

DEVGEN GROUP

INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2008

1. HALF YEAR 2008 MANAGEMENT REPORT

1.1. Strategic, operational and corporate highlights

Business highlights 1H 2008

Building on its R&D in hybrid rice breeding and biotech traits, Devgen acquired a hybrid seed business in India in November 2007. During Q1 and Q2 2008, Devgen successfully established itself in India, as a company that breeds, produces and sells premium quality hybrid seeds of rice, sorghum, pearl millet and sunflower, each important crops in India. Devgen furthermore laid the basis to expand its business in India and selected countries in South-East Asia.

Nematicides are on track towards registration, market entry and further product development.

Progress made with regard to working out appropriate solution to further engage the pharma assets without weighing on the future cash burn of the company.

Financial highlights 1H 2008

- Revenue at € 5.8 million in H1 '08, mainly as a result of hybrid seed sales, as compared to € 4.3 million in H1 '07.
- 38% increase of R&D investments as a result of accelerating the Devgen aro-research programs.
- Burn rate € 10.2 million as compared to € 5.3 million in H1 2007.
- Cash position at € 34.3 million end of June '08

BUSINESS UPDATE

Devgen Seeds and Crop technologies

Key assets and achievements in India:

- The Devgen India staff has increased from 65 to over 90 seed business professionals in breeding, seed production, quality assurance, marketing and sales. The subsidiary is managed by a strong team. Devgen India has inaugurated its new head office in Hyderabad in June.
- In March, a new 20,000 sq ft. seed processing plant, custom built to international standards, was inaugurated in Hyderabad. All target volumes of seed production and processing were achieved in time for the Rabi season (from April through August). A second seed processing plant and facilities for parent seed processing are under construction to prepare for next year's growth.

- Devgen's products were positioned under its two well established brand names Frontline and Mahalaxmi, which are now integrated with Devgen's image as a leading research driven seed and technology company. A portfolio of 18 products was marketed in 10 different languages in 25 territories in India and commanded premium prices.
- Strong demand for Devgen's rice and sorghum seeds resulted in over 4 million € sales (January to end of June). Sales of pearl millet were below expectations, due to insufficient rainfall in the Western region but the company expects to achieve its overall targets for the year. The main sunflower sales season starts in Q3.
- Based on the proven fit of Devgen's premium products in the market, aggressive growth in sales is planned for 2009. New sorghum, sunflower and pearl millet hybrids were introduced to farmers in anticipation of product launches in 2009. A new rice hybrid is prepared for a 2010 launch.
- Devgen's breeding activities in India have been fully integrated with the company's global R&D activities in Kenya (breeding), Belgium and Singapore (molecular breeding and biotechnology), Philippines (breeding), and Indonesia (product evaluation and registration). Breeding and product evaluation was significantly increased at each of the company's 4 breeding farms and at hundreds of testing locations across key markets in India.

Gearing up to expand Devgen's hybrid rice seed business beyond India

The first six months of 2008 witnessed rice shortages in Asia and global increases in the price of many grain and oil crops. This in turn created a global awareness of the need to raise agricultural productivity. Increasing rice production in line with global demand will require the input of hybrid seed and biotech trait technologies, similar as to what has occurred in corn.

Increasing rice production and productivity became a top priority in countries across Asia. Their governments are now committed to implement hybrid rice technology and welcome the establishment of a private seed industry. This is expected to accelerate the adoption of hybrid rice in many Asian countries. Amongst these, Bangladesh and Nepal with 12.5 million ha of rice under cultivation, have product requirements similar to those in India. In addition, the 16.5 million hectares of rice cultivated in the Philippines and Indonesia, represent a substantial business opportunity for hybrid rice adapted to the tropics.

These developments prompted Devgen to accelerate its hybrid rice growth strategy in several Asian countries in addition to India. In principle this may be achieved through a combination of organic business growth, M&A, as well as partnerships. Each of these strategies has different value creation potential, growth rates and capital requirements and will be considered accordingly.

Devgen's products portfolio includes products bred in China, Kenya, India and the Philippines and contains rice hybrids with demonstrated product fit for subtropical and tropical environments in the Indian subcontinent and S.E. Asia. Devgen's growth plan is focused on countries where Devgen's products are already likely to be adapted to the local environment and to fit consumer requirements.

In Nepal and Bangladesh, the company started to implement a strategy to test and in the short term, sell its Indian products and pipeline.

In parallel Devgen initiated a path to enter the rice seed business in both Indonesia and the Philippines.

- Devgen acquired, in November 2007, a germplasm collection and pipeline of hybrid rice products bred in the Philippines and hence likely suited also for Indonesia and other tropical rice growing countries
- In Philippine government trials, Devgen's leading tropical hybrids, showed up to 15 % yield superiority over the leading rice hybrid in the Philippines. In the first half of this year, Devgen initiated a program for broad evaluation of its products and pipeline in both Philippines and Indonesia.
- In Indonesia, Devgen entered into R&D, testing and distribution agreements for its hybrid rice products with Pt. Sang Hyang Seri, the Indonesian government owned seed company, that produces and distributes a large part of the countries seed requirements.
- The first season of field testing and product registration trials is ongoing in 10 locations across Indonesia. Pilot seed production of its already registered Philippine hybrid is being initiated.

- Devgen is furthermore establishing, a subsidiary in Indonesia, with planned activities in R&D, marketing and product support – similar to its India operations.

Expanding investments in germplasm, breeding and biotechnology to support medium term growth

The company's increasing investment in seed business assets, advanced breeding technology and biotechnology is key to become a leading hybrid seed and trait provider in Asian crops with a focus on rice.

Devgen has expanded its germplasm base and breeding strategy from an India focus to a global one (with exception of China and Japan). Devgen has entered into collaboration and licensing agreements with leading research institutes in China and elsewhere to strengthen Devgen's germplasm and hybrid rice technology position and to increase the company's pipeline of parental lines and rice hybrids for commercialization. These are currently being tested in different locations in Asia.

RNAi & biotech traits

Devgen made good progress with the development of traits for rice and with the use of RNAi technology for crop protection. The potential of this technology to control corn rootworm, a major corn pest, was further validated.

Devgen's plans for bringing its agrochemical Nematicide to market are on track.

During Q1, the company finalized the necessary regulatory trials with its lead compound and is now compiling the first regulatory dossiers for product registration in the key geographies of USA and Southern Europe. Dossier compilation is expected to be completed at year end, in line with previous communications. Other preparations for production and distribution are also on track. The nematicide team was further strengthened with industry experts in the different geographies targeted by Devgen.

In the 2008 season, Devgen continues field testing in view of the generation of additional data and the further development of the product. The Company hereby targets to optimize the product performance and to expand the potential of the product towards applications in additional crops and into other important geographical areas.

Human therapeutics

The company made good progress towards a solution under which Devgen's pharma assets can be further engaged to create value without weighing on the future cash burn of the company. In the mean time, the skill shift required to move in the next development phase led to a headcount reduction of 5 while outsourcing activities, to bring the projects from the pre-clinical to the clinical phase, in order to protect and expand the value of this business, were continued.

1.2. Outlook 2008

Seed sales will be within the 5 to 6 million Euro range communicated earlier in the year despite the depreciation of the Indian rupee versus the Euro with 13% since the beginning of the year.

In line with its development towards a product sales driven company with sale of nematicides, seeds and traits, the company is fully focusing on the development of its own business and its research collaboration with its main partner and has not initiated new research collaborations with third parties. As a consequence Devgen expects revenues for the whole of the year in line with last year and lower as indicated at the

beginning of the year. However in 2009 we expect strong growth of the seed business. To be followed, in 2010, by the first nematicide sales.

R&D expenditure will be in line with guidance given and will amount to approximately 20 million euro. The maximum cash burn remains in line with guidance given (20-22 million euro), and includes initial investments to expand the seed and traits business in and outside of India, Year-end cash position is expected to be EUR 20 mio cash (of which 5 m is restricted).

In conclusion, Devgen has successfully integrated last year's seed acquisition and established itself in the Indian hybrid seed market, as demonstrated by a solid first year of production of and sales in its four core crops in India. The company's team, product portfolio and product pipeline in hybrid rice, (an R&D investment which was initiated in 2004), now form a solid basis for an aggressive growth plan in the rapidly expanding hybrid rice seed market in India and S.E. Asia. Going forward this will be a core focus for the company. In this respect, and dependent on the chosen strategy, Devgen might consider amongst others to obtain funding through the debt or equity markets.

1.3. Key figures June 30, 2008

EUR 000 (except for earnings per share)	H1 2008	H1 2007
Revenue	5,846	4,282
EBITDA¹	-10,779	-6,142
Loss from operations	-12,059	-6,713
Net of financial income/cost	490	497
Net loss	-11,568	-6,216
Basic earnings per share (EUR)	-0,65	-0.38
	June 30, 2008	Dec 31, 2007
Cash and cash equivalents²	34,299	38,834

1.4. Details of half year 2008 results

1.4.1. Revenue

Devgen's revenue for the first six months of 2008 totalled € 5.8 million, compared to € 4.3 million recorded for the same period of 2007, an increase with 37%. All revenue was generated by the Devgen Seeds and Crop Technologies division.

Revenue from seed sales amounted to € 4.1 million for the first six months of 2008 as compared to zero in the same period of 2007. This is due to the seed assets acquisition in India, which had only effect as of October 31, 2007. The seed business is characterised by strong seasonality with the high sales season, starting in April and lasting till August and the low sales season, running from November to February.

Revenue from research and development services decreased from € 2.9 million for the first six months of 2007 to € 1.8 million for the first six months of 2008, due to the completion of the research collaboration with

¹ Earnings before interest, taxes, depreciation and amortization = Operating profit (loss) + depreciation + amortization

² Including restricted cash (K € 4,842 on 30.06.08 versus K € 4,980 on 31.12.07) but excluding financial assets available for sale (K € 0 on 30.06.08 versus K € 5,029 on 31.12.07)

Sumitomo in February 2008. All income from research and development services since March 2008 relates to the R&D agreement with Monsanto. Furthermore, Devgen is shifting its focus from a purely research organisation to a company that is generating income from the commercialisation of its products.

No grant revenue was recorded for the first six months of 2008 as compared to € 1.4 million for the first six months of 2007, due to the completion of all outstanding IWT grant projects by the end of 2007.

No revenue was recorded by the Devgen Human Therapeutics division for the first six months of 2008 as compared to € 0.5 million grant income for the first six months of 2007.

1.4.2. Results

The net loss for the first six months of 2008 totalled € 11.6 million, as compared to a net loss of €6.2 million for the first six months of 2007, an increase with € 5.3 million.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)³ decreased from € -6.1 million for the first six months of 2007 to € -10.8 million for the first six months of 2008. The increase in revenue with € 1.6 million € as described above could not yet compensate for the increased operating expenses, totalling € 17.9 million (including € 1.3 million depreciations) in the first half of 2008 versus € 11 million (including € 0.6 million depreciations) in the first half of 2007. The operating loss increased from € 6.7 for the first six months of 2007 to € 12.1 million for the first six months of 2008.

Cost of goods sold amounted to € 2.9 million and is fully related to seed sales. Cost of goods sold is still negatively impacted by the under IFRS 3 (business combinations) obligatory revaluation at fair value of the seed inventory that was taken over as part of the seed assets acquisition.

Research and development expenses were significantly higher in accordance with the plan to accelerate the nematicide development program and the rice breeding program. Total R&D expenses for the first six months of 2008 amounted to € 11.7 million as compared to € 8.5 million last year, an increase with € 32 million or 38%, mainly due to the increase of outsourcing expenses for the above mentioned programs with € 2.6 million and an increase with € 0.7 million in depreciation and amortization expenses mainly related to the intellectual property and other intangible assets that were acquired in last year's seed assets acquisition. The seed assets acquisition in India had a direct impact of € 0.3 million increased R&D expenses in the first six months of 2008. Staff costs, including share based payments, decreased with € 0.1 million.

Selling, general and administrative expenses for the first six months of 2008 increased to € 3 million, as compared to € 2.6 million for the first six months of 2007, an increase with 13%. Staff costs, including share-based payments, decreased with € 0.2 million. Other corporate expenses increased with € 0.6 million, of which € 0.3 million is due to the set up of corporate offices in India, and an increase in external advisory services with € 0.3 million.

Marketing and distribution expenses amounted to € 0.4 million for the first six months of 2008, as compared to zero in the same period of 2007.

1.4.3. Cash flow and cash position

Devgen's cash and cash equivalents amounted to € 34.3 million on June 30, 2008, as compared to € 38.8 million on December 31, 2007⁴, a decrease with € 4.5 million. Taking in account an amount of € 5.0 financial assets for sale on December 31, 2007 versus € 0.0 (see below) on June 30, 2007 the total decrease in cash represents € 9.5 million.

³ Earnings before interest, taxes, depreciation and amortization = Operating profit (loss) + depreciation + amortization

⁴ Including restricted cash (K € 4,842 on 30.06.08 versus K € 4,980 on 31.12.07)

The cash used in operations for the first six months of 2008 amounted to € 8.7 million, as compared to € 7.1 million in 2007. This is due to the net operating cash outflow (net loss + amortization and depreciations + share based compensation + financial result) of € 10.2 million, and € 1.5 million improvement in working capital.

Cash provided by investing activities for the first six months of 2008 amounted to € 4.7 million, as compared to € 4.6 million cash used by investing activities for the same period of 2007. This includes the effect of € 5 million cash that was invested in financial assets available for sale in 2007 and sold again in 2008. Investment in acquisition of a subsidiary amounted to € 1.1 million and relates to the final settlement of the seed assets acquisition from 2007 (see note on business combinations). Investment in property, plant and equipment amounted to € 0.1 million as compared to € 0.4 million in 2007.

Cash flow from financing activities amounted to € 0.3 million for the first six months of 2008 as compared to € 30.5 million for the same period in 2007. This cash flow in 2007 included the net proceeds from capital increases of € 31 million. The net financial debt payments amounted to 0.4 million in 2008, as compared to € 0.2 million in 2007.

1.4.4. Consolidated balance sheet

The balance sheet at June 30, 2008 remains solid, with a solvency ratio (equity vs. total assets) of 76 % (vs. 80% at December 31, 2007), and a cash position of € 34.3 million (vs. € 38.8 million at December 31, 2007, excluding € 5 million financial assets available for sale which have been sold in 2008 and of which the net proceeds have been added again to the cash position per June 30, 2008). The balance sheet total at June 30, 2008 amounted to € 70.9 million versus € 80.8 million at December 31, 2007.

1.4.5. Segment reporting

The primary segment information is presented in accordance with Devgen's dual business model. The two segments are presented as 'Seeds and Crop Technologies' and 'Human Therapeutics', as such reflecting the internal management organisation and reporting structure.

BUSINESS UNIT in '000 EUR, June 30	Revenue		Costs		Operating result	
	2008	2007	2008	2007	2008	2007
Human Therapeutics	0	519	4,229	3,849	-4,229	-3,330
Seeds and Crop Technologies	5,846	3,763	11,292	4,947	-5,446	-1,184
Not allocated	0	0	2,382	2,198	-2,382	-2,198
Total	5,846	4,282	17,903	10,994	-12,059	-6,713

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR JUNE 30, 2008

2.1. Condensed income statement

Income statement	2008	2007
'000 of € / interim period ended	June 30	June 30
Revenues	5.846	4.282
Research and development services	1.755	2.898
Sales of goods	4.091	0
Government grant income	0	1.384
Cost of goods sold	-2.922	0
Gross profit	2.924	4.282
Marketing and distribution expenses	-410	0
Research and development expenses	-11.698	-8.481
General and administrative expenses	-3.008	-2.645
Other operating income	134	133
Operating profit / (loss)	-12.059	-6.713
Financial income	988	830
Financial expense	-498	-333
Profit / (Loss) before taxes	-11.568	-6.216
Income taxes	0	0
Profit / (loss) for the year	-11.568	-6.216
EBITDA	-10.779	-6.142
Losses per share		
Basic	-0,65	-0,38
Diluted	-0,65	-0,38

2.2. Condensed balance sheet

Balance sheet	2008	2007
'000 of € / interim period ended	June 30	Dec 31
ASSETS		
Goodwill	7.855	7.855
Intangible assets	8.678	9.421
Property, plant and equipment	2.112	2.546
Building held under lease	7.008	7.122
Investment property	1.224	1.245
Deferred tax assets	0	0
Cash restricted in its use	4.842	4.980
Other long term receivables	196	196
Non-current assets	31.915	33.365
Inventory	1.506	2.112
Biological assets	0	38
Grants receivables	984	1.547
Trade receivables	3.601	2.429
Prepaid expenses and other current assets	3.403	2.469
Available-for-sale financial assets	0	5.029
Cash and cash equivalents	29.457	33.854
Current assets	38.951	47.478
Total assets	70.866	80.844
EQUITY AND LIABILITIES		
Share capital	1.341	1.339
Share premium account	88.255	88.202
Translation reserves	315	10
Share-based payment	3.199	2.711
Accumulated losses	-39.067	-27.498
Equity attributable to equity holders of the parent	54.043	64.765
Total equity	54.043	64.765
Provisions	94	24
Long term debt	244	379
Long term lease debt	7.202	7.356
Non-current liabilities	7.540	7.759
Current portion of long term debt	298	388
Current portion of lease debt	304	294
Short term debt	2.355	2.735
Trade payables	4.330	2.752
Current tax liabilities	24	24
Other current liabilities	1.973	2.127
Current liabilities	9.283	8.320
Total equity and liabilities	70.866	80.844

2.3. Condensed cash flow statement

Cash flow statement	2008	2007
'000 of € / interim period ended	June 30	June 30
CASH FLOW FROM OPERATING ACTIVITIES		
Cash used in operations	-8.674	-7.098
Interest paid	-398	-280
Net cash provided by (used in) operating activities	-9.074	-7.378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	-117	-413
Purchases of intangible assets	-20	0
Proceeds sales of property plant and equipment	0	0
Interest received	853	809
Acquisition of a business	-1.052	0
Financial assets held for trading	5.029	-5.000
Net cash provided by (used in) investing activities	4.693	-4.604
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long term debt	0	158
Proceeds from issuance of short term debt	0	0
Capital increase	54	30.688
Principal payments debt	-371	-353
Net cash provided by (used in) financing activities	-317	30.493
Net effect of currency translation on cash and cash equivalents	163	0
Net increase (decrease) in cash and cash equivalents	-4.535	18.511
Cash and cash equivalents, beginning of period ⁽¹⁾	38.834	23.780
Cash and cash equivalents, end of period ⁽¹⁾	34.299	42.291

(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	Total
Balance at 1 January 2007	15.058.302	1.129	39.368	-13.624	968	-23	27.819
Net loss for the first 6 months of 2007				-6.216			
Capital increases through issue of new shares	1.505.829	113	30.029				
Capital increases through exercise of warrants	141.858	11	534				
Share-based payment					970		
Translation differences						-15	
Balance at 30 June 2007	16.705.989	1.253	69.932	-19.840	1.938	-38	53.245
Balance at 1 January 2008	17.856.351	1.339	88.202	-27.498	2.711	10	64.765
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	
Balance at 30 June 2008	17.881.500	1.341	88.255	-39.067	3.199	315	54.043

2.5. Notes to the interim consolidated financial statements for the interim period ended 30 June 2008

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, 2008.

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 2007.

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 company in going concern. The company has generated losses since its incorporation, which is inherent to the current stage of Devgen's business life cycle as a biotech company. Sufficient funds have been raised since its incorporation in order to finance the cash needs of its operations. Since the company 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 company 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 24 months.

2.5.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries. Per 30 June 2008, Devgen NV has five fully owned 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

The results of its subsidiaries are included in the consolidated income statement from the effective date of incorporation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.5.3. Segment reporting

For management purposes, the group is currently organized into two operating business units: Seeds and Crop Technologies, and Human Therapeutics. These business units are the basis on which the group reports its primary segment information. Devgen Pte Ltd (Singapore), Devgen Seeds and Crop

Technology Pvt Ltd (India), Devgen US Inc (USA) and Devgen Seeds Pakistan Pte Ltd (Pakistan) are an integral part of Seeds and Crop Technologies. Biodev NV (Belgium) is an integral part of Human Therapeutics.

Principal activities are as follows:

- Seeds and Crop Technologies: research and development in the agrochemical and the biotech crop area, research and development, sales, distribution and marketing of hybrid seeds.
- Human therapeutics: research and development in the pharmaceutical area

30 June 2008 ('000 of €)	Total	Seeds and Crop Technologies	Human therapeutics	Not allocated
Revenues	5.846	5.846		
Research and development services	1.755	1.755		
Sales of goods	4.091	4.091		
Government grant income	0	0		
Cost of goods sold	-2.922	-2.922		
Gross profit	2.924	2.924		
Marketing and distribution expenses	-410	-410		
Research and development expenses	-11.698	-7.460	-4.238	
General, administrative and selling expenses	-3.008	-544	-1	-2.463
Other operating income	134	1	9	81
Operating profit / (loss)	-12.058	-5.447	-4.229	-2.382
Financial income	988			988
Financial expense	-498	-140		-358
Profit / (loss) before taxes	-11.568	-5.587	-4.229	-1.752
Income taxes	0			
Net profit / (loss)	-11.568	-5.587	-4.229	-1.752

30 June 2007 ('000 of €)	Total	Seeds and Crop Technologies	Human therapeutics	Not allocated
Revenues	4.282	3.763		
Research and development services	2.898	2.898		
Sales of goods	0			
Government grant income	1.384	865	519	
Cost of goods sold	0			
Gross profit	4.282	3.763	519	
Marketing and distribution expenses	0			
Research and development expenses	-8.481	-4.705	-3.776	
General, administrative and selling expenses	-2.645	-181	-24	-2.440
Other operating income	133			133
Operating profit / (loss)	-6.713	-1.125	-3.281	-2.307
Financial income	830			830
Financial expense	-333			-333
Profit / (loss) before taxes	-6.216	-1.125	-3.281	-1.810
Income taxes	0			

Net profit / (loss)	-6.216	-1.125	-3.281	-1.810
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2.5.4. Cash used in operations

('000 of €)	30 June 2008	30 June 2007
Net loss	-11.568	-6.216
Adjustments for:		
Income taxes	0	0
Depreciation of intangible assets	763	29
Depreciation of property, plant and equipment	576	541
Profit / (loss) disposal on property, plant and equipment	0	0
Shared based payment expense	488	970
Interest expense	411	280
Interest income	-853	-809
Net movement in provisions	71	0
Net movement trade and other receivables	-1.524	-2.072
Net movement trade and other payables	2.130	193
Rental deposit	-1	1
Net movement in inventory and biological assets	848	0
Other	-16	-15
Cash used in operations	-8.675	-7.098

2.5.5. Share Capital

The various components of Shareholders' equity for the period from December 31, 2007 to June 30, 2008 are presented in the Consolidated Statement of Shareholders' Equity. During the first 6 months of 2008, the share capital increased through the exercise of 25.149 existing warrants into the same number of new shares on April 7, 2008 with a resulting statutory capital increase of € 58.331,05.

All new shares are listed on Eurolist by Euronext Brussels.

By a decision of the extraordinary shareholders' meeting of June 20, 2008, the company has been allowed to issue 750.000 warrants for the benefit of the CEO, employees and consultants, and 11.724 warrants for the benefit of board members. None of these warrants were granted as per June 30, 2008.

2.5.6. Share based payment schemes

The company 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 2008	30 June 2007
Share based compensation	488	970

In the first 6 months of 2008, 37.620 warrants from the warrant plan 2005 for employees, directors and consultants, were granted to employees.

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 2005 for employees, directors and consultants	Grant date March 15	Grant date March 16	Grant date March 17	Grant date June 20
Beneficiary	Employees	Employees	Employees	Employees
Number of warrants granted	1.008	1.980	24.624	10.008
Exercise price	13 €	13 €	13 €	13.26 €
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	36.23%	36.23%	36.23%	35.93%
Risk-free interest rate	3.55%	3.55%	3.55%	4.99%
Expected duration (years)	3.88	3.87	3.87	3.74
Forfeiture rate	0	0	0	0
Fair value	4.28 €	4.28 €	4.28 €	4.54 €

2.5.7. Interest bearing loans and borrowings

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

2.5.8. Financial Instruments

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

2.5.9. Litigations

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

2.5.10. Capital commitments

The group had no commitments to capital expenditures on 30 June 2008.

2.5.11. Other commitments

The company has entered into various license agreements which require the company to pay royalties either based upon a set percentage of certain product sales and license fee revenue subject, in some cases, to certain minimum amounts, either based on a fixed royalty amount upon signature of the contract, first sale of certain products and/or filing of a new drug application for each subsequent product. Total royalty expense amounted to € 0 for all years until 30 June 2008.

2.5.12. Business combinations

On October 31, 2007, the group had acquired a seed business from certain subsidiaries of Monsanto in India, Pakistan and Philippines. Under the terms of the acquisition agreements, Devgen group entities have purchased the assets associated with Monsanto's hybrid rice, sunflower, sorghum, and pearl millet businesses and certain other assets in India, Pakistan and the Philippines, for approximately € 20.2

million payable in cash, of which approximately € 19.9 million as opening balance for the acquisition per October 31, 2007 and € 0.3 million capitalized advisory and other expenses per December 31, 2007 directly related to the business acquisition.

As disclosed in the notes to the consolidated financial statements for 2007, the fair value of the acquisition was determined on a provisional basis since not all required information to measure the fair values of the acquired assets and liabilities was available at the date of establishment of the financials. Also the final purchase consideration was determined during the first half of 2008. The total impact on the acquisition consideration is as follows:

'000 of € / per 31 October 2007	Restated book value	Book value before restatement	Restated Fair value	Fair value before restatement
	June 30, 2008	Dec 31, 2007	June 30, 2008	Dec 31, 2007
Intellectual property and other intangible assets	17,045	17,067	9,591	9,523
Property, plant and equipment	503	510	496	504
Total non-current assets	17,548	17,577	10,087	10,027
Inventory	2,051	2,334	2,114	2,803
Total current assets	2,051	2,334	2,114	2,803
Social liabilities	-	-	54	54
Deferred tax liabilities	-	-	1	139
Total non-current liabilities	-	-	55	193
Total acquisition value	19,599	19,911	12,146	12,637
Acquisition price per 31/10/2007	19,599	19,911	19,599	19,911
Capitalized acquisition expenses per 30/06/2008	402	337	402	337
Total acquisition price per 30/06/2008	20,001	20,248	20,001	20,248
Total goodwill on acquisition per 30/06/2008	-	-	7,855	7,611

The main movements in fair value can be summarized as follows:

- Increase of intellectual property rights with 68 ('000) €
- Decrease of inventory with 689 ('000) € as a combined effect of inventory returned to Monsanto (hence reducing the final purchase consideration) and fair value revaluation of the seed inventory.
- Decrease in deferred tax liabilities with 138 ('000) € due to the impact of inventory revaluation in India substantially reducing the tax liabilities initially recognized at the group's Indian subsidiary.
- Some minor restatements on property, plant and equipment and the capitalization of additional acquisition expenses in 2008 due to the completion of the acquisition formalities.
- The acquisition price has decreased from 20,248 ('000) € as per December 31, 2007 to 20,001 ('000) € as per June 30, 2008, a reduction with 247 ('000) €.

As a consequence of the above movements, the goodwill has increased from 7,611 ('000) as per December 31, 2007 to 7,855 ('000) as per June 30, 2008, and increase with 244 ('000).

The cost of the acquisition of the Seed Business is paid in cash. Per 30 June 2008, the full acquisition price has been paid.

The acquired business contributed 346 ('000) EUR to the loss of the period for the two months ended per 31 December 2007 and 169 ('000) EUR to the loss of the period ended per 30 June 2008.

2.5.13. Related party transactions

Apart from transactions with key management personnel (10.008 warrants were granted to key management personnel during the first six months of 2008) there were no other transactions with related parties.

2.5.14. 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 2008	30 June 2007
Basic earnings per share (in €)	-0,65	-0,38
Diluted earnings per share (in €)	-0,65	-0,38

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

Earnings ('000 of €)	30 June 2008	30 June 2007
Earnings for the purpose of basic earnings per share (net loss of the year)	-11.568	-6.216
Effect of dilutive potential ordinary shares	0	0
Earnings for the purpose of diluted earnings per share	-11.568	-6.216
Number of shares		
Weighted average number of shares for the purpose of earnings per share	17.867.960	16.207.239
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	17.867.960	16.207.239

2.5.15. Subsequent events

No subsequent events took place after 30 June 2008

Done on August 25, 2008,
On behalf of the Board of Directors,

DEVGEN NV

Limited review report on the consolidated
half-year financial information for the six
months period ended 30 June 2008

Free translation from the original in Dutch

DEVGEN NV

**LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL
INFORMATION FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008**

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selective notes 1 to 16 (jointly the “interim financial information”) of DEVGEN NV (“the company”) and its subsidiaries (jointly “the group”) for the six months period ended 30 June 2008. 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 der 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 der 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 months period ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Kortrijk, 25 August 2008

The statutory auditor

DELOITTE Bedrijfsrevisoren
BV o.v.v.e. CVBA
Represented by Gino Desmet