-	12,046	2,436	12,046
Current assets (excluding cash)	5,857	274	(1,782)	2,236	6,585
Cash and cash equivalents	987	26	207	757	1,977
Total assets	7,533	300	10,471	17,255	35,559
Total liabilities (excluding loans and interest bearing liabilities)	8,348	2,725	915	284	12,272
Total equity (excluding loans and interest bearing liabilities)	(815)	(2,425)	9,556	16,971	23,287
Loans and interest bearing liabilities	(45)	-	-	(255)	(300)
Total equity	(860)	(2,425)	9,556	16,716	22,987

2. Segmental information (continued)

	Consulting and IP exploitation	Venture subsidiaries	Asset management	Property and central services	Total
Year ended 31 December 2006	£000	£000	£000	£000	£000
Fees	18,003	531	764	2,188	
Recharged project expenses	3,392	-	-	-	
Licence / royalty income	137	-	-	-	
Less: Inter company trading	(60)	-	(279)	(1,030)	
Revenue	21,472	531	485	1,158	23,646
Expenses	(18,549)	(1,188)	(700)	(2,683)	
Recharged project expenses	(3,392)	-	-	-	
Less: Inter company trading	60	-	279	1,030	
Expenses	(21,881)	(1,188)	(421)	(1,653)	(25,143)
Gross (loss) profit	(409)	(657)	64	(495)	(1,497)
Profit on disposal of investments	-	-	2	390	392
Change in fair value on financial assets	-	-	(876)	-	(876)
Bonus accrual on change in fair value	-	-	384	-	384
Cost of options	(80)	-	(71)	(84)	(235)
Rebranding	(367)	-	-	(265)	(632)
Operating (loss)	(856)	(657)	(497)	(454)	(2,464)
Finance charges					(59)
(Loss) before income tax					(2,523)
Income tax expense					51
(Loss) for the year					(2,472)
Balance sheet analysis					
Intangible assets	13	-	-	-	13
Intangible assets - amortisation	(4)	-	-	-	(4)
Goodwill	312	651	-	-	963
Goodwill - amortisation	(312)	(651)	-	-	(963)
Property, plant and equipment	6,757	50	16	14,248	21,071
Property, plant and equipment - depreciation	(3,713)	(50)	(16)	(2,505)	(6,284)
	3,053	-	-	11,743	14,796
Investments	(2,474)	-	11,279	2,474	11,279
Current assets (excluding cash)	4,507	346	(1,792)	2,204	5,265
Cash and cash equivalents	1,051	82	206	624	1,963
Total assets	6,137	428	9,693	17,045	33,303
Total liabilities (excluding loans and interest bearing liabilities)	8,251	2,867	381	783	12,282
Total equity (excluding loans and interest bearing liabilities)	(2,114)	(2,439)	9,312	16,262	21,021
Loans and interest bearing liabilities	(41)	-	-	(181)	(222)
Total equity	(2,155)	(2,439)	9,312	16,081	20,799

3. Earnings per share

The calculations of earnings per share are based on the following losses and numbers of shares:

	Six months ended 30 June 2007 (Unaudited) £000	Six months ended 30 June 2006 (Unaudited Restated) £000	Year ended 31 December 2006 £000
Loss for the financial period	(2,976)	(289)	(2,472)

Weighted average number of shares:	Number	Number	Number
For basic earnings per share	215,654,721	215,654,721	215,158,527
For fully diluted earnings per share	215,654,721	216,856,601	215,157,670

Options have no dilutive effect in loss-making years, and hence the diluted loss per share for these periods are shown as the same as the basic loss per share.

4.

The financial information set out above does not constitute full statutory financial statements within the meaning of Section 240 of the Companies Act 1985.

The financial information for the year ended 31 December 2006 has been abridged from the 2006 Annual Report and Financial Statements of The Sagentia Group AG.

The auditors' report for the year ended 31 December 2006 was unqualified and did not contain a statement under S237 (2) or S237 (3) of the Companies Act.

5.

The Annual General Meeting of the company was held in Zürich on April 27 2007. All resolutions were passed.

END.