



Sigma Capital Group plc
Half Yearly Report 2011



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David Sigsworth, Chairman, Commented:

“ I am pleased to report that Sigma has delivered a materially enhanced performance for the first six months to 30 June 2011 compared to the same period last year. Results show that the Group is trading profitably, delivering £0.6m of trading profit in the period against the trading loss of £0.4m in the comparable period last year.

Sigma is now in better shape than in recent years. The opportunities in our Property Division have been revitalised and we will be working hard to drive them forwards. Our Venture Capital Fund Management team is focused on the realisation phase of our four historic venture funds and is positioned to generate strong cash flows over the next few years.

We have strong cash balances and have much greater visibility on our opportunities than ever before. We see 2011 as a year of consolidation and enabling us to build a strong platform for an exciting 2012. We cannot however ignore the return of great uncertainty in the markets generally and the inertia that brings and so continue to take a cautious view of costs and delivery.”

Key Points

- Revenue from services of £1.6m (2010: H1 £0.9m; FY £1.8m)
- Trading profit before tax of £0.6m (2010: H1 loss of £0.4m; FY loss of £0.6m)
- Profit before tax of £0.1m (2010: H1 loss of £1.1m; FY loss of £3.6m)
- Earnings per share of 0.32p (2010: H1 loss of 2.24p; FY loss of 7.59p)
- Net assets per share as at 30 June 2011 of 11.5p (30 June 2010: 17.0p; 31 Dec 2010: 11.1p)
- Unencumbered cash balances at 30 June 2011 of £1.8m (30 June 2010: £2.0m; 31 Dec 2010: £1.8m)
- Property activities – reshaped and now major opportunities emerging
- Venture capital fund management – four historic funds now in realisation phase and so will generate cash inflows and potential for upside on book value
- University IP commercialisation former subsidiary, Frontier IP - gained admission to AIM in January 2011. Sigma shareholding now 46.7%
- Post period acquisition of Inpartnership Limited – brings substantial property-related opportunities
- Board believes that Sigma’s long term growth prospects are significantly enhanced

Chairman's Statement

I am pleased to report that Sigma has delivered a materially enhanced performance for the first six months to 30 June 2011 compared to the same period last year. Results show that the Group is trading profitably, delivering £0.6m of trading profit in the period against the trading loss of £0.4m in the comparable period last year. This encouraging result builds on the profitability established in the second half of last year. Sigma's financial position remains robust, with unencumbered cash balances at 30 June of £1.8m.

We have substantially reshaped Sigma. The Group's activities are now focused on two areas, property and venture capital fund management. Our shareholding in our former university IP commercialisation subsidiary, Frontier IP Group plc ("Frontier IP") is now at 46.7%, following Frontier IP's admission to AIM in January 2011. This means that we now account for Frontier IP as an associate company.

While these results are principally underpinned by our venture capital activities, which generated a trading profit of £0.8m for the period, prospects at our Property Division have moved forward significantly. In August 2011, we acquired Inpartnership Limited ("Inpartnership"), which undertakes large scale property-related regeneration projects. This brought to fruition one of the initiatives we have been working on with our largest shareholder, West Coast Capital ("WCC"). Inpartnership brings us three long term partnerships with major UK local authorities and property-related projects with substantial value to unlock.

Results

Total revenue from services for the first half of the year to 30 June 2011 increased to £1.6m (2010: £0.9m) although it should be noted that this result includes the benefit of the compensation payment of £0.8m relating to the Sigma Sustainable Energy Fund II. The Group generated a trading profit of £0.6m against a trading loss of £0.4m in the same period last year.

Profit from operations was £0.3m, showing a substantial turnaround on the loss from operations of £1.1m reported for the first half of last year. The profit is stated after the impact of the £0.1m loss (2010: £nil) on the disposal of equity investments and after an unrealised loss on the revaluation of investments of £0.1m (2010: loss £0.7m). (The loss on the disposal of equity investments primarily arose from the failure of an investee company in which Sigma had a direct stake. The unrealised loss on the revaluation of investments arises from the holdings in the funds, mitigated to a certain extent by an increase in value of a direct investment in i-design group plc.)

Profit before tax was £0.1m (2010: loss before tax £1.1m). This result includes the loss of £0.2m from Frontier IP the Group's associate company. Sigma's results in the first half of 2010 also included a loss of £0.2m arising from Frontier IP. Earnings per share were 0.32p (2010: loss per share 2.24p).

Net assets per share at 30 June 2011 were 11.5p (2010: 17.0p) and unencumbered cash balance at the same date stood at £1.8m (2010: £2.0m), representing 4.2p per share (2010: 4.3p per share).

Operational Review

The Group's activities fall into two areas: property investment management and development (core activity) and venture capital fund management.

Property

Revenue from services from the Property Division in the first half increased to £0.2m (2010: £0.1m) and the trading loss was £0.2m (2010: £0.2m). However, these results do not reflect the current level of activity in this division which is at its highest since we restructured our activities in the first half of 2010. In addition, our involvement with Regenco Winchburgh Limited, the major residential development project at Winchburgh, near Edinburgh and our acquisition of Inpartnership Limited, post period in August 2011, have materially enhanced prospects for this division. In order to capitalise on some specific opportunities, we will be investing cash into particular projects in the second half.

In completing the restructuring of the Property Division, we are now in the process of closing our historic property operation, which was engaged in operating property limited partnerships. The residual FSA regulated activity has been transferred to a specialist party and we continue to manage the property aspects of the remaining three partnerships, two of which we believe are likely to be disposed in the near future. We will continue to provide property management services to the remaining partnership, SI Limited Partnership No 7 which owns the City Wharf development in Aberdeen.

Winchburgh Development

Following the extension of our commercial relationship with our largest shareholder, WCC, we have been managing the final phases of the planning and management of the major residential development at Winchburgh, eight miles west of Edinburgh. Despite the difficult economic backdrop, the team have successfully structured a development, which is now subject to final planning consent. If successful, we hope that by the end of 2011, Sigma's involvement will move onto a more commercial basis. This will give rise to an increase in our recurring

Chairman's Statement (continued)

management income and present opportunity for further revenue from performance-related payments.

Acquisition of Inpartnership Limited (now renamed Sigma Inpartnership)

Post the period end, in August 2011, Sigma acquired the entire issued ordinary share capital of Inpartnership, which undertakes large scale property-related regeneration projects, working as a bridge between public and private sector organisations. Inpartnership was acquired from two parties, URWI (Inpartnership) Limited (an investment vehicle controlled jointly by WCC and HBOS plc) and West Coast Capital (Trading) Limited ("WCC Trading"), a wholly owned subsidiary of WCC. The consideration payable for the acquisition was £347,000, satisfied by the issue of 2,170,078 new Sigma ordinary shares of 1 pence each at a price of 16 pence per share. As a result of this acquisition, Sigma's headcount has increased from 13 to 23.

Under the terms of the agreement, in addition to the consideration payable, once Inpartnership has achieved a minimum overhead recovery in any one year, WCC Trading is entitled to a share of any future development profits from Inpartnership's existing projects (the "Development Profit"). Out of the first £10 million of Development Profit generated, Sigma will receive a minimum of £6.9 million with WCC Trading entitled to a maximum of £3.1 million. Thereafter, WCC is entitled to a 10 per cent share of any further Development Profit in perpetuity from the existing projects. Additional information on the Development Profit is included in the notes to this statement.

Founded in 2001 and operating from offices in Manchester and Birmingham, Inpartnership was established as an investment led property-related regeneration company, specialising in asset-backed partnerships with the public sector. Inpartnership has secured three partnerships, with Liverpool City Council,

Solihull Metropolitan Borough Council and Salford City Council, each ranging from 10 to 20 years' duration ("the Partnerships"). The Partnerships hold long term option arrangements with the respective local authorities for a mix of residential, commercial, education and health opportunities. In total, the Partnerships provide for the delivery of around 10,000 new homes, a significant number of new retail centres, health/medical centres, schools and mix of retail/leisure facilities. The total development value of the opportunities held within the Partnerships is estimated at over £2 billion. Further information on the Partnerships is set out in the notes to this statement.

We have made inroads into accelerating the business model with our three partner Councils and have created a number of further revenue generating opportunities which should see a rise in the Division's income in 2012. We have also created some significant opportunities for the Group through our discussions with institutional funders to provide funding for the development of housing across the Partnerships' land bank. In total we have the opportunity to deliver in excess of 15,000 new homes within the Partnerships as well as a major commercial development.

Our opportunities come from three key areas:

- > the generation of additional activity within each Partnership;
- > the creation of further partnerships with other Councils to replicate the model; and
- > the procurement of major finance to facilitate the Partnerships' goals.

We are making good progress on all three areas and will report further on this in our year end results.

As a result of the work we have been doing with funders for the long term financing of residential development, we have been engaged on two other projects. These require the raising of a total of £92m, which if we are successful would create substantial one-off fees for the Group.

Venture Capital Fund Management

Revenue from services for the first half was £1.3m (2010: £0.7m) although this included the compensation payment of £0.8m made by certain limited partners of the Sigma Sustainable Energy Fund II to Sigma. (This payment was part of the agreement whereby this fund has been capped at £12.4m and closed to new investment.) Excluding this compensation payment, revenue from the Venture Capital Fund Management Division as expected decreased to £0.6m (2010: £0.7m), reflecting the realisation phase that four of the six venture funds we manage are now in. The division traded profitably, generating a trading profit of £0.8m (2010: £12,000)

As the investment team manages the process of realising value from the investments held in the four historic funds, we expect the revenue generated by these funds to reduce but overall cash generated by the Venture Capital Fund Management Division to increase as Sigma's interests in the funds are realised. At 30 June 2011, Sigma's book value exposure to these four venture funds was £1.35m, spread across 19 investments and we would expect a number of realisations of investee companies to be achieved during 2012.

The first half of 2011 has seen continued revenue growth for a number of the investee companies, including Exterity Ltd, DEM Solutions Ltd, Onzo Ltd and AvilT Ltd. i-design group plc, an AIM quoted investee company, reported strong trading and in July 2011, stated that it expected to exceed market expectations for the year to 30 September 2011. Ampair Energy Ltd, Factonomy Ltd, IRT Surveys Ltd, Onzo Ltd and Pelamis Wave Power Ltd have all received follow-on investments during 2011. In addition, Aquamarine Power Ltd has completed two further equity funding rounds and obtained a £3.4m loan from Barclays Corporate which is the first time a UK marine energy project has succeeded in securing bank debt finance. We are expecting to see further follow-on investments in the balance of the year

and a number of the companies are now well placed for revenue growth in 2012.

In April we agreed the restructuring of the limited partners' commitments to the Sigma Sustainable Energy Fund II. The restructuring caps future draw downs by the fund at £3.5m, taking total maximum commitments to £12.4m. Future draw downs will be used for follow-on funding in the fund's existing investments and for Sigma's fund management fees for the next five years as currently contracted. The agreement also included a separate compensation payment to Sigma for £0.8m. In addition, as a result of the capping of the Sustainable Energy Fund II, Sigma's own limited partner commitment has reduced to £0.6m from £2.5m.

Over the next two to three years, the venture capital fund management business is expected to generate strong cash flows from a mix of management fees, retainers from investee companies and investment realisations from our own limited partnership interests.

Associate company – Frontier IP Group plc (“Frontier IP”)

On 31 January 2011, Frontier IP joined AIM, at the same time raising £1m (gross) in an associated placing of shares. The move represented a significant step forward for Frontier IP and should help to accelerate the company's development. It also resulted in Sigma's shareholding reducing to 46.7%. For the period, the holding in Frontier IP contributed total losses of £0.26m to Sigma's results. At 30 June 2011, the holding in Frontier IP was included in Sigma's balance sheet at a fair value £1.5m. The value of the shareholding in Frontier IP using the current share price of 25p is £0.8m.

Frontier IP made good progress over the first half. In May, it secured its third long term IP commercialisation partnership, signing a 10-year agreement with Plymouth University with a mutual option to extend for a further 10 years.

Plymouth University is ranked as one of the top 50 research universities in the UK and has a world-class reputation for its research into marine sciences, medical sciences, computer science and informatics and environmental sciences. Frontier IP also received a new equity stake in a spin out company from Robert Gordon University, Intelligent Flow Solutions Ltd, which provides software solutions to the oil and gas industry. There were encouraging developments amongst Frontier IP's existing portfolio companies although the appointment of administrators to B1 Medical Ltd in June was a disappointment. Post the period end, portfolio company Counterweight Ltd, which develops and sells clinician-led weight management programmes, completed its first funding round from investors and Frontier IP received two new equity stakes in spin out companies from University of Dundee. Both spin out companies, Glycobiotech Limited and Kinetic Discovery Limited, operate in the pharmaceutical sector.

The pipeline of opportunities from Frontier IP's university partners offers a number of good prospects and Frontier IP should be well placed to make further progress.

Board appointments

The Board has been strengthened with three new appointments in the last six months. In April 2011, reflecting Sigma's closer involvement with WCC, we were very pleased to welcome James McMahon, a founder partner of WCC, to the Board as a non-executive director.

Subsequently, in August 2011, we welcomed John Hamilton and Gwynn Thomson to the Board as executive directors. Both John and Gwynn were previously directors of the Property Division and their appointments reflect the growing importance of property activities to the Group.

Outlook

Sigma is now in better shape than in recent years. The opportunities in our Property Division have been revitalised, helped by the close commercial relationship we have developed with WCC and the recent acquisition of Inpartnership. We will be working hard to drive these opportunities forwards and will be investing further in specific projects. Our Venture Capital Fund Management team is focused on the realisation phase of our four historic venture funds and is positioned to generate strong cash flows over the next few years.

We have managed to maintain strong cash balances and have much greater visibility on our opportunities than ever before. We see 2011 as a year of consolidation and enabling us to build a strong platform for an exciting 2012. We cannot however ignore the return of great uncertainty in the markets generally and the inertia that brings and so continue to take a cautious view of costs and delivery.

David Sigsworth

Chairman

29 September 2011

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Revenue				
Revenue from services	4	1,579	867	1,836
Other operating income				
Loss on disposal of equity investments		(117)	-	-
Unrealised losses on the revaluation of investments	5	(106)	(713)	(417)
Total revenue		1,356	154	1,419
Cost of sales		(10)	(65)	(55)
Gross profit		1,346	89	1,364
Administrative expenses (net)		(1,006)	(1,207)	(2,344)
Impairment of goodwill		-	-	(1,366)
Provision for property guarantee		-	-	(1,250)
Profit/(loss) from operations		340	(1,118)	(3,596)
Finance income net of finance costs		4	18	31
Loss on disposal of controlling interest in Frontier IP Group Plc		(79)	-	-
Share of loss of associate		(140)	-	-
Profit/(loss) before tax		125	(1,100)	(3,565)
Taxation	6	-	-	(10)
Profit/(loss) after tax and for the period		125	(1,100)	(3,575)
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company		139	(1,048)	(3,539)
Minority interests		(14)	(52)	(36)
		125	(1,100)	(3,575)
Earnings/(loss) per share attributable to the equity holders of the Company:				
Basic earnings/(loss) per share	7	0.32p	(2.24)p	(7.59)p
Diluted earnings/(loss) per share	7	0.32p	(2.24)p	(7.59)p

All of the Group activities are classed as continuing and there were no comprehensive gains or losses in any period other than those included in the statement of comprehensive income.

Consolidated Statement of Financial Position

At 30 June 2011

	As at 30 June 2011 (unaudited) £'000	As at 30 June 2010 (unaudited) £'000	As at 31 December 2010 (audited) £'000
ASSETS			
Non-current assets			
Property and equipment	27	20	15
Goodwill	123	3,846	2,209
Investment in associate	1,487	-	-
Financial assets at fair value through profit and loss	1,365	1,661	2,057
Deferred tax asset	-	10	-
Long term loan	-	44	-
Non-current cash	-	1,250	-
	3,002	6,831	4,281
Current assets			
Trade receivables	371	376	389
Other current assets	187	282	145
Trading investments	163	31	53
Short term loan	-	94	-
Cash and cash equivalents	1,826	2,016	1,821
	2,547	2,799	2,408
Total assets	5,549	9,630	6,689
LIABILITIES			
Current liabilities			
Trade and other payable	572	1,173	1,007
Total liabilities	572	1,173	1,007
Net assets	4,977	8,457	5,682
EQUITY			
Equity attributable to owners of the parent			
Called up share capital	434	468	434
Share premium account	4,196	4,196	4,196
Capital redemption reserve	34	-	34
Merger reserve	(249)	(249)	(249)
Share based payment reserve	151	144	144
Capital reserve	(7)	(7)	(7)
Retained earnings	418	3,378	279
	4,977	7,930	4,831
Non-controlling interests	-	527	851
Total equity	4,977	8,457	5,682

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Capital reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total equity attributable to owners of the parent £'000
At 1 January 2010	468	4,196	-	(249)	(7)	137	4,487	9,032
Dividends	-	-	-	-	-	-	(94)	(94)
Loss for the period	-	-	-	-	-	-	(1,048)	(1,048)
Share-based payments	-	-	-	-	-	7	33	40
At 30 June 2010	468	4,196	-	(249)	(7)	144	3,378	7,930
Purchase of own shares	(34)	-	34	-	-	-	(327)	(327)
Loss on disposal of shares in Frontier IP Group Plc	-	-	-	-	-	-	(269)	(269)
Loss for the period	-	-	-	-	-	-	(2,491)	(2,491)
Share-based payments	-	-	-	-	-	-	(12)	(12)
At 31 December 2010	434	4,196	34	(249)	(7)	144	279	4,831
Profit for the period	-	-	-	-	-	-	139	139
Share-based payments	-	-	-	-	-	7	-	7
At 30 June 2011	434	4,196	34	(249)	(7)	151	418	4,977

	Total equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2010	9,032	579	9,611
Dividend paid	(94)	-	(94)
Loss for the period	(1,048)	(52)	(1,100)
Share-based payments	40	-	40
At 30 June 2010	7,930	527	8,457
Purchase of own shares	(327)	-	(327)
Loss on disposal of shares in Frontier IP Group Plc	(269)	-	(269)
Loss for the period	(2,491)	16	(2,475)
Share-based payments	(12)	13	1
Increase in minority interest	-	295	295
At 31 December 2010	4,831	851	5,682
Disposal of controlling interest in Frontier IP Group Plc	-	(837)	(837)
Profit/(loss) for the period	139	(14)	125
Share-based payments	7	-	7
At 30 June 2011	4,977	-	4,977

Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Cash flows from operating activities				
Cash generated from/(used in) operations	8	207	(205)	(1,622)
Interest paid		-	-	-
Tax paid		-	-	-
Net cash generated from/(used in) operating activities		207	(205)	(1,622)
Cash flows from investing activities				
Net cash outflow from dilution of holding in Frontier IP Group Plc		(84)	-	-
Disposal of shares in Frontier IP Group Plc		-	-	297
Purchase of property and equipment		(19)	(2)	(8)
Purchase of financial assets at fair value through profit and loss		(29)	(170)	(331)
Disposal of financial assets at fair value through profit and loss		24	79	92
Purchase of trading investments		(114)	-	-
Disposal of trading investments		16	-	-
Long term loan		-	-	44
Short term loan		-	31	125
Interest received		4	15	33
Net cash (used in)/generated from investing activities		(202)	(47)	252
Cash flows from financing activities				
Purchase of own shares		-	-	(327)
Dividend paid		-	(94)	(94)
Net cash used in financing activities		-	(94)	(421)
Net increase/(decrease) in cash and cash equivalents		5	(346)	(1,791)
Cash and cash equivalents at beginning of period		1,821	3,612	3,612
Cash and cash equivalents at end of period		1,826	3,266	1,821

Notes

1. General information

The Company is a limited liability company incorporated in England and with its registered office at NorthWest Wing, Bush House, Aldwych, London WC2B 4EZ. The Company's trading office is situated at 41 Charlotte Square, Edinburgh EH2 4HQ.

The Company is quoted on AIM.

This condensed consolidated interim financial information was approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 29 September 2011.

This condensed consolidated interim financial information has not been audited or reviewed by the Company's auditor.

2. Basis of presentation

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The comparatives for the full year ended 31 December 2010 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 sections 498(2) or 498(3) of the Companies Act 2006.

3. Accounting policies

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 31 December 2010 as described in the Group's Annual Report for that year and as available on our website www.sigmacapital.co.uk. No new standards that have become effective in the period have had a material effect on the Group's financial statements.

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

4. Segmental information

The chief operating decision-maker has been identified as the Group board of directors. The board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. All of the Group's activities are carried out in the UK.

Notes (continued)

4. Segmental information (continued)

The board of directors assesses the performance of the operating segments based on turnover, trading profit and operating profit.

	Venture Capital £'000	Property £'000	Frontier IP £'000	Intra Group adjustments £'000	Total £'000
Six months ended 30 June 2011					
Revenue from services	1,359	219	8	(7)	1,579
Trading profit/(loss)	815	(211)	(41)	-	563
Loss on disposal of equity investments	(117)	-	-	-	(117)
Unrealised loss on the revaluation of investments	(106)	-	-	-	(106)
Profit/(loss) from operations	592	(211)	(41)	-	340
Finance income	21	1	-	(18)	4
Finance costs	-	(18)	-	18	-
Loss on disposal of controlling interest in Frontier IP Group Plc					(79)
Share of loss of associate					(140)
Profit/(loss) before tax	613	(228)	(41)	-	125
Six months ended 30 June 2010					
Revenue from services	715	124	53	(25)	867
Trading profit/(loss)	12	(233)	(184)	-	(405)
Unrealised loss on the revaluation of investments	(668)	-	(45)	-	(713)
Loss from operations	(656)	(233)	(229)	-	(1,118)
Finance income	34	2	-	(18)	18
Finance costs	-	(18)	-	18	-
Loss before tax	(622)	(249)	(229)	-	(1,100)
Year ended 31 December 2010					
Revenue from services	1,437	318	131	(50)	1,836
Trading profit/(loss)	137	(367)	(333)	-	(563)
Unrealised (loss)/profit on the revaluation of investments	(590)	-	173	-	(417)
Loss from operations	(453)	(367)	(160)	-	(980)
Impairment of goodwill	-	-	-	(1,366)	(1,366)
Provision for property guarantee	-	(1,250)	-	-	(1,250)
Loss from operations after exceptional items	(453)	(1,617)	(160)	(1,366)	(3,596)
Finance income	64	3	-	(36)	31
Finance costs	-	(36)	-	36	-
Loss before tax	(389)	(1,650)	(160)	(1,366)	(3,565)
Total net assets					
Six months ended 30 June 2011	5,498	(2,527)	-	2,006	4,977
Six months ended 30 June 2010	9,403	(842)	2,394	(2,498)	8,457
Year ended 31 December 2010	4,974	(2,312)	2,464	556	5,682

5. Unrealised losses on the revaluation of investments

The total fair value adjustments made against investments during the period, both financial assets at fair value through profit and loss and trading investments, is set out below.

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Financial assets at fair value through profit and loss:			
- Venture capital assets	(93)	(343)	(313)
- Frontier IP assets	-	(45)	173
Trading investments	25	(17)	5
Provision against commitment to Venture Fund limited partners	(38)	(308)	(282)
	(106)	(713)	(417)

6. Taxation

The taxation expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year. Management expects that there will be no taxation expense for the year due to the availability of trading losses brought forward. The tax charge for the year ended 31 December 2010 was a deferred tax charge.

7. Earnings per share

The calculation of the basic earnings/(loss) per share is for the six months ended 30 June 2011 (six months ended 30 June 2010; year ended 31 December 2010) and is based on the profits/(losses) attributable to the shareholders of Sigma Capital Group plc divided by the weighted average number of shares in issue during the year.

	Profit/(loss) attributable to shareholders £'000	Weighted average number of shares £'000	Basic earnings/(loss) per share pence
Period ended 30 June 2011	139	43,401,578	0.32
Period ended 30 June 2010	(1,048)	46,772,435	(2.24)
Year ended 31 December 2010	(3,359)	46,635,056	(7.59)

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive ordinary shares, those share options granted where the exercise price is less than the average price of the Company's shares during the period. Diluted earnings/(loss) per share is calculated by dividing the same profit/(loss) attributable to equity holders of the Company as above by the adjusted number of ordinary shares in issue during the six months ended 30 June 2011 of 43,401,578 (2010: six months 46,934,699; full year 46,728,458). For the six months ended 30 June 2010 and the year ended 31 December 2010, as the calculation for dilutive loss per share reduces the net loss per share, the diluted loss per share shown is the same as the basic loss per share.

Notes (continued)

8. Cash used in operations

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Profit/(loss) before tax	125	(1,100)	(3,565)
<i>Adjustments for:</i>			
Loss arising on disposal of controlling interest in Frontier IP Group Plc	79	-	-
Result of associate	140	-	-
Share-based payments	7	40	41
Depreciation	8	17	28
Net finance income	(4)	(18)	(31)
Impairment of goodwill	-	-	1,366
<i>Changes in working capital:</i>			
Trade and other receivables	(78)	47	99
Other financial assets at fair value through profit or loss	223	405	135
Trade and other payables	(293)	404	305
	207	(205)	(1,622)

9. Sigma Inpartnership Limited

Development Profit

The entitlement of WCC Trading to a share of the Development Profit only relates to any development profit arising from Inpartnership's existing projects at the date of acquisition by Sigma. To the extent that all other revenue generated by Inpartnership in any one year does not cover its overheads (with such overheads capped at £825,000), any Development Profit will be retained by Sigma to meet the overheads of Inpartnership. Over and above this entitlement to meet overheads, the Development Profit is to be split as follows:

1. The first £560,000 of Development Profit split 25 per cent. (£140,000) to Sigma and 75 per cent. to WCC Trading (£420,000);
2. The next £1.26 million of Development Profit split 50 per cent. to Sigma (£630,000) and 50 per cent. to WCC Trading (£630,000);
3. The next £8 million of Development Profit split 75 per cent. to Sigma (£6 million) and 25 per cent. to WCC Trading (£2 million);
4. Thereafter WCC Trading will receive a 10 per cent. share of any Development Profit with Sigma retaining 90 per cent.

Major projects

In-Liverpool LLP

In-Liverpool LLP (the “Liverpool Partnership”) is a limited liability partnership formed in March 2007 between Liverpool City Council and Inpartnership. It has been established to re-develop any surplus land assets at the discretion of the Council.

The Liverpool Partnership holds a 10-year option agreement over a 60 acre site in the Norris Green area of the City, five miles from Liverpool City centre. It already holds outline planning consent for the development of over 1,100 new homes on this site. The site is largely cleared and ready for development and is classified as the first phase of the regeneration programme. Discussions are well advanced for the option arrangements to be extended across a number of additional sites. Land in the Liverpool Partnership can be developed using any combination of the following three ways: by the Liverpool Partnership – Inpartnership earns a management fee and participates in a profit share; by Inpartnership – Inpartnership earns a fee and an agreed priority profit; or by the Liverpool Partnership selling a site on the open market – Inpartnership earns a percentage of the sales price achieved. At least 20 per cent. of the land must be disposed of by sale on the open market.

The North Solihull Partnership

The North Solihull Partnership (the “NS Partnership”) is a limited partnership formed in May 2005 between Solihull Metropolitan Borough Council, Bellway Homes, Whitefriars Housing Association and Inpartnership. The NS Partnership was created to regenerate the entire North Solihull area of around 1,000 acres over a 15 to 20 year period. Plans provide for approximately 8,125 new homes, five new primary schools, four fully refurbished primary schools and five new village centres with retail, commercial, health and community uses.

The NS Partnership has to date delivered approximately 670 new homes and three primary schools with planning permission now obtained for the fourth school. Planning permission has also been obtained for the first village centre building, which is a retail and office building of 30,000 sq ft, and it is hoped this will be on site in late 2011. Inpartnership manages the schools delivery programme, the village centres and associated infrastructure. Inpartnership is also responsible for the delivery of the commercial development across the area for an agreed fee and priority profit arrangement.

Inpartnership is working with the NS Partnership to invest in the significant residential programme, in particular for the private and intermediate rental markets.

Notes (continued)

9. **Sigma Inpartnership Limited** (continued)

Higher Broughton Partnership – Salford

The Higher Broughton Partnership (the "Salford Partnership") is a limited partnership formed in 2004 between Salford City Council, Royal Bank of Scotland and Inpartnership Ltd.

The Salford Partnership holds an option over approximately 30 acres of land in Higher Broughton in Salford, some 1.5 miles from Manchester city centre. The Salford Partnership is seven years into a 12-year programme of development and has completed 250 new homes and a new community facility, and is currently in the final negotiations for the delivery of a new health centre and approximately 6,700 sq.ft. of local retail units. The land can be drawn down and developed by Inpartnership or the Salford Partnership at a fixed price per acre. Inpartnership manages all the development work and is paid a management fee on a project by project basis. Development profits and enhanced land values are shared among the partners on a deal by deal basis. The next five years will see the development of a further 80 new homes and the development of the final main street frontage site previously housing a high rise apartment block.

10. **Copies of the interim financial statements**

Copies of the Half Yearly Report 2011 will be sent to shareholders and copies will be available on request from the Company's office at 41 Charlotte Square, Edinburgh EH2 4HQ no later than 31 October 2011 and on the Company's website, www.sigmacapital.co.uk.

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