

## DEVGEN GROUP

### INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2009

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#### 1. HALF YEAR 2009 MANAGEMENT REPORT

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##### 1.1. Strategic and operational highlights

**Strong seed and technology revenue growth - Devgen's nematicide launched – Loss H1 substantially reduced.**

Devgen's novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes, is ready to enter the market:

- Devgen obtained regulatory approval in the US for usage of its new nematicide on peanuts. Devgen will promote its nematicide under the brand name **Enclosure**<sup>®</sup>. Sales are planned to start early 2010 and demo trials and information campaigns are currently ongoing;
- Devgen obtained regulatory approval in Turkey for use of its nematicide on tomato and cucumber grown under protective cover. The product was launched in Turkey at the beginning of August under the brand name **Devguard**<sup>®</sup>.

In India strong growth was achieved in the hybrid seed business despite adverse weather conditions:

- Devgen achieved a 40% growth in turnover during the first half of the year.
- Sales of Devgen's hybrid rice, pearl millet, sunflower and sorghum for the entire Kharif season (ending September) are now estimated to exceed last year sales during the same period with respectively 100%, 70%, 22% and 16%.
- Taking into account that part of the sunflower sales are planned for the Rabi season (running from October until February), turnover for the year is expected to grow by 50% for the full year 2009.
- Growth of turnover in India is lower than planned, but Devgen performs amongst the best in the Indian seed industry in a year when adverse weather conditions had a negative influence on seed production and late and weak Monsoon rains substantially affected the country's farming industry as a whole (e.g. in anticipation of lower production, the Indian government has banned rice exports for the remainder of the year).

- By the end of 2009, having completed its first full year of operations, Devgen aims to be the top 4 player in hybrid rice, to regain the number one position in premium hybrid sorghum and targets to be the number 3 hybrid sunflower seed provider in India.

In Indonesia and the Philippines Devgen is preparing to launch its premium hybrid rice varieties:

- In the Philippines, Devgen has entered into a distribution agreement with Leads Agri, one of the leading agrochemical distributors with nationwide presence and familiar with farmer needs. A Devgen production and commercial support team is put in place. The Philippine breeding team has been strengthened and focuses on evaluating and breeding new rice hybrids that meet the needs of the Philippine farmer. Production is ongoing in preparation of the November sales season.
- In Indonesia Devgen has strengthened its relationship with Pt. Sang Hyang Seri (Persero) through the creation of a Strategic Business Unit for hybrid rice seed production. Registration of Devgen's product is pending and first sales targeted for Q4 2009 or Q1 2010.

Devgen realized significant progress and obtained further industry validation of its R&D programs and capabilities:

- Devgen and Monsanto Company updated their Research and Technology Agreement, resulting in a payment of € 20 million in cash by Monsanto Company to Devgen.
- Devgen renewed the Agrochemical Compound Discovery Agreement with Sumitomo Chemical Company continuing a successful joined research collaboration.
- Devgen's pipeline of biotech traits is expanding and progressing on track.

## 1.2. Financial highlights H1 2009

€ million	H1 2009	H1 2008
Revenues	8.6	5.8
R&D expenditure	4.6	7.2
Burn Rate	7.7	7.1
Net loss from cont'd operations	-5.0	-7.4
	June 30, 2009	December 31, 2008
Cash Position	36.2	24.2

### 1.3. Outlook 2009

Seed sales are expected to exceed € 9.0 million, representing 50 percent growth versus last year. This is lower than targeted because of adverse climatic conditions, during both the production and the sales season in combination with a weak Indian rupee (-5%). In India, based on premium pricing and strong demand for our products combined with good cost management and low product returns, the company is targeting a bottom line corresponding to plan. The shortfall in seed sales is foreseen to be compensated by higher income out of research collaborations (€ 6 million). Sales of nematicides in 2009 are expected to not yet contribute significantly to the top line. Total revenues are therefore expected to exceed € 15 million.

The burn rate is estimated at € 12 million by year end down from an initial forecast of € 19 million. This is mainly due to higher revenues out of research collaborations. The effect of movements in working capital will however completely offset the operational burn rate, including investments and the repayment of a loan. Net effect on the cash position is estimated to be positive for an amount of € 2 million resulting in a cash position at year end of approximately € 26 million.

R&D expenditure is expected to total approximately € 9 million, slightly lower than initially budgeted.

### 1.4. Key figures June 30, 2009

EUR 000 (except for earnings per share)	H1 2009	H1 2008
<b>Revenue</b>	8,618	5,846
<b>EBITDA</b>	-3,615	-6,793
<b>Loss from continued operations</b>	-4,645	-7,937
<b>Net of financial income/cost</b>	-339	490
<b>Net loss from continued operations</b>	-4,985	-7,447
<b>Basic earnings per share from continued operations (EUR)</b>	-0.28	-0.42
<b>Net loss from discontinued operations</b>	-162	-4,122
<b>Net Loss for the year continued &amp; discontinued operations</b>	-5,147	-11,568
<b>Basic earnings per share from continued &amp; discontinued operations (EUR)</b>	-0.29	-0.65
	<b>June 30, 2009</b>	<b>Dec 31, 2008</b>
<b>Cash and cash equivalents</b>	36,173	24,218

## **1.5. Details of half year 2009 results**

### **1.5.1. Revenue**

Devgen's revenue for the first six months of 2009 totaled € 8.6 million, compared to € 5.8 million for the same period of 2008, an increase with 47%.

Revenue from seed sales amounted to € 5.7 million for the first six months of 2009 as compared to 4.1 million in the same period of 2008, an increase with 40%. Higher sales are explained by higher volumes and pricing for premium quality. Seed sales will continue in H2 with the sunflower season still to come into full effect. Furthermore export sales (Indonesia and Pakistan) are expected to further add to the top line whilst first sales in the Philippines are expected in Q4.

Revenue from research and development services increased from € 1.8 million for the first six months of 2008 to € 2.9 million for the first six months of 2009. Revenues recorded from the update of the Research and Technology agreement with Monsanto Company and from the renewed collaboration with Sumitomo Chemical Company explain this increase. The € 20 million received from Monsanto, as a result of the update, will be reflected in the P&L for an amount of K€ 667 per month as of May 2009 till October 2011, the end of the contract period.

### **1.5.2. Expenditure**

Cost of goods sold was € 4.1 million, fully relating to sales of seed, compared to € 2.9 million in H1 2008.

Research and development expenses for the first six months of 2009 amounted to € 4.6 million (or € 4.2 million excluding depreciation) as compared to € 7.2 million (or € 6.6 million excluding depreciation) last year, a decrease of € 2.6 million or 36%, mainly due to lower research expenditure for the nematocide program and lower depreciation.

General and administrative expenses for the first six months of 2009 are € 0.5 million lower than during the same period last year, amounting to € 2.3 million.

Marketing and distribution expenses amounted to € 2.3 million (or € 1.9 million excluding amortization of intangible assets) for the first six months of 2009, as compared to € 0.9 million (or € 0.4 million excluding amortization) in the same period of 2008. This is the direct result of a major intensification of sales efforts (e.g. increased number of sales people in the field) to support Devgen's aggressive growth path.

### **1.5.3. Results**

The net loss with respect to continuing operations for the first six months of 2009 amounts to € 5.0 million versus € 7.4 million over the same period last year. A small amount of loss was recorded for discontinued operations during H1 2009, leading to a total net loss of € 5.1 million compared to the net loss including discontinued operations at the end of June last year of € 11.6 million.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for H1 2009 improved to € - 3.6 million from € - 6.8 million for the first six months of 2008 (continued operations). Higher gross profit and lower expenditure for General & Administrative expenses and Research & Development is more than offsetting higher expenditure for Marketing & Distribution. The operating loss improved from € 7.9 million in the first half of 2008 to € 4.6 million in the same period of 2009.

### **1.5.4. Cash flow and cash position**

Devgen's cash and cash equivalents amounted to € 36.2 million on June 30, 2009, as compared to € 24.2 million on December 31, 2008, an increase of € 12 million<sup>1</sup>.

The cash provided by operating activities for the first six months of 2009 amounted to € 15.3 million. Net loss for the period of € 5.1 million was offset by working capital movements with as major component cash received for the update of the Research and Technology Agreement with Monsanto Company which was posted as deferred income to be spread over the remaining term of the contract (ending October 2011).

Cash used in investing activities for the first six months of 2009 amounted to € 0.7 million. Investment in property, plant and equipment amounted to € 1.1 million partly offset by interest received for an amount of € 0.17 million and proceeds of sales of property, plant and equipment (fixed assets relating to discontinued operations) for an amount of € 0.2 million.

Cash flow from financing activities amounted to € -2.6 million for the first six months of 2008. The repayment of a bank loan in India almost entirely explains the use of cash for financing activities.

### **1.5.5. Consolidated balance sheet**

The balance sheet total at June 30, 2009 amounted to € 71 million versus € 57 million at December 31, 2008. Despite a reduction of the solvency rate (equity versus total assets), down to 50% at June 30, 2009 (vs. 71% at December 31, 2008), the balance sheet remains solid, with a cash position of € 36.2 million (vs. € 24.2 million at December 31, 2008). Current liabilities increased to € 28.6 million from € 9.3 million. This

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<sup>1</sup> Including restricted cash for an amount of € 1.4 million as per June 30, 2009 and € 4.8 million as per December 31, 2008.

includes deferred income for an amount of €19.4 million mainly relating to the € 20 million received in cash from Monsanto Company in Q2, 2009.

## 2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2009

### 2.1. Condensed income statement

<b>Income statement</b>	<b>2009</b>	<b>2008</b>
'000 of € / period ended	<b>June 30</b>	<b>June 30</b>
<b>Continuing operations</b>		
<b>Revenues</b>	<b>8.618</b>	<b>5.846</b>
Research and development services	2.940	1.755
Sales of goods	5.678	4.091
Government grant income	0	0
Cost of goods sold	-4.114	-2.922
<b>Gross profit</b>	<b>4.504</b>	<b>2.924</b>
Marketing and distribution expenses	-2.258	-871
Research and development expenses	-4.633	-7.244
General and administrative expenses	-2.347	-2.870
Other operating income	89	124
<b>Operating profit / (loss)</b>	<b>-4.645</b>	<b>-7.937</b>
Financial income	182	988
Financial expense	-521	-498
<b>Profit / (Loss) before taxes</b>	<b>-4.985</b>	<b>-7.447</b>
Income taxes	0	0
<b>Profit / (loss) for the period</b>	<b>-4.985</b>	<b>-7.447</b>
<b>EBITDA from continuing operations</b>	<b>-3.615</b>	<b>-6.793</b>
<b>Loss from discontinued operations</b>	<b>-162</b>	<b>- 4.122</b>
<b>Total loss</b>	<b>-5.147</b>	<b>-11.568</b>
<b>Losses per share (in €)</b>		
Basic	-0,29	-0,65
Diluted	-0,29	-0,65
<b>Statement of comprehensive income</b>		
Total loss for the period	-5.147	-11.568
Exchange differences on translating foreign companies	-117	305
<b>Total comprehensive income</b>	<b>-5.264</b>	<b>-11.263</b>

## 2.2. Condensed balance sheet

<b>Balance sheet</b>	<b>2009</b>	<b>2008</b>
'000 of € / period ended	<b>June 30</b>	<b>Dec 31</b>
<b>ASSETS</b>		
Goodwill	7.855	7.855
Intangible assets	7.251	7.937
Property, plant and equipment	2.274	1.454
Building held under lease	6.781	6.893
Investment property	1.181	1.204
Deferred tax assets	15	15
Cash restricted in its use	1.400	4.840
Other long term receivables	197	197
<b>Non-current assets</b>	<b>26.956</b>	<b>30.396</b>
Inventory	1.939	928
Biological assets	2	34
Grants receivables	745	945
Trade receivables	4.081	2.466
Other current assets	1.128	1.356
Deferred charges	1.356	1.234
Available-for-sale financial assets	0	0
Cash and cash equivalents	34.773	19.378
Assets classified as held for sale	63	277
<b>Current assets</b>	<b>44.085</b>	<b>26.619</b>
<b>Total assets</b>	<b>71.041</b>	<b>57.015</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	1.343	1.342
Share premium account	88.260	88.260
Translation reserves	216	333
Share-based payment	3.506	3.249
Accumulated losses	-57.768	-52.621
<b>Equity attributable to equity holders of the parent</b>	<b>35.557</b>	<b>40.563</b>
<b>Total equity</b>	<b>35.557</b>	<b>40.563</b>
Provisions	42	116
Long term debt	2	28
Long term lease debt	6.872	7.043
<b>Non-current liabilities</b>	<b>6.915</b>	<b>7.186</b>
Current portion of long term debt	91	145
Current portion of lease debt	329	313
Short term debt	0	2.351
Trade payables	5.784	3.599
Other current liabilities	2.970	2.633
Deferred income	19.395	52
Liabilities directly associated with assets classified as held for sale	0	172
<b>Current liabilities</b>	<b>28.568</b>	<b>9.266</b>
<b>Total equity and liabilities</b>	<b>71.041</b>	<b>57.015</b>

### 2.3. Condensed cash flow statement

<b>Cash flow statement</b>	<b>2009</b>	<b>2008</b>
'000 of € / period ended	<b>June 30</b>	<b>June 30</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash used in operations	15.671	-8.674
Interest paid	-401	-398
<b>Net cash provided by (used in) operating activities</b>	<b>15.270</b>	<b>-9.074</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	-1.078	-117
Purchases of intangible assets	0	-20
Proceeds sales of property plant and equipment	209	0
Interest received	170	853
Acquisition of a business	-8	-1.052
Financial assets held for trading	0	5.029
<b>Net cash provided by (used in) investing activities</b>	<b>-707</b>	<b>4.693</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long term debt	0	0
Proceeds from issuance of short term debt	0	0
Capital increase	6	54
Principal payments debt	-2.654	-371
<b>Net cash provided by (used in) financing activities</b>	<b>-2.648</b>	<b>-317</b>
Net effect of currency translation on cash and cash equivalents	40	163
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11.955</b>	<b>-4.535</b>
<b>Cash and cash equivalents, beginning of period</b> (1)	<b>24.218</b>	<b>38.834</b>
<b>Cash and cash equivalents, end of period</b> (1)	<b>36.173</b>	<b>34.299</b>

(1) Balance includes cash restricted in its use classified as non-current assets

**2.4. Consolidated statement of changes in shareholders' equity**

('000 of €, except number of shares)	Common stock Number of shares	Carrying value	Issuance premium	Accumulated profit (loss)	Share-based compensation	Cumulative translation adjustment	<b>Total</b>
<b>Balance at 1 January 2008</b>	17.856.351	1.339	88.202	-27.498	2.711	10	<b>64.765</b>
Net loss for the first 6 months of 2008				-11.568			
Capital increases through issue of new shares							
Capital increases through exercise of warrants	25.149	2	52				
Share-based payment					488		
Translation differences						305	
<b>Balance at 30 June 2008</b>	17.881.500	1.341	88.255	-39.067	3.199	315	<b>54.043</b>
<b>Balance at 1 January 2009</b>	17.890.610	1.342	88.260	-52.621	3.249	333	<b>40.563</b>
Net loss for the first 6 months of 2009				-5.147			
Capital increases through issue of new shares							
Capital increases through exercise of warrants	1.125	0	1				
Share-based payment					257		
Translation differences						-117	
<b>Balance at 30 June 2009</b>	17.891.735	1.343	88.260	-57.768	3.506	216	<b>35.557</b>

## **2.5. Notes to the interim consolidated financial statements for the interim period ended 30 June 2009**

### **2.5.1. Basis of preparation**

The interim consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 *Interim Financial Reporting*. The financial statements are presented in thousands of Euro, unless otherwise mentioned.

These consolidated financial statements have been approved for issue by the board of directors on August 25, 2009.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the group's financial statements for the year ended 31 December 2008, except for the impact of the adoption of the standards described below:

#### **IAS 1 (revised) Presentation of financial statements**

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Devgen has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

#### **IFRS 8 Operating Segments**

Effective from 1 January 2009 onwards, this standard replaces IAS 14 Segment Reporting. It requires Devgen's external segment reporting to be based on its internal reporting to its "chief operating decision maker", which makes decisions on the allocation of resources and assesses the performance of the reportable segments. The application of this new standard did not have an effect on how Devgen presents its segments.

#### **IAS 23 Borrowing Costs – amended**

In March 2007, the IASB issued amendments to IAS 23, Borrowing Costs. The main change from the previous version is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The cost of an asset will in future include all costs incurred in getting it ready for use or sale. Devgen prospectively adopted the amendment as of 1 January 2009 with no material effect on its financial result or financial position.

#### **Improvement to IFRSs issued in May 2008**

The improvements include 35 amendments across 20 different Standards that largely clarify the required accounting treatment where previous practice had varied. These improvements did not have a significant impact on the financial position or its financial performance.

Revenues received or expenses incurred seasonally within the financial year have not been anticipated or deferred as of the interim date, because anticipation or deferral would not be appropriate at the end of the financial year. This is particularly the case for the seed business which is highly seasonal. The main sales season, the Kharif season, runs from April to September followed by the Rabi season from November to February.

The consolidated financial statements have been established assuming the group in going concern. The group has generated losses since its incorporation, which is inherent to the current stage of Devgen's business life cycle as a biotech group. Sufficient funds have been raised since its incorporation in order to finance the cash needs of its operations. Since the group is currently able to satisfy all financial liabilities and is able to fulfill all payments, the board of directors believes that the continuity of the group is not threatened. Based on the current cash availability and anticipated revenues, the board of directors believes that the future of the research programs can be guaranteed at least for the following 12 months.

### 2.5.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and its subsidiaries. Per 30 June 2009, Devgen NV has seven subsidiaries:

- (1) Devgen Pte Ltd in Singapore, incorporated on February 26, 2004
- (2) Devgen Seeds and Crop Protection Pvt Ltd in India, incorporated on March 28, 2007
- (3) Biodev NV in Belgium, incorporated on November 8, 2007
- (4) Devgen US Inc, incorporated on November 29, 2007
- (5) Devgen Pakistan Pte Ltd, incorporated on December 12, 2007
- (6) Devgen Rice Indonesia Pte Ltd, incorporated on May 12, 2009
- (7) Devgen Seeds and Crop Technology Pte Ltd, incorporated on April 21, 2009

All shares are fully owned by the group, except for (6) where 75% of the shares are owned.

### 2.5.3. Cash used in operations

('000 of €)	30 June 2009	30 June 2008
Net loss	-5.147	-11.568
Adjustments for:		
Income taxes	0	0
Depreciation of intangible assets	689	763
Depreciation of property, plant and equipment	360	576
Profit / (loss) disposal on property, plant and equipment	43	0
Shared based payment expense	257	488
Interest expense	371	411
Interest income	-170	-853
Net movement in provisions	-77	71
Net movement trade and other receivables	-1.370	-1.524
Net movement trade and other payables	22.004	2.130
Rental deposit	-0	-1
Net movement in inventory and biological assets	-982	848
Other	-308	-16
<b>Cash provided by (used in) operations</b>	<b>15.671</b>	<b>-8.675</b>

### 2.5.4. Share Capital

The various components of Shareholders' equity for the period from December 31, 2008 to June 30, 2009 are presented in the Consolidated Statement of Shareholders' Equity. During the first 6 months of 2009, the share capital increased through the exercise of 1.125 existing warrants into the same number of new shares on April 27, 2009 with a resulting statutory capital increase of € 84,38.

All new shares are listed on Eurolist by Euronext Brussels.

### **2.5.5. Share based payment schemes**

The group has created several pools of warrants for grant to employees, directors, consultants and research institutions.

The shared-based compensation expense recognized in the income statement as such is given below:

('000 of €)	30 June 2009	30 June 2008
Share based compensation	257	488

In the first 6 months of 2009, 280.495 warrants from the warrant plan 2008 for employees, directors and consultants, were granted to employees. The warrants vest over a maximum period of 3 years.

The fair value of each option is estimated on the date of grant using the Black & Scholes model with the following assumptions:

Warrants granted from warrant plan 2008 for employees, directors and consultants	Grant date March 17
Beneficiary	Employees
Number of warrants granted	280.495
Exercise price	3.5 €
Expected dividend yield	0%
Expected stock price volatility	45.13%
Risk-free interest rate	3.40%
Expected duration (years)	4.63
Forfeiture rate	0
Fair value	1.46 €

By a decision of the board of directors of June 25, 2009, the group has been allowed to extend the lifetime of 61.908 warrants from the warrant plan 2005 for the benefit of employees, directors and consultants with 5 years. This results into a share based compensation increase of 54.450 €, of which 36.298 € was booked during the first six months of 2009.

### **2.5.6. Interest bearing loans and borrowings**

During the interim reporting period, the group did not engage in new credit facilities.

### **2.5.7. Financial Instruments**

During the interim period the group did not engage in new financial instruments.

### **2.5.8. Litigations**

The group currently has no material litigations ongoing, except for disputes with former employees of the group. An adequate provision has been accounted for to cover this risk, based on the management's best estimate.

### 2.5.9. Capital commitments

The group had no commitments to capital expenditures on 30 June 2009.

### 2.5.10. Discontinued operations

On 27 November 2008, the group decided to discontinue its Human Therapeutics business unit. The disposal was completed on 31 December 2008. As a result, the Devgen Human Therapeutics business unit has ceased to exist and is reported under discontinued operations.

Analysis of the loss from discontinued operations:

<b>Discontinued operations</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
'000 of €		
<b>Revenues</b>		
Research and development services		
Sales of goods		
Government grant income		
Cost of goods sold		
<b>Gross profit</b>		
Marketing and distribution expenses		
Research and development expenses	-90	-3.993
General and administrative expenses	-74	-138
Other operating income		9
<b>Operating profit / (loss)</b>	<b>-162</b>	<b>-4,122</b>
Financial income		
Financial expense		
<b>Profit / (loss) before taxes</b>	<b>-162</b>	<b>-4.122</b>
Income taxes		
<b>Profit / (loss) for the year from discontinued operations</b>	<b>-162</b>	<b>-4.122</b>

Analysis of the cash flows from discontinued operations:

<b>Discontinued operations</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
'000 of €		
Net cash flows from operating activities	-156	-4.122
Net cash flows from investing activities	209	-8
Net cash flows from financing activities	-71	19
<b>Net cash flows from discontinued operations</b>	<b>-18</b>	<b>-4.111</b>

Assets classified as held for sale:

'000 of € / period ended	<b>30 June 2009</b>	<b>31 Dec 2008</b>
Property, plant and equipment	63	277

Liabilities directly associated with assets classified as held for sale:

'000 of € / period ended	<b>30 June 2009</b>	<b>31 Dec 2008</b>
Financial leases	-	172

**2.5.11. Related party transactions**

Apart from transactions with key management personnel (211.272 warrants were granted to key management personnel during the first six months of 2009) there were no other transactions with related parties.

**2.5.12. Disclosures earnings per share**

As the conversion of the warrants to ordinary shares would decrease the loss per share, these potential ordinary shares are anti-dilutive, hence diluted earnings per share are equal to basic earnings per share.

(in €)	30 June 2009	30 June 2008
Basic earnings per share (in €)	-0,29	-0,65
Diluted earnings per share (in €)	-0,29	-0,65

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings ('000 of €)	30 June 2009	30 June 2008
Earnings for the purpose of basic earnings per share (net loss of the year)	-5.147	-11.568
Effect of dilutive potential ordinary shares	0	0
Earnings for the purpose of diluted earnings per share	-5.147	-11.568
<b>Number of shares</b>		
Weighted average number of shares for the purpose of earnings per share	17.891.177	17.867.960
Effect of dilutive potential ordinary shares	0	0
Share warrants	0	0
Weighted average number of ordinary shares for the purpose of diluted earnings per share	17.891.177	17.867.960

**2.5.13. Subsequent events**

No subsequent events took place after 30 June 2009

**2.5.14. Other declarations**

*This document may contain forward-looking statements containing the words "anticipates", "expects", "intends", "plans", "estimates", "may" and "continues" as well as similar expressions. Such forward looking statements may involve known and unknown risks, uncertainties and other factors which might cause the actual results, performance or achievements of Devgen to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: agricultural risks and difficulties, including weather factors, diseases and pests, the costs and requirements of regulatory compliance and the speed with which approvals are received; public acceptance of biotechnology products; political, economic and social developments in countries where Devgen operates and other risks and factors detailed in the company's most recent annual report.*

*These forward looking statements speak only as of the date of publication of this document. Devgen disclaims any obligation to update such forward looking statements in this document to reflect any change*

*in its expectations, conditions or circumstances on which such statement is based, unless required by law or regulation.*

I, the undersigned, Thierry Bogaert BVBA, represented by Thierry Bogaert, CEO, declare to my best knowledge that:

- a) The condensed financial statements being prepared in accordance with the applicable standards for annual reports, are giving a true representation of the equity, the financial position, the results of the emitting entity and of the consolidated entities.
- b) The interim report is giving a true overview of the important events and the most important transactions with related parties that have occurred during the first six months of the accounting year, and the effect thereof on the condensed financial overviews, as well as a description of the most important risks and uncertainties for the remaining months of the accounting year.

Done on August 25, 2009,  
On behalf of the Board of Directors,

### **3. AUDITOR'S REPORT**

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#### **LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009**

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed cash flow statement and condensed statement of changes in equity (jointly the "interim financial information") of DEVGEN NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended June 30, 2009. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in

accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

Based on our limited review nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended June 30, 2009 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Diegem, 26 August 2009

**The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**

SC s.f.d. SCRL

Represented by Gert Van Hees and Gino Desmet