

Zwijnaarde, 26 August 2008 - Devgen NV (Euronext: DEVG) has successfully entered the hybrid seed market and is ready for expansion.

Regulated information¹

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 agro-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.

¹ This news item contains information that is subject to the transparency regulations for listed companies

- 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.

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.

KEY FIGURES JUNE 30, 2008

EUR 000 (except for earnings per share)	H1 2008	H1 2007
Revenue	5,846	4,282
EBITDA²	-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 equivalents³	34,299	38,834

² Earnings before interest, taxes, depreciation and amortization = Operating profit (loss) + depreciation + amortization

³ 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)

Details of half year 2008 results

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 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.

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)⁴ 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

⁴ Earnings before interest, taxes, depreciation and amortization = Operating profit (loss) + depreciation + amortization

expenses for the first six months of 2008 amounted to € 11.7 million as compared to € 8.5 million last year, an increase with € 3.2 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.

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, 2007⁵, 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.

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.

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,

⁵ Including restricted cash (K € 4,842 on 30.06.08 versus K € 4,980 on 31.12.07)

2008). The balance sheet total at June 30, 2008 amounted to € 70.9 million versus € 80.8 million at December 31, 2007.

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

AUDITOR'S REPORT

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 Reviseurs 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 Reviseurs 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



deVGen

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

For the Consolidated financial statements and notes for June 30, 2008 please consult www.devgen.com

CORPORATE COMMUNICATION

Devgen appoints Mr. Remi Vermeiren as new Chairman, replacing Dr. Pol Bamelis.

On August 25, 2008 Dr. Pol Bamelis resigned as Board-member and Chairman of Devgen to avoid potential future conflicts of interest. "Since I joined the Devgen board in September 2006, Devgen has transformed rapidly from a pure technology supplier, into a fully integrated agribusiness company focused on Nematicides and on Hybrid Seed (from research to farmer) with emphasis on hybrid rice seed and rice biotech traits" comments Dr. Bamelis "The likelihood that conflict of interest issues arise with my previous employer (Bayer AG), for whom hybrid rice is also a strategic crop, is therefore increasing. I felt that, to assure good corporate governance and avoid personal conflicts, it was best to step aside and resign from the Devgen Board." adds Dr. Bamelis.

Mr. Remi Vermeiren was elected as new Chairman of Devgen on August 25 replacing Dr. Bamelis. Mr. Vermeiren has been an independent Board Member of Devgen and Chairman of its' Audit Committee since April 2005. Previously he was CEO of the KBC Group and one of Belgium's most senior Corporate Executives and Bankers. He serves or has served as non-executive member on the boards of a number of private and public companies including Euronext, Cumerio and Ablynx.

"We thank Pol for his valuable contribution to the company and we respect his decision." says Remi Vermeiren. "In a short time Hybrid Rice has indeed become a highly competitive field in which Devgen is now a premium player and I look forward to supporting the company in its ambitious growth plans to become a leading player in this developing market space."

CONFERENCE CALL AND WEBCAST

Devgen will conduct a conference call on Wednesday, August 27, 2008 at 11 am which will also be simultaneously broadcasted via internet. The event is open to the public and is accessible via www.devgen.com and via telephone at +32 (0)2 290 14 07. To ask questions during the Q&A session, please join the event via telephone 10 minutes prior to the start of the conference call. A recording of the event will also be made available at www.devgen.com shortly after the call.

For more information on Devgen, see www.devgen.com

or contact:

Thierry Bogaert, CEO

Tel. +32 9 324.24.24

Thierry.Bogaert@devgen.com

Wim Goemaere, CFO

Tel. +32 9324.24.24

Wim.Goemaere@devgen.com

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