SAGENTIA GROUP PLC

('Sagentia' or the 'Group')

INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010

Sagentia Group plc is an international technology consulting company providing outsourced R&D consultancy services from market analysis, through product development to transfer-to-manufacturing for the medical, consumer and industrial sectors.

Summary:

- Operating performance substantially ahead of market expectations with PBT for the 6 month period ahead of market expectations for the year as a whole.
- Underlying revenue growth rate of continuing Consulting operations (excluding discontinued and disposed operations) of 29%.
- Gross profit of £1.2 million (H1 2009: Loss of £0.6 million).
- PBT of £0.9 million (H1 2009: Loss of £1.9 million).
- Diluted EPS of 3.8p (H1 2009 : Loss per share of 9.0p)
- Cash balance of £12.5 million including proceeds of the Placing in May 2010 and net funds of £6.6 million (H1 2009: Net debt of £4.8 million).
- Successful operational turnaround and corporate developments provide strong platform for the future.

Enquiries:

Sagentia Group plc
Martyn Ratcliffe, Chairman
Brent Hudson, Chief Executive
Guy McCarthy, Finance Director
(44) 1223 875 200
www.sagentia.com/investors

Arbuthnot Securities:

Nick Tulloch (44) 207 012 2000 www.arbuthnot.co.uk

SAGENTIA GROUP PLC INTERIM RESULTS 2010

The past year has seen substantial changes for Sagentia, from both an operating and corporate perspective, resulting in a redefined focus of the core business and an ambition for the future. The excellent operating results in the first half of 2010 provide affirmation of the operating strategy and the combination of the operating turnaround, together with the corporate developments, now provide a platform for the development of Sagentia.

Brent Hudson was appointed Chief Executive in October 2009 and, with the operating management team, completed the operational restructuring, including an alignment of the business on industry sectors and a reduction in overhead costs, which has delivered a significant turnaround in the operating performance of the Group in the first half of 2010.

Sagentia services three industry sectors, with each business unit having responsibility for its P&L performance:

- Medical: (comprising Diagnostics, Surgical, Critical Care and Drug Delivery sub-sectors) accounting in total for 61% of Consulting fees;
- Consumer: accounting for 27% of Consulting fees; and
- Industrial: accounting for 12% of Consulting fees

Whilst the Medical sector has recovered faster than other markets from the economic downturn, particularly in North America, the Consumer and Industrial sectors remain key strategic areas for Sagentia. The Medical sector is characterised by a smaller number of large projects while the Consumer and Industrial sectors have a high volume of smaller projects.

From the corporate perspective, the shareholder base of the Company has been influenced for many years by a single large shareholder which, while providing stability, was not an ideal structure for a listed company. In March 2010, Martyn Ratcliffe acquired this 48% stake and was therefore required to make a mandatory offer for Sagentia, which subsequently lapsed in April, at which point he was appointed Chairman. At the same time, David Courtley was appointed a non-executive director and the previous non-executive directors retired. In light of the operational progress, the Board determined to undertake a Placing of 20 million shares at 40 pence per share in order to position the Company to evaluate potential acquisitions. The Placing price was approximately 70% greater than the share price prior to the acquisition of the shareholding by Martyn Ratcliffe who, whilst participating in the Placing, diluted his aggregate shareholding to just under 30%, resulting in a more appropriate shareholder structure for the Company.

After a number of years at Sagentia including the last two years as Finance Director, and having seen through the successful turnaround of the Group operations, Guy McCarthy has decided that it is time to pursue other opportunities. The Board would like to thank Guy for his contribution to Sagentia over the years and wish him well for the future. Guy will resign from the Board effective 30 July 2010 and will remain with the Company to effect a smooth transition to his successor and to progress the corporate level reorganisation. The Board are pleased to announce the appointment of Neil Elton as Finance Director with effect from 2 August 2010. Neil has a degree in Geography from Oxford University and qualified as a Chartered Accountant at Arthur Andersen. Until June 2010, Neil was Finance Director of Concateno plc, an AIM listed company until it was acquired in August 2009. Concateno provides medical testing services and grew rapidly, both organically and through several acquisitions.

Group Financial Performance

In the six months ended 30 June 2010, the Group generated gross profit of £1.2 million (H1 2009: Loss of £0.6 million) from revenue of £9.8 million (H1 2009: £12.1 million). It should be noted that the 2009 revenue figures include the M-PESA project which terminated in September 2009 and the discontinued/disposed operations in Sweden, UK Public Sector and spin-out companies (total revenue in H1 2009 of £4.4 million; 2009 total of £6.3 million). Revenue and operating expenses for 2009 have also been adjusted in accordance with the Group's change in accounting policy such that "recharged expenses" on incidental costs (eg travel) are no longer recorded as revenue, with the net cost/gain on such items now recorded in gross margin.

Gross margin, at 11.9%, was ahead of the board's expectation (H1 2009: Loss). Profit before tax for the period was £0.9 million (H1 2009: Loss of £1.9 million) and, due to the significant tax losses in

the UK and US subsidiaries, the tax liabilities on profits are anticipated to be minimal. Diluted earnings per share were 3.8p (H1 2009: Loss of 9.0p) with a basic earnings per share of 3.9p (H1 2009: Loss of 9.0p). The above profit figures include exceptional items related to the net costs of the relocation of the US operations into a single facility in Boston which has now been completed (all costs accrued in the period but not all cash disbursed), and a UK property rate rebate received in June. Headcount, including contract resources, at 30 June 2010 was 157 (30 June 2009: 191; and 31 December 2009: 137) and the Company is currently actively recruiting additional staff in both sales and delivery functions.

Fees from the Consulting operations was £8.0 million, compared with £6.0 million on a comparative basis in H1 2009 (i.e. excluding the discontinued M-PESA project and other disposed/discontinued activities). The Consultancy business undertook work for a total of approximately 130 customers of which the top 5 accounted for approximately 39%, and the top 10 approximately 54%, of the Consulting revenue. In the period, approximately 76% of the Group's revenue was derived from overseas markets, with North America accounting for approximately 43%, with approximately 38% of invoicing undertaken in US Dollars, 12% in Euros and 1% in other currencies. Historically Sagentia has not adopted a pro-active approach to currency hedging on trading activities and the Board will be reviewing the hedging strategy in the second half of the year.

In addition, materials used in projects recharged to Consulting customers was £0.5 million, and product and licence revenue derived from Sagentia intellectual property was £0.2 million. Other revenue includes property income from sub-let space in the Harston Mill facility of £0.6 million, and IT Support (including materials) through Manage5Nines totalled £0.6 million. Manage5Nines provides IT services to Sagentia and other parties, mainly tenants at Harston Mill. Sagentia owns 80% of Manage5Nines. The Harston Mill property had a total of 11 tenants with current vacant space of approximately 4,000 sq ft.

The Group has a strong balance sheet with Shareholder Funds at 30 June 2010 of £21.4 million, equivalent to 51 pence per share (H1 2009: Shareholder Funds of £13.5 million equivalent to 62.9 pence per share, prior to the write-down of investments in the second half of 2009) including the Group's freehold property and the residual value of legacy investments. The cash position was strengthened by both operating cash flow and the Placing, such that cash at 30 June 2010 was £12.5 million (H1 2009: £4.6 million) and net funds were £6.6 million (H1 2009: Net debt of £4.8 million), although it should be noted that the cash position is enhanced by seasonal factors. Net cash generated from operating activities was £1.6 million (H1 2009: outflow £1.0 million). Consistent with the Group's defined strategy, the Board is not proposing to pay a dividend.

The Group's current bank facility, expiring in March 2011, is secured on all assets of the Group and is subject to operating performance covenants. At 30 June 2010, the outstanding bank debt was £5.5 million (H1 2009: £9.0 million). The Board has been in discussion with a number of banks and negotiations are progressing satisfactorily on a new facility, anticipated to be secured solely on the freehold property and associated lease structure and, subject to a minimum cash balance not subject to covenants related to the operating performance of the Consultancy business.

Prospects

The Group's results for the first half of 2010 reflect the successful operating turnaround, achieved within a difficult economic environment. As Sagentia now enters the next phase, the Board intends to balance operating margin and investment for growth, in order to sustain the business momentum and profitability of the Consulting operations. Furthermore, following the successful Placing in May and the significant operating performance improvement, the Board has commenced its search for acquisition opportunities to accelerate the growth of the Group, although the Board will remain prudent in evaluating any such opportunities.

As a project-based consultancy, forward visibility is typically limited. However, Sagentia benefits from geographical diversity, with particularly strong demand currently being seen in the North American medical market. As a result, while the Board remains cautious, particularly with a number of large projects coming to completion in the coming months and the number of billable days in the second half reducing due to the summer and Christmas vacation periods, recent new project wins and a good pipeline provide Sagentia with the opportunity to continue the progress made in the first half of the year.

Attachments Sagentia Group plc

Consolidated Income Statement For the period ended 30 June 2010

		Six months	Six months	Year ended
		ended 30	ended 30	31 December
		June 2010	June 2009	2009
		(Unaudited)	(Unaudited -	(Audited - See
		,	See Note 7)	` Note 7)
			Restated	Restated
	Notes	£000	£000	£000
Continuing operations				
Revenue		9,845	12,086	23,426
Operating expenses		(8,677)	(12,642)	(23,313)
Gross profit (loss)	4	1,168	(556)	113
Change in fair value on financial assets and other		.,	(000)	110
non-current asset movements		_	(1,124)	(3,122)
Share based payment charge*		(63)	(95)	(170)
Exceptional Items		(40)	(33)	(170)
Exceptional terms		(40)		
Operating profit (loss)	4	1,065	(1,775)	(3,179)
F		(4.40)	(050)	(400)
Finance costs		(142)	(250)	(436)
Finance income		6	2	20
Other finance income		13	90	138
Profit (loss) on continuing operations before		040	(4.000)	(0.457)
income tax		942	(1,933)	(3,457)
Income tax credit (expense)		21	(5)	556
Profit (loss) on continuing operations for the	4	000	(4.000)	(0.004)
period	4	963	(1,938)	(2,901)
Other comprehensive income				
Exchange differences on translating foreign		(a=)	(0.0)	(22)
operations		(65)	(93)	(22)
Total comprehensive income for the period		898	(2,031)	(2,923)
Profit (loss) on continuing operations for the period attributable to:				
Equity holders of the parent		948	(1,899)	(2,945)
Minority interests		15	(39)	44
Profit (loss) on continuing operations for the		963	(1,938)	(2,901)
period				,
Total comprehensive income for the period				
attributable to:				
Equity holders of the parent		883	(2,009)	(2,934)
Minority interests		15	(22)	11
Total comprehensive income for the period		898	(2,031)	(2,923)
Earnings per share from total and continuing operations				
Earnings / (loss) per share (basic)	5	3.9p	(9.0)p	(13.5)p
Earnings / (loss) per share (blaste)	5	3.8p	(9.0)p	(13.5)p
*Concelled to detection of Change		5.0р	(3.0)ρ	(10.0)β

^{*}See Consolidated Statement of Changes in Equity.

Sagentia Group plc Consolidated Statement of Changes in Shareholders' Equity For the period ended 30 June 2010

Group	Issued	Share	Merger	Investment	Translation 3	hare based	Retained	Total –	Minority	Total
(Unaudited – See Note 7)	capital	premium	reserve	in own	reserve	payment	earnings	Shareholders	Interest	equity
				shares		reserve		funds		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2009	266	-	22,202	(111)	(677)	599	(6,901)		63	15,441
Total comprehensive income for			•	` ,	` ,		, ,	,		•
the period	-	-	-	-	(110)	-	(1,899)	(2,009)	(22)	(2,031)
New shares issued	-	-	-	-	-	-	-	-	-	-
Share options adjustment	-		-	-	-	95	-	95	-	95
Balance at 30 June 2009	266	-	22,202	(111)	(787)	694	(8,880)	13,464	41	13,505
			, -		(- /		(-,,	-, -		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Balance at 1 July 2009	266	-	22,202	(111)	(787)	694	(8,880)	13,464	41	13,505
Total comprehensive income for										
the period	-	-	-	-	121	-	(1,046)	` '	33	(892)
Own shares sold	-	-	-	111	-	-	-	111	-	111
Dividends paid to minorities	-	-	-	-	-	-	-	-	(20)	(20)
Shares purchased in minorities	- (40)	-	-	-	-	-	-	-	(30)	(30)
Conversion of preference shares	(49)	49	-	=	-	-	-	-	-	
Share options adjustment	-		-	-	-	75	-	75	-	75
Balance at 31 December 2009	217	49	22,202	-	(666)	769	(9,846)	12,725	24	12,749
Balance at 1 January 2010	217	49	22,202		(666)	769	(9,846)	12,725	24	12,749
Total comprehensive income for	217	49	22,202	-	(000)	709	(9,040)	12,725	24	12,749
the period	_	_	_	_	(65)	_	948	883	15	898
New shares issued	200	7,800	_	_	(03)	_	J-10	8,000	-	8,000
Cost of Placing	200	(331)	_	_	_	_	_	(331)	_	(331)
Share options adjustment	-	(551)	-	-	-	63	-	63	-	63
Balance at 30 June 2010	417	7,518	22,202	_	(731)	832	(8,898)	21,207	39	21,379

Sagentia Group plc Consolidated Statement of Financial Position At 30 June 2010

		Six months ended 30 June 2010 (Unaudited)	Six months ended 30 June 2009 (Unaudited – See Note 7)	Year ended 31 December 2009 (Audited – See Note 7)
	Notes	£000	£000	£000
Assets				
Non-current assets				
Property, plant and equipment		14,244	14,800	14,334
Investments Deferred income tax assets		3,128	3,711 2,610	3,128
Deferred income tax assets		3,120	2,010	3,120
		17,372	21,121	17,462
Current assets		4 000	E E24	4.000
Trade and other receivables Current tax asset		4,998	5,531 15	4,000 14
Investments			15	14 -
Cash and cash equivalents		12,455	4,584	4,234
		47.450	40.420	0.040
Non-current assets classified as held for sale		17,453 1,441	10,130 -	8,248 1,441
		·		·
Total assets		36,266	31,251	27,151
Liabilities				
Current liabilities				
Trade and other payables		5,858	5,215	4,326
Current income tax liabilities		46	22	57
Borrowings		5,500	-	-
		11,404	5,237	4,383
Non-current liabilities				
Borrowings Other and there		405	9,420	6,927
Other creditors Financial instruments		173 337	80 399	173 351
Deferred income tax liabilities		2,568	2,610	2,568
		3,483	12,509	10,019
		·	•	
Total liabilities		14,887	17,746	14,402
Net assets / liabilities		21,379	13,505	12,749
			.0,000	,0
Shareholders' equity	_			
Share capital*	8	417	266	217
Share premium*		7,518	22.202	49 22 202
Merger reserve* Investment in own shares*		22,202	22,202 (111)	22,202
Translation reserves*		(671)	(787)	(666)
Share based payment reserve*		832	694	769
Retained earnings*		(8,958)	(8,800)	(9,846)
		21,340	13,464	12,725
Minority interest*		39	41	24
		04 070	40.505	40.740
Total equity		21,379	13,505	12,749

^{*}See Consolidated Statement of Changes in Equity.

Sagentia Group plc Consolidated Statement of Cash Flows For the period ended 30 June 2010

	Six months ended 30 June 2010 (Unaudited)	Six months ended 30 June 2009 (Unaudited – See Note 7)	Year ended 31 December 2009 (Audited – See Note 7)
	£000	£000	£000
Profit before taxation	942	(1,933)	(3,457)
Adjustments for:			
Depreciation charges	167	199	367
Change in fair value	-	1,124	3,122
Change in fair value of interest rate swap	(14)	(90)	(138)
Share based payment charge	63	95	170
(Increase) decrease receivables	(998)	1,237	2,661
(Decrease) increase in payables	1,437	(1,734)	(1,736)
Cash generated from operations	1,597	(1,102)	989
UK corporation tax received (net)	-	87	87
Foreign corporation tax received (net)	24	5	42
Cash flows from operating activities	1,621	(1,010)	1,118
Purchase of property, plant and equipment	(110)	(217)	(245)
Proceeds from sale of property plant and equipment	39	188	254
Sale of current asset investments	•	-	34
Purchase of subsidiary undertaking	-	_	(30)
Loan repayments received from third parties	-	9	-
Net cash disposal with subsidiary undertaking	-	-	(5)
Sale of financial assets at fair value through the profit and loss	-	447	447
Cash flow from investing activities	(71)	427	455
Dividends paid to minorities		_	(20)
Issue of loans by minority interests to subsidiary undertakings	-	(10)	(=0)
Placement cash (net)	7,669	-	-
Net Loan drawn down (repayment)	(1,000)	(107)	(2,613)
Cash flows from financing activities	6,669	(117)	(2,633)
(Decrease) increase in cash and cash equivalents in the period Cash and cash equivalents at the beginning of the period Exchange gains (losses) on cash	8,219 4,234 2	(700) 5,341 (57)	(1,060) 5,341 (47)
Cash and cash equivalents at the end of the period	12,455	4,584	4,234

Extracts from notes to the financial statements

1. General information

The financial information for the year ended 31 December 2009 set out in this interim report does not constitute statutory accounts as defined Section 434 of the Companies Act 2006. The financial information included has been abridged, and, where necessary, restated from the 2009 Financial Statements of Sagentia Group plc. The Groups statutory financial statements for the year ended 31 December 2009 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

These un-audited interim results have been approved for issue by the Board of Directors on 20 July 2010.

The group and company financial statements of Sagentia Group plc for the year ended 31 December 2009 were prepared under IFRS and have been audited by Grant Thornton UK LLP. Copies of the Financial Statements are available from the company's registered office; Harston Mill Harston, Cambridge, CB22 7GG.

Sagentia Group plc ('Sagentia' or 'Company') and its subsidiaries (together 'Sagentia' or 'Group') is a technology consulting and IP exploitation organisation. Sagentia creates, develops and delivers business opportunities, products and services for its clients in the Medical, Industrial and Consumer industries. Sagentia's facilities include offices and laboratories located in Europe in Cambridge, in the US in Boston and in Asia in Hong Kong.

The Company is the ultimate parent company in which results of all the Sagentia companies are consolidated.

The Company is incorporated in England and Wales and has its primary listing on the AIM Market of the London Stock Exchange (SAG.L)

2. 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.

2.1 Basis of preparation

These interim consolidated financial statements are for the six months ended 30 June 2010. They have been prepared based on the measurement and recognition principles of International Financial Reporting Standards (IFRS) and IFRC interpretations issued and effective at the time of preparing these statements.

The 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:

Merger Accounting: Acquisition of Sagentia Group AG by Sagentia Group plc

Sagentia Group plc was incorporated in March 2008 in order to acquire the whole of the undertaking of Sagentia Group AG via a share for share exchange. At 30 June 2010 Sagentia Group plc had acquired 99.9% of Sagentia Group AG.

The transaction does not qualify as a business combination, and has therefore been accounted for using the merger accounting method. The results and cash flows of the combined entities were therefore brought into the consolidated financial statements of Sagentia Group plc, as though they had always been 99.9% owned, restating comparative results as necessary.

2.2 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 criteria are met that would allow such costs to be capitalised. There is currently no development expenditure capitalised.

2.3 Investments

Investments in which Sagentia does not hold significant influence, and where the decision has been made to sell these assets within 12 months, are re-categorised to non-current assets held for resale.

2.4 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.

2.5 Going Concern

The Group has in place bank loan facilities available to March 2011 of up to a maximum of £9.0 million. These facilities are secured on the Harston Mill site and other business assets, and are subject to financial performance covenants of the Group.

The Board has prepared working capital forecasts and are currently in negotiations which it believes it can complete to secure a mortgage over the property to replace the loan, and therefore has concluded that the Group has adequate working capital and that it is appropriate to use the going concern basis of preparation for this financial information.

3. Financial risk management

3.1 Financial risk factors

Sagentia's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. Sagentia's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Sagentia's financial performance. Sagentia uses derivative financial instruments to hedge certain risk exposures.

3.2 Fair value estimation

Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by Sagentia is the current bid price. Non quoted financial assets are valued using BVCA methodology.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Sagentia uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Techniques, such as estimated discounted cash flows, are used to determine fair value for non-traded financial instruments.

4. Segmental information

Sagentia operates one main business segment, being Consulting operations, and combines its remaining activities into 'Other Operations'. Consulting operations include all fees for services work undertaken, and product and licence income. Other operations include residual Spin-out company operations, IT support services and property income.

	Consulting	Other	Total
Period ended 30 June 2010	£000	£000	
(Unaudited)			£000
Fees	7,973	7	7,980
IT support	-	388	388
Property income	-	635	635
Recharged project materials	460	166	626
Product and licence income	216	=	216
Revenue	8,649	1,196	9,845
Gross profit	942	226	1,168
Share based payment charge			(63)
Exceptional Items			(40)
Operating profit			1,065
Finance charges			(123)
Profit on continuing operations before income tax			942
Income tax credit			21
Profit on continuing operations for the period			963
Total assets			36,266
Total liabilities			(14,887)
Total equity			21,379

	Consulting	Other	Total
Period ended 30 June 2009	£000	£000	
(Unaudited – See Note 7) - Restated			£000
Fees	10,419	50	10,469
IT support	-	314	314
Property income	-	612	612
Recharged project materials	435	185	620
Product and licence income	71	-	71
Revenue	10,925	1,161	12,086
Gross loss	(421)	(135)	(556)
Change in fair value on financial assets			(1,124)
Share based payment charge			(95)
Operating loss			(1,775)
Finance charges			(158)
Loss on continuing operations before income tax			(1,933)
Income tax expense			(5)
Loss on continuing operations for the period			(1,938)
Total assets			31,251
Total liabilities			(17,746)
Total equity			13,505

	Consulting	Other	Total
Year ended 31 December 2009	£000	£000	
(Unaudited – See Note 7) - Restated			£000
Fees	19,333	100	19,433
IT support	-	757	757
Property income	-	1,142	1,142
Recharged project materials	1,518	315	1,833
Product and licence income	261	-	261
Revenue	21,112	2,314	23,426
Gross profit (loss)	306	(193)	113
Change in fair value on financial assets			(3,122)
Share based payment charge			(170)
Profit (loss)			(3,179)
Finance charges			(278)
Loss on continuing operations before income tax			(3,457)
Income tax credit			556
Loss on continuing operations for the period			(2,901)
Total assets			27,151
Total liabilities			(14,402)
Total equity			12,749

5. Earnings per share

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

	Six months	Six months ended	Year ended
	ended 30	30	31 December
	June 2010	June 2009	2009
	(Unaudited)	(Unaudited – See	(Unaudited –
		No	See Note 7)
	£000	£000	£000
Profit (loss) for the financial period	963	(1,938)	(2,901)

Weighted average number of shares:	Number	Number	Number
For basic earnings per share	24,707,020	21,542,490	21,723,595
For fully diluted earnings per share	25,479,855	21,542,490	21,723,595

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

6. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.1 Critical accounting estimates and assumptions

Sagentia makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Project accounting

Sagentia undertakes a number of fixed price consultancy projects. The state of completeness of each project, and hence, revenue recognised, requires the use of estimates. The value of work done is calculated based on proportion of time spent on the project or value of stage gates achieved as set out in the project.

(b) Fair value of investments

Sagentia tests regularly whether investments, accrued income or other loans have suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts have been determined based on BVCA calculations. These calculations require the use of estimates and assumptions on both the recoverability of the loans or accrued income and ability to dispose of the asset for value on an individual investment basis.

7. Comparative Results

Comparative numbers for 2009 within Revenue and Operating expenses of the Consolidated Income statement have been reduced to exclude project expenses that are incidental to the project work. This has had no effect on the Gross Profit disclosed.

Segmental information reported in Note 4 has also been restated, as above, and also to move the IT Support operations from 'Consulting' to 'Other'.

8. Share Issue

On 18 May 2010 the Company announced that it proposed to raise, subject to certain conditions, £8.0 million (before expenses) through a placing (the "Placing") of 20,000,000 new ordinary shares of 1 pence each at a price of 40p per ordinary share. A General Meeting of the Company was held on the 4 June and all resolutions put to shareholders were duly passed. Subsequent to the Placing, the Company's total number of ordinary shares in issue is 41,723,595 ordinary shares, each ordinary share having equal voting rights

END.