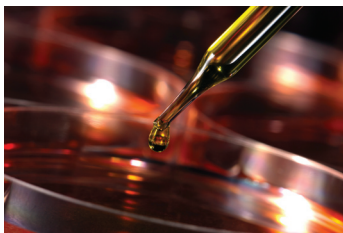




Sigma Capital Group plc
Half Yearly Report

2008



Contents

Highlights	1
Chairman's Statement	2
Consolidated Income Statement	6
Consolidated Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes	9

Highlights

Financial

Revenue from services

£3.3m

(2007: 6 months £4.7m; full year £6.0m)

Profit before tax

£0.5m

(2007: 6 months £1.6m; full year £0.9m)

Profit before tax excluding unrealised profits/losses on the revaluation of investments

£0.8m

(2007: 6 months £1.4m; full year £1.0m)

Net assets per share

16.9p

(2007: June 10.4p; December 15.6p)

Earnings per share

0.21p

(2007: six months 1.40p; full year 0.40p)

Operational

Venture capital fund management business

➤ Total of £1.7m invested in five investments (two new and three follow-on) with additional £2.0m raised from third party investors

➤ Realisation of four investment holdings with further two realisations post period end

Property activity

➤ Seventh property limited partnership acquired City Wharf in Aberdeen. Generated fees of £2.2m in first half of 2008. Further fees of £0.9m expected to be generated in second half of 2008

➤ Property funds under management up by 19% to £223m (2007: £188m)

University IP

➤ Creation of new subsidiary, Sigma IP Limited, to focus on commercialisation of university IP

➤ Received first equity stakes in two companies spun out of the University of Dundee

Sigma has produced solid results for the first half of the financial year. Despite difficult times in the financial markets, we have continued to grow net assets and to generate profit and cash.

We are optimistic about our business and our ability to continue to move it forward but we must counter that with caution in the wider context of the financial markets within which we operate. We have a strong and growing balance sheet and multiple opportunities to generate value and growth but we would not expect our portfolio companies to be immune to the general decline in investment values. Despite this backdrop we consider that we are well placed to be a beneficiary of any return by the markets to a sense of normality and see the next financial year as a period of opportunity as well as challenge.

Overview

In what continues to be an extremely difficult economic environment, Sigma has produced solid results for the first half of the financial year. The venture capital side of the business is benefiting from its strategy of increasing funds under management, such that contracted recurring revenue is now meeting most of the venture capital business's overheads. On the property side, the Group completed the acquisition of the City Wharf development in Aberdeen through its seventh property limited partnership. However, this side of the business has been impacted by the negative market sentiment towards commercial property, with the equity raising process taking longer than in prior years.

Results

Total revenue from services for the first half of the year was £3.3m (2007: £4.7m) which generated a profit before tax of £0.5m (2007: £1.6m). The fall in the value of our investments in the period resulted in a downward IFRS adjustment of £0.3m (2007: upward adjustment of £0.2m). Excluding unrealised profits/losses on the revaluation of investments, adjusted profit before tax was £0.8m (2007: £1.4m). The Group's overheads increased to £1.6m (2007: £1.3m). This covers a transitional period when management changes were agreed but did not impact immediately. We expect costs to reduce in the second half with a more significant reduction in venture capital overheads in 2009, as the impact of our initiatives to remove costs take effect.

Earnings per share were 0.21p (2007: 1.40p). Although this is a significant decrease when compared with the prior year period it is considerably better than the second half of 2007 which generated a loss per share of 0.83p.

At the end of June 2008, the 749,750 £1 Preference Shares in the share capital of the Company were redeemed through the issue of new ordinary shares of £0.01 at 50p per share. The removal of this liability from the balance sheet together with the profit generated in the first six months of the year has resulted in an increase in the net asset value per share at 30 June 2008 to 16.9p (2007: 10.4p).

Cash balances at 30 June 2008 stood at £3.6m (2007: £4.0m). At 31 December 2007, cash balances stood at £6.2m, excluding cash due to third parties. The reduction in the Group's cash balances since December 2007 is due in part to the Group's £0.5m investment in Si Limited Partnership No 7 (the "Partnership") in May 2008. Additionally, Sigma made a £2m loan to the Partnership to enable the completion of the acquisition of City Wharf in Aberdeen before the equity fundraising had been completed. This loan had been reduced to £1.5m at 30 June 2008 and currently stands at £0.8m. We expect it to be fully repaid by the end of this year.

At 30 June 2008, the Group also had accrued income of £2.1m of which £1.7m is in respect of the Partnership and will be paid once the final tranche of equity is raised for the Partnership. Without the loan and Partnership accrued

income at 30 June 2008, amounting to £3.2m in aggregate, cash balances at 30 June 2008 would have been ahead of the 2007 year end figure, which would be after the £0.5m investment in the Partnership and £0.1m of investments made by the venture capital arm.

Operational Review

The Group's activities fall into three areas, venture capital fund management, property investment and university IP commercialisation.

Venture Capital Fund Management

Venture capital funds under management as at 30 June 2008 total £74m. The Group continues to market the Sigma Sustainable Energy Fund II which currently has £45m under management. This fund remains open to new investors until the end of the year and all fees from any additional investment in this fund will be backdated to the first closing date, which was 14 June 2007. Despite the clearly difficult economic background, a number of detailed discussions are in progress with potential limited partners and we are confident of adding further limited partners to this fund prior to the year end.

During the period, the funds managed by Sigma made investments totalling £1.7m. Of these investments two were new and three were follow-on in existing investee companies. A summary of these investments is included in the notes accompanying this statement. Additionally, a total of £2.0m was invested by third party investors alongside the investments made by the funds managed by Sigma.

The funds managed by Sigma also realised four holdings in investee companies during the period, with a further two realisations negotiated after the period end. There continues to be disposal activity within the historic portfolio.

Property Investment

In May 2008, the Group's seventh property partnership acquired the City Wharf development in Aberdeen. This generated fees of £2.2m in the first half of the year and further fees of £0.9m are expected to be generated in the second half of the year. If insufficient investor equity is raised to enable full payment of the Group's fee in cash, any balance remaining will be subscribed in the Partnership. Any resulting investment would be subject to the Group's normal impairment reviews at each period end. The establishment of the Partnership resulted in the Group's property funds under management increasing by 19 per cent to £223m (2007: £188m).

The Group's property subsidiary is currently raising further funds from its existing shareholders by way of a rights issue. This fundraising is a mixture of shares and loan notes and is expected to raise at least £0.2m of new money for the Group. Following the closing of this fundraising, Sigma's interest in the property subsidiary may increase from our current 47.8% holding.

While the latter half of 2007 and the first half of 2008 have been difficult for our property subsidiary, it is clear that with access to capital, there is significant opportunity in the market for

acquisitions and we expect to see a significant upturn in activity in 2009. We anticipate that 2008 will be a profitable year for the property subsidiary and are involved in discussions for accessing capital to allow us to drive the growth of the business in 2009.

University IP Commercialisation

In March 2008, a new subsidiary, Sigma IP Limited, was established to focus on the commercialisation of university IP. This company has its own management team with Neil Crabb as non-executive Chairman and Alister Minty as Managing Director. In April, the Group received an equity stake of 5% in Advanced Underwater Surveys Limited followed in June by an equity stake of 2.6% in Aridhia Informatics Limited, both companies being spin outs from the University of Dundee. The Board is currently reviewing various options for the future direction of Sigma IP Limited.

Outlook

Despite difficult times in the financial markets, we have continued to grow net assets, generate profit and cash and more clearly define our strategy across the three areas of our business. Our core activity, the venture capital business, is establishing itself as one of the few key investors in the cleantech arena in the UK and Europe. We continue to grow our funds and expertise in that area which is now the main focus of our venture capital business. We are significantly rationalising our cost base in this division, the full impact of which will become apparent in 2009. This will create a platform of

profitability based on a relatively fixed cost base with our contracted revenue growing in excess of that.

Our property subsidiary has clearly experienced a difficult twelve months but it should have another profitable year. We are in the process of strengthening the team and are in discussions with equity providers. Expanding the capital base of this business while also partnering with equity providers to facilitate transactions should create significant opportunities in 2009.

Our university IP commercialisation activity is conducted by our subsidiary, Sigma IP Limited, with its own separate management team. Our strategy is to seek to have this business funded independently of the Group as it is at a different stage of its development from our core activities, and this should allow it to develop more rapidly as a result.

We are optimistic about our business and our ability to continue to move it forward but we must counter that with caution in the wider context of the financial markets within which we operate. We have a strong and growing balance sheet and multiple opportunities to generate value and growth but we would not expect our portfolio companies to be immune to the general decline in investment values. Despite this backdrop we consider that we are well placed to be a beneficiary of any return of the markets to a sense of normality and see the next financial year as a period of opportunity as well as challenge.

David Sigsworth
Chairman

29 September 2008

Consolidated Income Statement

For the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Revenue				
Revenue from services		3,308	4,716	5,980
Other operating income				
Realised losses on disposal of equity investments		-	-	(50)
Unrealised (losses)/profits on the revaluation of investments		(266)	165	(168)
Rental income		-	55	63
Total revenue		3,042	4,936	5,825
Cost of sales		(1,073)	(2,145)	(2,508)
Gross profit		1,969	2,791	3,317
Administrative expenses		(1,596)	(1,293)	(2,728)
Profit from operations		373	1,498	589
Finance income		139	91	283
Finance costs		(6)	(17)	(17)
Profit before tax		506	1,572	855
Taxation	2	(176)	(466)	(311)
Profit after tax and profit for the period		330	1,106	544
Attributable to:				
Equity holders of the company		95	536	165
Minority interests		235	570	379
		330	1,106	544
Basic earnings per share	3	0.21	1.40	0.40
Diluted earnings per share	3	0.21	1.38	0.39

All of the operations of the Group are continuing.

Consolidated Balance Sheet

At 30 June 2008

	Notes	As at 30 June 2008 (unaudited) £'000	As at 30 June 2007 (unaudited) £'000	31 December 2007 (audited) £'000
ASSETS				
Non-current assets				
Goodwill		44	44	44
Property and equipment		76	59	84
Available for sale investments	4	2,760	2,555	2,383
Deferred tax asset		10	10	10
Non-current cash		1,250	-	1,250
		4,140	2,668	3,771
Current assets				
Trade receivables		549	252	612
Other current assets	5	2,411	757	549
Trading investments		96	65	165
Short term loan	6	1,517	-	-
Cash and cash equivalents		2,347	3,963	6,052
		6,920	5,037	7,378
Total assets		11,060	7,705	11,149
LIABILITIES				
Current liabilities				
Trade and other payables		1,400	980	2,018
Current tax payable		487	765	308
		1,887	1,745	2,326
Non-current liabilities				
Preference share capital		-	750	750
Total liabilities		1,887	2,495	3,076
Net assets		9,173	5,210	8,073
EQUITY				
Equity attributable to equity holders of the parent				
Called up share capital		468	385	453
Share premium account		18,195	14,114	17,460
Merger reserve		(249)	(249)	(249)
Share based payment reserve		92	61	72
Capital reserve		(7)	(7)	(7)
Retained earnings		(10,576)	(10,300)	(10,671)
		7,923	4,004	7,058
Minority equity interest		1,250	1,206	1,015
Total equity	7	9,173	5,210	8,073

Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Cash flows from operating activities				
Cash (used in)/generated from operations	8	(1,746)	2,081	2,559
Interest paid		-	(17)	(92)
Tax paid		3	-	(303)
Net cash (used in)/generated from operating activities		(1,743)	2,064	2,164
Cash flows from investing activities				
Purchase of property and equipment		(12)	(19)	(72)
Purchase of available for sale investments	4	(574)	(80)	(299)
Disposal of available for sale investments		-	10	12
Purchase of trading investments		-	-	(94)
Short term loan	6	(1,517)	-	-
Interest received		141	91	280
Net cash (used in)/generated from investing activities		(1,962)	2	(173)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		750	11	3,425
Redemption of preference shares in holding company		(750)	-	-
Redemption of preference shares in subsidiary company		-	(502)	(502)
Net cash (used in)/generated from financing activities		-	(491)	2,923
Net (decrease)/increase in cash and cash equivalents				
		(3,705)	1,575	4,914
Cash and cash equivalents at beginning of period		7,302	2,388	2,388
Cash and cash equivalents at end of period		3,597	3,963	7,302

Notes

1. Basis of presentation

The unaudited condensed consolidated interim financial results have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial results as were applied in the preparation of the Group's Annual Report for the year ended 31 December 2007 as available on our website www.sigmacapital.co.uk.

These unaudited condensed consolidated interim financial results were approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 29 September 2008.

The unaudited condensed consolidated interim financial results do not comprise statutory accounts for the purpose of s240 of the Companies Act 1985. The comparatives for the full year ended 31 December 2007 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985.

The unaudited condensed consolidated interim financial results have not been audited or reviewed by the Company's auditor.

2. Taxation

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Current tax	176	466	311
Deferred tax	-	-	-
	176	466	311

The taxation charge has been based on the estimated effective tax rate for the full year.

Notes (continued)

3. Earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of Sigma Capital Group plc for the six months ended 30 June 2008 of £95,000 (2007: 6 months £536,000; full year £165,000) and on the weighted average number of ordinary shares in issue during the six months ended 30 June 2008 of 45,326,608 (2007: 6 months 38,412,886; full year 41,573,577). The calculation of diluted earnings per share is based on the same profit figures and on the weighted average diluted number of ordinary shares in issue during the six months ended 30 June 2008 of 45,383,683 (2007: 6 months 38,978,504; full year 42,294,700).

4. Available for sale investments

The purchase of available for sale investments of £574,000 in the six month period to 30 June 2008 (2007: £80,000) comprises additional investment in the venture funds of £74,000 (2007: £80,000) and investment in Si Limited Partnership No 7 of £500,000 (2007: nil).

The investments made by three of the venture funds, the Sigma Technology Venture Fund, the Sigma Innovation Fund (East of Scotland) and the Sigma Sustainable Energy Fund II, in the six months ended 30 June 2008 are set out below. The Sigma Sustainable Energies Fund did not make any investments in the period.

	Total amount invested £'000	% holding (fully diluted) %
Sigma Technology Venture Fund		
B1 Medical Limited	900	20.0
Commercialisation of technology in the field of medical devices for orthopaedics. Follow-on investment £100,000 by way of convertible loan.		
Sigma Innovation Fund (East of Scotland)		
AvilT Limited	300	22.2
Design and implementation of software solutions for the aviation sector. Follow-on investment £50,000 by way of convertible loan.		
DataPA Limited	445	45.4
Data rationalisation tool. Follow-on investment of £195,000.		
Factonomy Limited	300	18.9
Software that enables the rapid development of web enabled solutions for corporates. Investment of £300,000.		
Sigma Sustainable Energy Fund II		
Onzo Limited	985	23.0
Home energy monitoring and home energy display manufacture. Investment of £985,000.		

5. Other current assets

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Prepayments and accrued income	2,073	656	200
Deferred costs	-	88	-
Other debtors	338	13	349
	2,411	757	549

6. Short term loan

In order to facilitate the acquisition of City Wharf, Aberdeen, by Si Limited Partnership No 7, Sigma Capital Group plc loaned the partnership £2 million. The loan is being repaid as further investor equity is raised for this partnership and by 30 June 2008 it had reduced to £1.5 million. As at 29 September 2008, the loan has been further reduced to £0.8 million.

7. Statement of changes in equity

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Total equity at the beginning of the period	8,073	4,120	4,120
Issue of equity	750	11	3,425
Share based payments	20	18	29
Retained profit for the period	330	1,106	544
Increased holding in subsidiary – reduction in minority interest	-	(45)	(45)
Total equity at the end of the period	9,173	5,210	8,073

Notes (continued)

8. Cash used in/generated from operations

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Profit before tax	506	1,572	855
<i>Adjustments for:</i>			
Share-based payments	20	18	29
Depreciation	20	22	51
Net finance income	(133)	(74)	(266)
Fair value loss on financial assets at fair value through profit or loss	-	-	50
<i>Changes in working capital:</i>			
Trade and other receivables	(1,801)	511	362
Other financial assets at fair value through profit or loss	266	(165)	168
Trade and other payables	(624)	197	1,310
	(1,746)	2,081	2,559

9. Copies of the interim financial statements

Copies of the interim financial statements will be sent to shareholders and copies are available on request from the Company's office at 41 Charlotte Square, Edinburgh EH2 4HQ and on the Company's website, www.sigmacapital.co.uk.

41 Charlotte Square
Edinburgh EH2 4HQ
Tel. +44 (0)131 220 9444
Fax +44 (0)131 220 9445

www.sigmacapital.co.uk

Registered number: 3942129