

GROUP INTERIM INCOME STATEMENT

For the six months ended 30 June 2009

	Note	Unaudited six months ended 30 Jun 2009			Unaudited six months ended 30 Jun 2008			Audited year ended 31 Dec 2008		
		Before	intangible	Intangible	Before	intangible	Intangible	Before	intangible	Intangible
		amortisatio	n	amortisatio	n	amortisatio	n	amortisatio	n	amortisatio
		and	and	and	and	and	and	and	and	and
		exceptional	exceptional	exceptional	exceptional	exceptional	exceptional	exceptional	exceptional	exceptional
		items	items	Total	items	items	Total	items	items	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue	4	16,468	-	16,468	16,934	-	16,934	33,041	-	33,041
Operating costs		(13,223)	(476)	(13,699)	(13,992)	558	(13,434)	(26,997)	(95)	(27,092)
Operating profit	4	3,245	(476)	2,769	2,942	558	3,500	6,044	(95)	5,949
Finance income		94	-	94	496	-	496	931	-	931
Finance costs		(111)	-	(111)	(125)	-	(125)	(380)	-	(380)
Profit on ordinary activities before tax		3,228	(476)	2,752	3,313	558	3,871	6,595	(95)	6,500
Income tax expense	5			(788)			(1,065)			(909)
Profit for the period				1,964			2,806			5,591
Earnings per share	6									
Basic				2.3p			2.8p			5.6p
Diluted				2.2p			2.7p			5.5p
Dividends Paid dividend per share	8		pence per share	£000		pence per share	£000		pence per share	£000
Proposed dividend per share	8		1.4p	1,217		1.4p	1,434		2.1p	2,151
Proposed dividend per share	8		0.8p	695		0.7p	717		1.4p	1,217

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Unaudited six months ended 30 Jun 2009 £000	Unaudited six months ended 30 Jun 2008 £000	Audited year ended 31 Dec 2008 £000
Profit for the period	1,964	2,806	5,591
Other comprehensive income			
Fair value gain/(loss) on investment	581	-	(354)
Cash flow hedges, net of tax	(104)	134	(217)
Currency translation difference	(342)	(13)	85
Other comprehensive income for the period, net of tax	135	121	(486)
Total comprehensive income for the period	2,099	2,927	5,105

GROUP BALANCE SHEET

As at 30 June 2009

		Unaudited as at	Unaudited as at	Audited as at
	Note	30 Jun 2009 £000	30 Jun 2008 £000	31 Dec 2008 £000
<b>ASSETS</b>				
Non-current assets				
Goodwill		44,054	44,726	44,334
Intangible assets	9	685	1,092	881
Property, plant and equipment	9	6,356	6,851	6,574
Investments	10	1,497	1,270	916
Deferred tax income asset		1,177	1,138	1,360
		53,769	55,077	54,065
Current assets				
Inventories		134	47	46
Trade and other receivables		5,847	5,945	7,806
Financial assets - derivative financial instruments		-	366	48
Cash and cash equivalents		15,212	21,192	14,675
		21,193	27,550	22,575
<b>LIABILITIES</b>				
Current liabilities				
Financial liabilities				
- borrowings associated with property	11	(360)	(533)	(525)
- derivative financial instruments		(211)	-	(182)
Trade and other payables		(14,005)	(14,364)	(15,773)
Current income tax liabilities		(541)	(1,272)	(378)
Provisions for other liabilities and charges	12	(146)	(104)	(104)
		(15,263)	(16,273)	(16,962)
Net current assets		5,930	11,277	5,613
Non-current liabilities				
Financial liabilities				
- borrowings associated with property	11	(2,047)	(3,404)	(3,150)
Provisions for other liabilities and charges	12	(345)	(287)	(287)
		(2,392)	(3,691)	(3,437)
<b>NET ASSETS</b>		<b>57,307</b>	<b>62,663</b>	<b>56,241</b>
<b>SHAREHOLDERS' EQUITY</b>				
Ordinary shares		4,341	5,144	4,341
Share premium account		11,285	11,283	11,285
Capital redemption reserve		804	-	804
Other reserves		37,379	37,666	37,256
Retained earnings		3,498	8,570	2,555
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<b>13</b>	<b>57,307</b>	<b>62,663</b>	<b>56,241</b>

#### GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2009

		Unaudited as at	Unaudited as at	Audited as at
	Note	30 Jun 2009 £000	30 Jun 2008 £000	31 Dec 2008 £000
<b>Cash flows from operating activities</b>				
Cash generated from operations	7	4,029	5,675	8,885
Interest received		94	496	931
Interest paid		(264)	(130)	(244)
Tax paid		(516)	(1,222)	(2,216)
Net cash from operating activities		3,343	4,819	7,356
<b>Cash flows from investing activities</b>				
Purchase of investments		-	(1,270)	(1,270)
Proceeds from the sale of property, plant and equipment		-	1,978	1,980
Purchase of property, plant and equipment	9	(179)	(656)	(806)
Purchase of intangible assets	9	-	(11)	(11)
Net cash used in investing activities		(179)	41	(107)
<b>Cash flows from financing activities</b>				
Net proceeds from issue of ordinary share capital		-	7	10
Dividends paid	8	(1,217)	(1,434)	(2,151)
Repayment of mortgage	11	(1,268)	(330)	(592)
Purchase of own shares		-	-	(8,039)
Net cash from financing activities		(2,485)	(1,757)	(10,772)
Net increase/(decrease) in cash and cash equivalents		679	3,103	(3,523)

Opening cash and cash equivalents	14,675	18,081	18,081
Effects of exchange rate changes	(142)	8	117
Closing cash and cash equivalents	15,212	21,192	14,675

## NOTES TO INTERIM FINANCIAL INFORMATION

### 1. General information

The Company is a public limited company incorporated and domiciled in England and Wales with a primary listing on the London Stock Exchange.

This condensed consolidated half yearly financial information was approved for issue on 20 July 2009.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008 were approved by the Board of directors on 23 February 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has been reviewed, not audited.

### 2. Basis of preparation

This financial information comprises the group interim balance sheets as at 30 June 2009 and 30 June 2008, related group interim statements of income, cash flows and statement of comprehensive of income, and related notes for the six months then ended of Microgen plc (hereinafter referred to as 'financial information').

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRSs as adopted by the European Union.

### 3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner change 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). The group has elected to present two statements: an income statement and statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any change to the reportable segments presented. Operating segments are reported in a manner consistent with the internal reporting provided to Microgen's chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Microgen plc.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the group.

- IFRIC 13, 'Customer loyalty programmes'
- IFRIC 15, 'Agreements for the construction of real estate'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measure through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition related costs should be expensed. The group will apply IFRS 3 (revised) to all business combinations from 1 January 2010.
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the group, as it has not made any non-cash distributions.
- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the group, as it has not received any assets from customers.

#### 4. Segmental information

The Board of Microgen plc has been identified as the chief operating decision-maker of Microgen. Management has determined the operating segments of the group based on the reports provided to the Board of Microgen plc.

Unaudited six months ended				
30 Jun 2009				
Microgen				
	Aptitude	Billing	Financia	
	Solutions	Services	Systems	Total
	£000	£000	£000	£000
Revenue	4,715	2,871	8,882	16,468
Operating costs before group overheads	(5,290)	(2,131)	(4,584)	(12,005)
Operating profit before group overheads, intangible amortisation and exceptional items	(575)	740	4,298	4,463
Group overheads				(1,218)
Operating profit before intangible amortisation and exceptional items				3,245

Divisional intangible amortisation	-	-	(196)	(196)
Divisional operating (loss)/profit	(575)	740	4,102	
Group exceptional cost				(280)
Total intangible amortisation and exceptional costs				(476)
Operating profit				2,769
Net finance cost				(17)
Profit before tax				2,752
Income tax expense				(788)
Profit for the period				1,964

Unaudited six months ended

30 Jun 2008

Microgen

Financia

Aptitude Billing l

	Solutions £000	Services £000	Systems £000	Total £000
Revenue	3,736	3,302	9,896	16,934
Operating costs before group overheads	(5,025)	(2,299)	(5,221)	(12,545)
Operating profit before group overheads, intangible amortisation and exceptional items	(1,289)	1,003	4,675	4,389
Group overheads				(1,447)
Operating profit before intangible amortisation and exceptional items				2,942
Divisional intangible amortisation	-	-	(211)	(211)
Divisional operating (loss)/profit	(1,289)	1,003	4,464	
Group exceptional income/(costs)				
- Property exist costs				(135)
- Profit on sale of property, plant and equipment				1,025
- Other				(121)
Total intangible amortisation and exceptional income				558
Operating profit				3,500
Net finance income				371
Profit before tax				3,871
Income tax expense				(1,065)
Profit for the period				2,806

Audited year ended

31 Dec 2008

Microgen

Financia

Aptitude Billing l

	Solutions	Services	Systems	Total
Revenue	7,614	6,381	19,046	33,041
Operating costs before group overheads	(10,004)	(4,471)	(10,157)	(24,632)
Operating profit before group overheads, intangible amortisation and exceptional items	(2,390)	1,910	8,889	8,409
Group overheads				(2,365)
Operating profit before goodwill and intangible amortisation/impairment and exceptional items				6,044
Divisional intangible amortisation	-	-	(422)	(422)
Divisional operating (loss)/profit	(2,390)	1,910	8,467	
Group exceptional costs				
Property				(139)
-Profit on sale of property, plant and equipment				1,025
Other				(13)

Goodwill adjustment	(546)
Total intangible amortisation and exceptional costs	(95)
Operating profit	5,949
Net finance income	551
Profit before tax	6,500
Income tax expense	(909)
Profit for the year	5,591

## 5. Income taxes

Income tax expense is based on management's best estimate of the income tax rate expected for the full financial year. The tax charge of £788,000 is at an effective tax rate of 28.6% (2008: 27.5%) of the profit before tax.

## 6. Earnings per share

	Unaudited six months ended 30 Jun 2009 pence	Unaudited six months ended 30 Jun 2008 pence	Audited year ended 31 Dec 2008 pence
Earnings per share			
Basic	2.3	2.8	5.6
Diluted	2.2	2.7	5.6
Adjusted earnings per share			
Basic	2.8	2.4	4.8
Diluted	2.7	2.3	4.7

To provide an indication of the underlying operating performance the adjusted earnings per share calculation above excludes intangible amortisation, exceptional items and has a tax charge based on the effective rate.

	Unaudited six months ended 30 Jun 2009 pence	Unaudited six months ended 30 Jun 2008 pence	Audited year ended 31 Dec 2008 pence
Basic earnings per share	2.3	2.8	5.6
Exceptional charge / (credit) net of tax	0.3	(0.6)	(0.3)
Prior years' tax charge	-	-	(0.3)
Intangible amortisation net of tax	0.2	0.2	0.3
Tax losses recognised	-	-	(0.5)
Adjusted earnings per share	2.8	2.4	4.8

## 7. Cash generated from operations

	Unaudited six months ended 30 Jun 2009 £000	Unaudited six months ended 30 Jun 2008 £000	Audited year ended 31 Dec 2008 £000
Profit for the period	1,964	2,806	5,591
Adjusted for:			

Taxation	788	1,065	909
Depreciation	397	365	795
Profit on disposal of property, plant and equipment	-	(1,043)	(1,045)
Intangible amortisation	196	211	422
Share-based payment expense	184	161	282
Change in value of goodwill	280	154	546
Finance income	(94)	(496)	(931)
Finance costs	111	125	380
Changes in working capital:			
Decrease/(increase) in inventories	(88)	14	15
Decrease/(increase) in receivables	1,959	2,974	1,113
(Decrease)/increase in payables	(1,768)	(637)	832
Increase/(decrease) in provisions	100	(24)	(24)
Cash generated from operations	4,029	5,675	8,885

#### 8. Equity dividends on ordinary shares

	Unaudited six months ended 30 Jun 2009 £000	Unaudited six months ended 30 Jun 2008 £000	Audited year ended 31 Dec 2008 £000
Dividends paid:			
Interim dividend	-	-	717
Final dividend	1,217	1,434	1,434
Proposed but not recognised as a liability:			
Interim dividend	695	717	-
Final dividend	-	-	1,217

The proposed interim dividend of 0.8 pence per share was approved by the Board on 20 July 2009 but was not included as a liability as at 30 June 2009, in accordance with IAS 10 'Events after the Balance Sheet date'. This interim dividend will be payable on 28 August 2009 to shareholders on the register at the close of business on 31 July 2009.

#### 9. Capital expenditure

	Intangibl Tangiblee	
Six months ended 30 June 2009	assets £000	assets £000
Opening net book amount 1 January 2009 (including assets held for sale)	6,574	881
Additions	179	-
Depreciation, amortisation and other movements	(397)	(196)
Closing net book amount 30 June 2009 (unaudited)	6,356	685
	Intangibl Tangiblee	
Six months ended 30 June 2008	assets £000	assets £000
Opening net book amount 1 January 2008	7,461	1,292
Additions	656	11
Disposals	(935)	-
Depreciation, amortisation and other movements	(331)	(211)
Closing net book amount 30 June 2008 (unaudited)	6,851	1,092

The group have placed contracts for no future capital expenditure which has not been provided for in the financial statements.

#### 10. Investments

The investment of £1,496,906 represents the group's holding of 12.89% in the share capital of Scisys plc.

# 11. Borrowings and loans

	Unaudited six months ended 30 Jun 2009 £000	Unaudited six months ended 30 Jun 2008 £000	Audited year ended 31 Dec 2008 £000
Non-current	2,047	3,404	3,150
Current	360	533	525
	2,407	3,937	3,675

Movements in borrowings is analysed as follows:

	£000
Six months ended 30 June 2009	
Opening amount as at 1 January 2009	3,675
Repayments of borrowings	(1,268)
Closing amount as at 30 June 2009	2,407
Six months ended 30 June 2008	
Opening amount as at 1 January 2008	4,267
Repayments of borrowings	(330)
Closing amount as at 30 June 2008	3,937

# 12. Provisions for other liabilities and charges

	Unaudited six months ended 30 Jun 2009 £000	Unaudited six months ended 30 Jun 2008 £000
Property provision		
At 1 January	391	415
Charged to income statement -	-	126
Provision for dilapidations	100	100
Utilised in the period	-	(250)
At 30 June	491	391

# 13. Statement of changes in equity

	Share capital £000	Share premium £000	Retained earnings £000	Capital Redemption Reserve £'000	Other reserves £000	Total £000
At 1 January 2009	4,341	11,285	2,555	804	37,256	56,241
Cash flow hedges	-	-	-	-	-	-
- net fair value gains net of tax	-	-	-	-	(104)	(104)
Exchange rate adjustments	-	-	(342)	-	-	(342)
Share options - value of employee service	-	-	184	-	-	184
Unrealised gain on investment	-	-	354	-	227	581
Dividends	-	-	(1,217)	-	-	(1,217)
Retained profit for the period	-	-	1,964	-	-	1,964
At 30 June 2009 (unaudited)	4,341	11,285	3,498	804	37,379	57,307



	Share		Capital			
	Share capital	Share premium	Retained earnings	Redemption Reserve	Other reserves	Total
	£000	£000	£000	£'000	£000	£000
At 1 January 2008	5,143	11,277	7,064	-	37,536	61,020
Shares issued under share option schemes	1	6	-	-	-	7
Cash flow hedges						
- net fair value gains net of tax	-	-	-	-	134	134
- reclassified and reported in net profit	-	-	-	-	(4)	(4)
Exchange rate adjustments	-	-	(13)	-	-	(13)
Share options - value of employee service	-	-	161	-	-	161
Deferred tax on share options	-	-	(14)	-	-	(14)
Dividends	-	-	(1,434)	-	-	(1,434)
Profit for the period	-	-	2,806	-	-	2,806
At 30 June 2008 (unaudited)	5,144	11,283	8,570	-	37,666	62,663

#### 14. Related party transactions

There were no related party transactions during the period to 30 June 2009 (30 June 2008, 31 Dec 2008: nil), as defined by International Accounting Standard No 24 'Related Party Disclosures' other than key management compensation.

Key management compensation amounted to £1,363,000 for the six months ended 30 June 2009 (30 June 2008: £1,331,000).

#### 15. Statement of directors' responsibilities

The directors' confirm that this condensed set of interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8., namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Microgen plc are listed in the Microgen plc Annual Report for 31 December 2008. A list of current directors is maintained on the Microgen plc website: [www.microgen.com](http://www.microgen.com)

Copies of this statement are being posted to shareholders and will also be available on the investor relations page of our website ([www.microgen.com](http://www.microgen.com)). Further copies are available from the Company Secretary at Fleet House, 3 Fleetwood Park, Barley Way, Fleet. GU51 2QJ.

P Wood  
20 July 2009  
Director

INDEPENDENT REVIEW REPORT TO MICROGEN PLC

Introduction

We have been engaged by the company to review the condensed consolidated interim financial information in the interim financial report for the six months ended 30 June 2009, which comprises the group income statement, group statement of comprehensive income, group balance sheet, group cash flow statement and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

#### Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

#### Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial information in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the interim financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

West London

20 July 2009

#### Notes:

(a) The maintenance and integrity of the Microgen plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.