VOLUNTARY AND CONDITIONAL PUBLIC TAKEOVER BID IN CASH

possibly followed by a squeeze-out

BY

SYNGENTA CROP PROTECTION AG

a wholly owned subsidiary of Syngenta AG

FOR ALL SHARES AND WARRANTS

ISSUED BY

deVGen

a public limited liability company under Belgian Law

at the price of EUR 16.00 in cash per Share, and
a price per Warrant varying according to the category in which the Warrant must be classified.

The Acceptance Period will commence on 14 November 2012 and close on 5 December 2012 (inclusive).

Acceptance Forms can be filed at the counters of KBC Bank NV or KBC securities NV, either directly or via a financial intermediary.

The Prospectus and the Acceptance Forms may be obtained free of charge at the counters of KBC Bank NV or KBC Securities NV (or via +32(0) 3 283 29 70 (KBC Telecenter)). An electronic version of the Prospectus is also available at the following websites: www.kbc.be, www.kbcsecurities.be and www.syngenta.com.

SUMMARY OF THE PROSPECTUS

Notice

This summary does not purport to be complete and only includes selected information on the Takeover Bid. It should be read as an introduction to, and is qualified in its entirety by the more detailed information included elsewhere in this Prospectus. Any decision whether or not to accept the Takeover Bid must be based on a careful and exhaustive examination of the Prospectus as a whole.

No civil liability can be attributed to anyone solely on the basis of this summary, including any translation hereof, unless if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The capitalized terms used in this summary which are not expressly defined herein, shall have the meaning attributed to them in the Prospectus.

Bidder

The Bidder is Syngenta Crop Protection AG, a company limited by shares under Swiss law, with its main office at Schwarzwaldallee 215, 4058 Basel, Switzerland, CH-270.3.011.275-4 (the "**Bidder**").

The Bidder is a wholly owned subsidiary of Syngenta AG, one of the world's leading agribusiness companies with more than 26,000 employees in some 90 countries. Syngenta AG's ambition is to help growers deliver greater food security to an increasingly crowded world in an environmentally sustainable way. That calls for a step change in productivity and resource efficiency – on both the world's 5 million large farms and its 450 million smallholdings.

Syngenta AG's strategy is based on the development of a fully integrated offer for growers on a global crop basis. By building on the combined strength of the company's crop protection and seeds businesses, and combining innovation in genetic and chemical solutions, Syngenta AG is able to provide integrated solutions to growers.

As a leading global agribusiness, Syngenta AG operates through five business segments: North America (NA), Europe, Africa and Middle East (EAME), Latin America (LATAM), Asia Pacific (APAC) and Lawn & Garden. The four regional business segments focus on Syngenta's expertise in plant breeding, crop protection and seed care to deliver solutions to the eight core crops (rice, corn, vegetables, soybean, cereals, diverse field crops, sugar cane and specialty crops). The Lawn & Garden segment provides professional growers and consumers with quality flowers, turf and landscape products.

The shares of Syngenta AG are listed on the SIX Swiss Stock Exchange (SYNN). Syngenta AG also has American depositary receipts listed on the New York Stock Exchange (SYT).

Devgen

The target is Devgen, a public limited liability company under Belgian law, with registered address at Technologiepark 30, 9052 Ghent – Zwijnaar de, RPR (Ghent) 0461.432.562 ("**Devgen**").

Devgen is an agro-biotech company developing and commercializing hybrid seeds and crop protection solutions. Since 1997, Devgen has conducted pioneering research in RNAi-based crop protection applications and has developed enabling technology, RNAi sprays and RNAi-based biotech traits for itself and on behalf of corporate partners.

Devgen is shaping the field of hybrid rice in India and Southeast Asia by using advanced biotechnology and molecular breeding technology to develop the Next Generation Hybrid Rice (NGHR™) seeds:

- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions.

Devgen's European headquarters are located in Ghent (Belgium), and Devgen has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (USA), with around 250 staff in total.

Devgen is quoted on NYSE Euronext Brussels (DEVG), following its initial public offering on 7 June 2005.

Bid

Nature of the Bid

The Takeover Bid is a voluntary conditional bid made in accordance with Chapter II of the Royal Decree on Takeover Bids. The Takeover Bid is solely in cash.

The Takeover Bid relates to all Shares, including all Shares that are issued as a result of the exercise of the Warrants, and Warrants issued by Devgen.

For the avoidance of doubt, the Takeover Bid does not extend to VVPR Strips issued by Devgen.

The Bidder also intends to launch a squeeze-out in accordance with article 513 of the Companies Code and the Royal Decree on Takeover Bids, if the conditions for such a squeeze-out are met.

Bid Price and payment

The Bid Price per Share is EUR 16.00.

The Bid Price for Warrants is different for each category of Warrants, depending on the strike price and maturity of the Warrants:

Warrant plan	Strike price (EUR per Warrant)	Maturity date	Number of warrants outstanding	Bid Price (EUR per Warrant)
Warrants 2005	9.49	11/12/2015	103,000	8.64
	9.49	11/12/2020	1,112	11.01
	11.54	11/12/2020	7,880	10.38
	11.54	30/09/2012	0	4.49
	11.67	11/12/2020	5,220	10.34
	11.67	11/12/2015	5,256	7.59
	11.67	30/09/2012	0	4.36
	14.25	11/12/2015	6,000	6.55
	21.61	11/12/2015	24,588	4.47
	21.61	11/12/2020	8,568	8.16
	21.61	30/09/2012	0	0.04
	21.61	24/02/2014	360	2.44
	20.73	11/12/2015	206,016	4.66
	13	11/12/2020	13,140	9.97
	13	30/09/2012	0	3.13
	13	24/02/2014	1,054	5.38
	13.26	11/12/2020	10,008	9.91
Warrants for Employees, CEO and Consultants 2008	13.26	19/06/2018	15,000	8.61
	3.50	19/06/2018	50,774	13.13
	10.49	19/06/2018	26,632	9.57

	5.61 5.53	19/06/2018 19/06/2018	70,119 81,828	11.82 11.87
Warrants for Employees, CEO and Consultants 2008 (India Sub-Plan)	3.5 10.49 5.61	19/06/2018 19/06/2018 19/06/2018	166,736 20,112 56,751	13.13 9.57 11.82
Warrants for Directors 2008	14.40	19/06/2013	8,793	3.74
Warrants CEO 2009	6.65	23/07/2014	300,000	9.81
Warrants for Directors 2009	6.65	23/07/2014	30,000	9.81
Warrants CEO & Directors 2010	8.78	31/05/2015	30,000	8.74
Warrants CEO & Directors 2011	6.78	31/05/2016	115,436	10.43
Warrants for Employees, CEO and Consultants 2012	5.43	31/05/2022	32,311	12.92
Warrants CEO & Directors 2012	5.43	31/05/2017	74,311	11.62

In case of a successful Bid, the Bid Price will be paid, at the latest, on the tenth (10) Business Day following the announcement of the results of the Initial Acceptance Period. The Bidder currently intends to pay the Bid Price on 17 December 2012.

In case of a reopening of the Takeover Bid, the Bid Price that will be tendered in the framework of such a reopening will be paid, at the latest, on the tenth (10) Business Day following announcement of the results of the relevant subsequent Acceptance Period(s).

Conditions of the Bid

The Takeover Bid is subject to the following conditions precedent:

a) as a result of the Takeover Bid (or, as the case may be, the exercise of the call option granted by certain shareholders to the Bidder), the Bidder will hold at least 80% of all outstanding shares of Devgen;

b) between the date of the publication of the Takeover Bid and the publication of the results of the Takeover Bid, no events, facts or circumstances will have occurred (including a breach or loss of a material intellectual property right and a breach of a material regulatory obligation of Devgen or its subsidiaries), beyond Syngenta’s control, that have, or are at that moment reasonably likely to have (in such case, as confirmed by an independent expert) a potential negative impact of, in the aggregate, more than EUR 4,000,000 (four million Euros) on the consolidated revenues of Devgen for 2012 (a “**Material Adverse Change**”); provided, however, that none of the following shall constitute a Material Adverse Change: (i) any change in the market price or trading volume of Devgen shares for reasons not related to Devgen's business operations; (ii) any general evolution on the stock exchange markets; (iii) any adverse effect resulting from or arising out of the announcement or anticipated consummation of the Takeover Bid (other than as a result of any termination right or additional obligation being triggered in respect of an agreement to which Devgen or any of its subsidiaries is a party) or (iv) any change arising out of conditions affecting the economy or industry of Devgen in general which does not affect Devgen in a materially disproportionate manner relative to other participants in the economy or such industry, respectively;

c) between the date of the publication of the Takeover Bid and the publication of the results of the Takeover Bid, (i) no licensing (in or out) agreements, partnerships or similar agreements will have been entered into by Devgen or its subsidiaries (a) with a commitment in excess of EUR 500,000 (five hundred thousand Euros), (b) or a duration of more than 1 (one) year in case of research agreements and 2 (two) years for any other agreements, (c) in relation to key assets pursuant Articles 556, 557 and 607 of the Companies Code, and (d) containing terms limiting significantly Devgen's future freedom to operate, such as by including exclusivity, cross-licensing obligations, and similar provisions, (ii) no agreements, no resolutions or no commitments that, in accordance with Articles 556, 557 and 607 of the Companies Code, would require the approval of Devgen's shareholders' meeting have been or will have been entered into, decided upon or made, (iii) no dividend or other distribution (to be resolved upon by the shareholders' meeting or requiring a statutory authorization of the board of directors) has or will have been decided, paid or made by Devgen or its subsidiaries, and (iv) no material changes will have been made to Devgen's or its subsidiaries' articles of association and/or corporate governance rules.

These conditions are exclusively for the benefit of the Bidder, who has the right to waive any of them in whole or in part. If any of the above conditions are not met, the Bidder will announce its decision whether or not it waives such condition at the time of announcement of the results of the Initial Acceptance Period at the latest.

Indicative timetable

Event	**(Anticipated) date**
Filing of the Takeover Bid with FSMA	21 September 2012
Regulatory announcement of the Takeover Bid by FSMA	21 September 2012
Approval of the Prospectus by FSMA	08 November 2012
Approval of the Memorandum in Response by FSMA	08 November 2012
Publication of the Prospectus	13 November 2012
Opening of the Initial Acceptance Period	14 November 2012

Closing of the Initial Acceptance Period	5 December 2012
Announcement of the results of the Initial Acceptance Period (and confirmation by the Bidder whether the conditions of the Takeover Bid are met or, should this not be the case, whether the Bidder waives them or not)	12 December 2012
Initial Settlement Date	17 December 2012
Mandatory reopening of the Takeover Bid (should the Bidder (together with its affiliated persons) hold at least 90% of the shares in Devgen as a result of the Bid); such reopening will have the effect of a squeeze-out if the Bidder (together with its affiliated persons) holds at least 95% of the shares in Devgen as a result of the Bid	28 December 2012
Closing of the Acceptance Period of the mandatory reopening	21 January 2013
Announcement of the results of the mandatory reopening	28 January 2013
Settlement Date of the mandatory reopening	31 January 2013
Opening squeeze-out period (if the mandatory reopening did not already have the effect of a squeeze-out; subject to the thresholds as mentioned above)	7 February 2013
Closing of the Acceptance Period of the squeeze-out	27 February 2013
Announcement of the results of the squeeze-out	6 March 2013
Settlement Date of the squeeze-out	11 March 2013

These dates are only indicative and subject to change. Some dates are based on the maximum periods prescribed by the Law on Takeover Bids and the Royal Decree on Takeover Bids, which periods may be shortened. The effective dates will be communicated through the Belgian financial press.

Objectives and intentions of the Bidder

Syngenta believes that the acquisition of Devgen is a strong strategic fit in rice and complementary in terms of its modern portfolio of crop protection products and with Syngenta's desire to develop and deliver integrated solutions such as TEGRA^{TM}, which address key farmer pain-points while delivering a step change in smallholder farmer productivity and incomes. Syngenta management further believes that Devgen's visionary investment to create market leading hybrids with the potential to deliver yields 20% higher than other popular rice seed varieties will accelerate Syngenta's ability to implement its integrated rice strategy and in turn contribute to achieving the goals of the food security agendas of emerging markets such as India, Bangladesh, Indonesia, Philippines and Vietnam. Syngenta's acquisition of Devgen fits with its stated goal of developing and commercialising best-in-class modern technologies for small holder rice farmers around the globe. The opportunity to complement Syngenta's strong focus on educating farmers on how to use its technologies to achieve the best results will be further enhanced not only by Devgen’s strong hybrid pipeline, but also by its commercial teams in key geographies.

Syngenta’s acquisition of Devgen also fits with Syngenta's ambition to expand its market leadership in insect control solutions through the deployment of novel RNAi technologies in developing biological solutions.

Overall, Syngenta strongly believes that Devgen has demonstrated leading research capabilities, encompassing a deep pipeline of innovative hybrid rice products, germplasm and biotechnologies such as RNAi, bioinformatics and gene based discovery platforms. Moreover, Syngenta’s capabilities in crop protection, genotyping, genomics and trait development are highly complementary resulting in a market-leading R&D platform.

Through this Takeover Bid, the Bidder intends to privatize and delist Devgen from the regulated market of NYSE Euronext Brussels at a Bid Price comprising an attractive premium. Even if the conditions for a squeeze-out are not satisfied, the Bidder reserves the right to apply for a delisting of the Shares pursuant to article 7, §4 of the Law of 2 August 2002, in which case such delisting will need approval from NYSE Euronext Brussels and will only become effective if the FSMA has no objections. Where appropriate, the Bidder can also consider, in the interest of Devgen, to apply for a listing on a non-regulated market (multilateral trading facility). In accordance with Article 7, §4 of the Law of 2 August 2002, NYSE Euronext Brussels may delist financial instruments if (i) it considers that, due to exceptional circumstances, a normal and regular market can no longer be maintained for these financial instruments, or (ii) these financial instruments would fail to comply with the rules of the regulated market, except if such a measure is likely to significantly harm investors’ interests or to impair the proper functioning of the market. NYSE Euronext Brussels must inform the FSMA of any proposed delisting. The FSMA may, in consultation with NYSE Euronext Brussels, oppose the proposed delisting in the interest of investor protection (see section 5.7 of the Prospectus for more details).

Justification of the Bid Price

Reference is made to section 5.1.4 of the Prospectus for an extensive justification of the Bid Price.

Shares

Several valuation methodologies have been considered to determine the bid price for Devgen shares:

- Historical share price performance of Devgen;
- Target share prices set by equity research analysts;
- Premia observed in precedent Belgian public takeover bids;
- Premia observed in recent biotechnology public takeover bids;

- Discounted Cash Flow (“DCF”).

The driving factors in determining the final bid price have been three key methodologies: premia observed in precedent Belgian public takeover bids, the premia observed in recent biotechnology public takeover bids and, to the extent possible, the DCF.

(i) Historical share price performance of Devgen

The historical trading performance of the Devgen share is a relevant reference point in order to determine the Bid Price. Devgen is listed on Eurolist by Euronext Brussels as of June 2005, following the initial public offering issuing 4,000,000 new shares at a price of EUR 7.5 per share.

The Bid Price offers (i) a 70% premium to the closing price as of 20 September 2012, *i.e.* the day prior to the date on which the Bidder notified the FSMA of its intention to launch the Takeover Bid, and (ii) a premium of 209% to the closing price as of 11 May 2012, *i.e.* the last trading day before Devgen’s announcement of a six-year global license and research agreement in the field of insect control with Syngenta (the “**License Agreement**”). A comparison between the Bid Price and the 60 days volume weighted average price (“VWAP”) as per 20 September 2012 results in a premium of 72%.

Devgen’s share price increased by 82% since the announcement of the licensing deal. On a year-to-date basis, Devgen has significantly outperformed the BEL Small Cap index, which increased by just 9%, compared to an increase of 77% of the Devgen share price as per 20 September 2012, or 200% taking into account the Bid Price.

(ii) Target share prices of equity research analysts

Three equity analysts (*i.e.* KBC Securities, Kempen & Co, Petercam) cover Devgen’s stock, and all have published new target share prices for Devgen post the announcement of the License Agreement. The Bid Price implies a premium of 86% over the average target price set by the issued equity research reports (EUR 8.60 per share as of 20 September 2012). In the Bidder’s opinion, all equity research analysts have closely tracked the stock over the last years. They have therefore developed an in-depth understanding of the business model of Devgen and are experienced in analysing the fundamental value of the company. It should be noted that these prices reflect price targets in 6 or 12 months’ time whereas the Bid Price is effective on the Announcement Date. Taking into account time value of money, the Bid Price is considered to incorporate an even larger premium over the present value of the average target price set by the research analysts.

(iii) Premia observed in precedent Belgian public takeover bids

Premia observed in precedent Belgian public takeover bids have been analysed in order to compare the Bid Price and its implied premium with average public takeover premia paid in Belgium. The

Bid Price reflects a premium of 74% compared to Devgen's share price 4 weeks prior to the announcement. This represents a significantly higher premium over the data points observed in public transactions in Belgium since 2002, where the average premium to a target's share price 4 weeks prior to the announcement was 33%.

(iv) Premia observed in recent public biotechnology takeover bids

Moreover, premia in precedent public takeover bids in the biotechnology sector have been analysed in order to compare Syngenta's Bid Price and its implied premium to average premia paid in precedent public biotechnology transactions. The bid premium of 74% to the share price 4 weeks prior to the announcement represents a significantly higher premium over the average premium of 53% over the same timeframe observed in public transactions in the biotechnology sector since 2002.

(v) Discount Cash Flow method ("DCF")

The forecasting of long-term development and potential trends based on fundamental analysis poses significant challenges, considering Devgen's business and financial profile, its currently loss making status and its early stage market positioning. Furthermore, Syngenta performed limited due diligence and was not granted access to forward-looking statements, which coupled with the sparse availability of relevant information in the public domain, leads to the conclusion that performing a reliable detailed DCF valuation based on the company's fundamental data has limited ground to be applicable. No detailed DCF valuation could be applied by Syngenta on Devgen on a stand-alone basis. The valuation was thus, being the target a strategic opportunity, based on macroeconomic data such as the global population trends, the overall growth of the Asian rice market, the rice hybridisation potential and the long term prospects of Devgen in this context.

Asia currently represents 90% of the global rice production and with the global population growing to 9 billion by 2050, the annual average yield increase must rise from 50kg/ha today to 71kg/ha by 2030 in order to meet the growing demand for food and ensure farm productivity.[1] Syngenta has therefore analysed the overall market potential and demand for hybrid rice in South Asia and the ASEAN region, which is expected to grow from current 3m planted hectares to 25m by 2027 leading to a 30% hybridization of the rice market. In fact, Syngenta expects that the Indian and South East Asian hybrid rice markets may follow a similar adoption rate as it was observed in China in the period 1976 – 2000[2], which may lead to a 20-fold increase of the hybrid seed market size to over $1 billion in both India and South East Asia.[3] In these markets, Syngenta expects that

[1] The data was retrieved from a number of sources including the USDA, FAO of the UN and FAPRI for longer term projections as well as internal Syngenta estimates.

[2] Rice is a critical component in the Chinese diet and paramount to China's food security strategy. With a surge in population growth and the need to feed an increasing number of people, the Chinese government together with research institutions and private companies advanced the hybridization of rice starting in 1976 in order to ensure better yields and a stable supply.

[3] The Indian and South East Asian markets are also experiencing a strong population growth which is bound to continue over the next

Devgen could capture substantial value, given its strengths in next generation hybrid rice, including enhanced yield, lower cost of goods, improved product value and reduced product development cycles.

(vi) Comparable trading and transaction multiples

Alternatively, the Bid Price may also be assessed by reference to the valuation of comparable publicly-listed companies and multiples paid in similar change of control transactions. However, trading multiples and multiples paid in precedent transactions in the agrochemical sector are viewed as less relevant benchmarks for Devgen given (i) the lack of relevant comparable companies at the same stage of development and of similar size and (ii) the fact that Devgen is not profitable yet. Therefore they cannot be considered as applicable reference points.

Taking into account the specific characteristics of Devgen, the uncertainties of the available long term and macro-economic data, no reliable calculated valuation method can be applied. The final bid price was therefore also based on potential synergies between Syngenta and Devgen, macro-economic data and negotiations with the Reference Shareholders. In conclusion, having reviewed various valuation methodologies, the Bidder is convinced that the Bid Price is a substantially attractive offer for Devgen's shareholders as it reflects a significant premium over all valuation reference points described above.

Warrants

The Bidder has valued the Warrants using the Black-Scholes option pricing model detailed in section 5.1.4 of the Prospectus. The model uses the following assumptions:

- **Reference share price**: EUR 16.00
- **Dividends**: Zero dividends, given that Devgen does not pay dividends
- **Maturities and strike prices:** as applicable to each warrant plan
- **Interest rates**: Euribor-Future swap rates with maturities corresponding to the remaining maturity of the individual warrants
- **Valuation time**: as of 24 August 2012

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years. As in China, food supply and food security will certainly play an important role in these markets. The overall hybridization of rice will depend on many factors including adaptability of the hybrid varieties, grain quality that fit consumer preferences, development of agricultural infrastructure, grower training for improved agronomy practices etc. It is not possible to estimate the exact increase of hybrid rice in these markets, however, Syngenta assumes that the hybrid adoption rate could follow the Chinese example over a similar period of time given the current knowledge of the markets and general conditions.

- **Implied volatility:** 52%.

Support for the Bid

Reference Shareholders

On 20 September 2012 the Bidder entered into four separate agreements with the following Security Holders of Devgen who in total represent 47.50% of the Shares and 36,000 Warrants (together the "**Reference Shareholders**"):

- an agreement with O.G.B.B. A. Van Herk B.V. and Van Herk Global Agri B.V.;
- an agreement with Biovest Comm.VA and Rudi Mariën;
- an agreement with Madeli Participaties B.V.; and
- an agreement with Gimv NV and its concerted parties Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV.

Pursuant to these agreements, each of the Reference Shareholders undertook:

- to tender all their Securities into the Takeover Bid or if applicable, any counter-offer or higher offer launched by the Bidder;

- not to solicit any offer on Devgen;

- to positively recommend the Takeover Bid, or if applicable, any counter-offer or higher offer launched by the Bidder, and exercise (or procure the exercise of) the voting rights attached to their Securities on any resolution in a manner which would assist the implementation of the Takeover Bid;

- not to purchase, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any Security other than pursuant to the acceptance of the Takeover Bid, or if applicable, any counter-offer or higher offer launched by the Bidder;

- not to accept or undertake to accept any offer of merger, split or other business combination in any circumstances, declare or accept the declaration of dividends, undertake any actions which would have a material impact on the assets, obligations, liabilities or prospects of Devgen or its subsidiaries, or otherwise exercise or permit the exercise of the voting rights attached to the voting rights attached to Securities in any manner which would frustrate the Takeover Bid or allow the Takeover Bid to become or be declared invalid or unconditional;

provided that,

- in case the Takeover Bid is withdrawn by the Bidder, the above-mentioned undertakings will lapse;

- in case of a public takeover bid on Devgen which (i) is launched in competition with the Takeover Bid, or with any counter-offer or higher offer by the Bidder, (ii) is not solicited by the Reference Shareholders, and (iii) exceeds the Bid Price by 5% or more, the Reference Shareholders will be allowed to tender their Securities into such competing public takeover bid (subject to, in case of Qualifying Competing Bid, the lump sum indemnity set out below), unless the Bidder further counterbids such competing public takeover bid (in which case the above-mentioned undertakings of the Reference Shareholders will regain full force and effect with respect to such counter-offer or higher offer launched by the Bidder); and

- in case the Reference Shareholders tender their Securities into a competing public takeover bid which is launched at a counter value of EUR 17.59 or less per Share (the "**Qualifying Competing Bid**"), a lump sum indemnity will be due to the Bidder per Security tendered in the Qualifying Competing Bid equal to 90% of the difference between the Bid Price, and the higher compensation offered in the Qualifying Competing Bid for such Security.

In addition, each of the Reference Shareholders granted a call option to the Bidder to acquire all of their Securities at the Bid Price. The Bidder is entitled to exercise these call options for a period of one month beginning on the date of the announcement of the results of the Takeover Bid or if applicable, a counter-offer or higher offer launched by the Bidder, provided that these call options shall lapse automatically, if one or more of the following is applicable:

- the Bidder has definitely acquired the Securities of the Reference Shareholders following the settlement of the Takeover Bid or, if applicable, a counter-offer or higher offer launched by the Bidder; or

- any public takeover bid on Devgen is launched in competition with the Takeover Bid or a counter offer or higher offer launched by the Bidder, and exceeds the Bid Price by 10% or more, and which is not solicited by the Reference Shareholders, unless the Bidder launches a new counter-offer or higher offer in which case the call options shall regain full force and effect; or

- a Qualifying Competing Bid is launched and the Reference Shareholders have paid the lump sum indemnity referred to above; or

- the Bidder withdraws its Bid or, as the case may be, its counter-offer or higher offer.

Board of directors

On 25 August 2012, the Bidder and Devgen entered into a confidentiality agreement allowing the Bidder access to a virtual data room, management presentations, expert sessions and site visits, subject to the payment of a break-up fee of EUR 2,500,000 in the event where the Bidder did not formally launch the Takeover Bid at the latest on 20 September 2012 or for any other reasons than certain material adverse due diligence findings (the “**Confidentiality Agreement**”).

On 21 September 2012, the Bidder and Devgen entered into a comfort letter pursuant to which Devgen expressed its unanimous recommendation of the Takeover Bid (the “**Comfort Letter**”).

The main terms and conditions of the Confidentiality Agreement and the Comfort Letter can be summarized as follows:

- Devgen agreed, for a period ending on 18 October 2012 (the “**Exclusivity Period**”), to not actively solicit (i) alternative bids on all outstanding securities of Devgen, or (ii) any other transactions in respect of its assets which fall outside the normal course of business of Devgen and which may preclude, materially restrict, or make the completion of the Bid or the integration of Devgen and any of its subsidiaries more difficult or expensive.

  During the Exclusivity Period, Devgen is entitled to engage in contacts, discussions and information sharing with a third party which, cumulatively, (i) has not been solicited by Devgen, but has pro-actively, at its own initiative, informed Devgen of its serious interest to acquire all securities of Devgen, (ii) is a serious candidate bidder reasonably able (from a financial as well as an industrial perspective) to complete its bid successfully, and (iii) considers to offer a price per share that is at least 5% higher than the Bid Price, provided that Devgen will:

  - allow such party only access to a due diligence under the same conditions and restrictions as applicable to the Bidder pursuant to the Confidentiality Letter, with the exception that for such party the break-up fee will be set at not less than EUR 12,500,000 (more information and a justification of Devgen regarding this break-up fee can be found in Section 2.3 *in fine* of the Memorandum in Response, as attached to this Prospectus as Annex IX); and

  - allow such party only access to the same information to which the Bidder has received access pursuant to the Confidentiality Letter;

- Devgen agreed to pay the Bidder a break-up fee of EUR 500,000 as compensation for part of the costs incurred to prepare a potential takeover offer in the event where the Takeover Bid is not successfully completed for any reason other than the non-satisfaction of any of the conditions as set out in section 5.1.5 of the Prospectus.

- As the terms and conditions of the Takeover Bid are fair and reasonable, and the successful completion of the Takeover Bid is in the interest of Devgen and its stakeholders, the board of directors of Devgen agreed to grant its full support and unanimously recommend the acceptance of the Takeover Bid. The formal opinion of the board of directors issued in accordance with article 22 of the Law on Takeover Bids, is attached to the Prospectus as Annex IX.

- All non-executive directors other than the independent non-executive directors agreed to tender their resignations as members of the board of directors of Devgen, and/or of any corporate body or committee of Devgen, at the request of the Bidder, as of the Initial Settlement Date following the expiration of the Acceptance Period. Upon such resignation the remaining executive director and the independent non-executive directors agreed to co-opt a majority of new directors presented by the Bidder. The remaining independent non-executive directors agreed to tender their resignation thereafter.

- Devgen and its subsidiaries agreed to:

  - conduct its and their business in the ordinary course and use commercially reasonable efforts to (i) keep intact its and their current business organization, (ii) preserve the validity and enforceability of all of its and their intellectual property rights, (iii) maintain in effect all of its and their permits, (iv) diligently and rigidly manage its cash position in the normal course of its business and consistent with good past practices, (v) keep available the services of its and their directors, senior managers and key employees and (vi) maintain good relationships with its and their customers, suppliers and others having material business relationships with it;

  - not enter into or consent to any new commitment the value of which would, on an individual basis, exceed EUR 500,000, without the Bidder's prior consent which shall not unreasonably be withheld or delayed;

  - not enter into any licensing (in or out) agreement, partnership or similar agreement, or, in general terminate, enter into or amend in any material extent any contract or arrangement or commitment (whether conditional or unconditional) material to Devgen's business or which would substantially change the scope of Devgen's business (or any part thereof);

  - not make any material change in the terms and conditions of employment or pension schemes, including in management or consultancy agreements, of any of the directors or employees of Devgen nor any of its subsidiaries with a total annual remuneration in excess of EUR 150,000 (except as a consequence of mandatory law, mandatory collective bargaining agreements or existing individual arrangements) nor enter into or take the initiative to terminate (except for serious cause or justified business reasons) any employment, consultancy or management agreement with any director or employee with a total annual remuneration in excess of EUR 150,000, except for new recruitments that fit within the company's current growth plan, provided that, in the latter case, the total annual remuneration of all new recruits with an annual remuneration in excess of EUR 150,000 does not exceed EUR 1,000,000;

- ensure, without prejudice to the undertaking set forth above, that an amount of at least EUR 22,000,000 be available in readily available cash or cash equivalents in the accounts of Devgen at the earliest of the two following dates: (i) the date of the publication of the results of the Initial Acceptance Period of the Takeover Bid or (ii) 31 December 2012;

- not issue, acquire, grant or otherwise transfer any shares, warrants or other securities of Devgen, except as a result of the (committed) grant of 32,311 warrants under the "Plan CEO & Directors 2012" or the exercise of existing warrants under the applicable terms and not to redeem any shares.

Contractual commitments entered into by Devgen still subject to shareholders' approval

In the period preceding the filing of the Takeover Bid, but after the last shareholders' meeting, the board of directors of Devgen adopted the following decisions, which pursuant to Articles 556 and 520ter of the Companies Code still need to be submitted for approval to the shareholders' meeting of Devgen:

- the presence of a change of control clause in the global license and research agreement entered into between Devgen and Syngenta on 14 May 2012, which entitles Syngenta to a partial or a total refund of fees and payments made in exchange for a partial or total termination of licenses granted.

- the execution of a management services agreement with the CEO of Devgen dated June 19, 2012, which provides that, in the event of a change of control, (i) all bonuses that relate, in whole or in part, to the performance of the CEO during any of the calendar years prior to and including the year where the change of control takes place, to the extent not yet paid, become immediately due (for a maximum amount of up to EUR 557,668) and (ii) the future grant of 32,311 warrants at an exercise price of EUR 5.43 per warrant accelerates as well (more information and a justification of Devgen regarding this decision can be found in Section 2.4 of the Memorandum in Response, as attached to this Prospectus as Annex IX).

- the payment by Devgen or affiliated companies of a bonus to certain key managers, employees and consultants of Devgen and to certain directors of affiliated companies of Devgen for services rendered in the past, subject to the successful closing of the Takeover Bid, for an aggregate amount equal to EUR 4,03 million (two thirds of the success fee will be payable, in the event of a change of control and subject to shareholders' approval, to Thierry Bogaert; one third will be distributed among a small group of key managers), to be increased, in the event of a higher bid or counterbid, by an amount equal to 1% of the excess transaction value of such higher bid or counterbid (more information and a justification of Devgen regarding this decision can be found in Section 2.4 of the Memorandum in Response, as attached to this Prospectus as Annex IX).

The board of directors of Devgen intends to submit these items for approval to the shareholders of Devgen after the filing of the Takeover Bid but prior to the payment on the Initial Settlement Date.

The Bidder has been informed by the board of directors of Devgen that the agenda of such special shareholders' meeting of Devgen will read as follows:

1. Approval of a change of control clause in the license and research agreement entered into between Devgen and Syngenta AG on 14 May 2012.

   Proposed resolution: *The meeting approves the clause enshrined in the license and research agreement entered into between Devgen and Syngenta AG on 14 May 2012, and that entitles the latter, in the event of a change of control within Devgen, to request a partial or a total refund of fees and payments made in exchange for partial or total termination of licenses granted.*

2. Approval of bonuses to certain key managers, employees and consultants in case of a successful closing of the takeover bid (or a thereto related counterbid or higher bid) that was announced on 21 September 2012.

   Proposed resolution: *The meeting approves the grant of bonuses to certain key managers (including Thierry Bogaert), key employees and key consultants. For the beneficiaries who perform a board mandate within a subsidiary of Devgen, this bonus will be paid by the relevant subsidiary for services rendered for the benefit of these subsidiaries. The aggregate amount of all bonuses will equal EUR 4.03 million, to be increased, in the event of a successful counterbid or higher bid, by an amount equal to 1% of the excess transaction value of such counterbid or higher bid. The bonuses will only be due in case of a successful closing of the takeover bid on Devgen that was announced on 21 September 2012 (or a thereto related counterbid or higher bid).*

3. Ratification of the accelerated granting of certain warrants and of an accelerated payment of certain bonuses to the CEO of Devgen in case of a change of control within Devgen.

   Proposed resolution: *The meeting approves the clause that is enshrined in the management services agreement of the CEO of Devgen dated 19 June 2012 that, in case of a change of control within Devgen, provides for an accelerated granting of 32,211 warrants at an exercise price of EUR 5.43 per warrant and for an accelerated becoming due of certain bonuses by the subsidiaries of Devgen, the maximum aggregate amount of which is EUR 557,668, which would, in principle, have become due in the course of the agreement.*

The Bidder was not involved in these discussions nor decisions, but after being informed of these decisions of the board of directors of Devgen, does not object that these undertakings are submitted to the approval by the special shareholders' meeting, nor does the Bidder consider these agreements to constitute a defensive measure to frustrate the Takeover Bid as referred to in Article 31 of the Royal Decree on Takeover Bids, nor constitute a material change in the composition of the assets and liabilities of Devgen, as referred to under the condition of the Takeover Bid set forth in Section 5.1.5 of the Prospectus.

Paying Agent Bank

KBC Bank NV, in collaboration with KBC Securities NV, will provide the services of paying agent for the purposes of the Bid (the "**Paying Agent Bank**").

Acceptance of the Takeover Bid may be done free of charge at the Paying Agent Bank by submitting the acceptance form, duly completed and signed. Any expenses possibly charged by other financial intermediaries will be for the account of the holders tendering their dematerialized Shares.

Prospectus

The Prospectus has been published in Belgium in English, which is its official version.

The Prospectus and the Acceptance Form may be obtained free of charge at the counters of the Paying Agent Bank (or via +32(0) 3 283 29 70 (KBC Telecenter)). An electronic version of the Prospectus is also available on the following websites of www.kbc.be, www.kbcsecurities.be and www.syngenta.com.

A Dutch translation of the prospectus and a French translation of the summary of the Prospectus are made available free of charge in electronic form on the above-mentioned websites. In case of any inconsistencies between the Dutch translation of the Prospectus and the French translation of the summary of the Prospectus on the one hand and the official English version on the other hand, the English version shall prevail. The Bidder has verified, and is responsible for, the consistency between the respective versions.

Governing law and Jurisdiction

The Takeover Bid is governed by Belgian law and in particular the Law on Takeover Bids and the Royal Decree on Takeover Bids.

The courts and tribunals of Brussels have exclusive jurisdiction to settle any dispute arising out of or in connection with this Takeover Bid.

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DEFINITIONS

Acceptance Form	The form attached as Annex I to the Prospectus, which must be completed by those wishing to tender their dematerialized Shares into the Takeover Bid.
Acceptance Period	The Initial Acceptance Period and the subsequent acceptance period(s) of any reopening(s) of the Bid (including in the context of a squeeze-out).
Adviesbeheer Gimv Venture Capital 2010 NV	Adviesbeheer Gimv Venture Capital 2010 NV, a limited liability company ("*naamloze vennootschap*"/"*société anonyme*") under Belgian law, having its registered office at Karel Oomsstraat 37, 2018 Antwerpen, RPR (Antwerpen) 0823.743.893.
Announcement Date	21 September 2012, *i.e.* the date on which the FSMA announced, in accordance with article 7 of the Royal Decree on Takeover Bids, that it had received the Bidder's notice of its intention to launch the Bid.
Bid Price	The cash consideration offered by the Bidder for each Security tendered in the Takeover Bid, as set out in section 5.1.3 of the Prospectus.
Bidder	Syngenta Crop Protection AG, a company limited by shares under Swiss law, with main office at Schwarzwaldallee 215, 4058 Basel, CH-270.3.011.275-4.
Biotech Fonds Vlaanderen NV	Biotech Fonds Vlaanderen NV, a limited liability company ("*naamloze vennootschap*"/"*société anonyme*") under Belgian law, having its registered office at Karel Oomsstraat 37, 2018 Antwerpen, RPR (Antwerpen) 0454.215.168.
Biovest Comm.VA	Biovest Comm.VA, a private company limited by shares ("*commanditaire vennootschap op aandelen*"/"*société en commandite par actions*") under Belgian law, having its registered office at Karel Van De Woestijnestraat 1-3, 9000 Ghent, RPR (Ghent) 0458.022.914.
Business Day	Any day on which the Belgian banks are open to the public,

	(excluding Saturdays and Sundays) as defined in Article 3, §1, 27° of the Law on Takeover Bids.
Companies Code	The Belgian Companies Code of 7 May 1999, as amended.
Devgen	Devgen NV, a public limited liability company (*“naamloze vennootschap” / “société anonyme”*) under Belgian law, having its registered office is at Technologiepark 30, 9052 Ghent – Zwijnaarde, RPR (Ghent) 0461.432.562.
FSMA	The Belgian Financial Services and Markets Authority (“*Autoriteit voor Financiële Diensten en Markten*” / “*Autorité des Services et Marchés Financiers*”).
Gimv NV	Gimv NV, a limited liability company (*“naamloze vennootschap”/“société anonyme”*) under Belgian law, having its registered office at Karel Oomsstraat 37, 2018 Antwerpen, RPR (Antwerpen) 0220.324.117.
Initial Acceptance Period	The initial period during which Security Holders can tender their Securities into the Takeover Bid, commencing on 14 November 2012 and closing on 5 December 2012 (inclusive).
Initial Settlement Date	The date on which the Bid Price is paid to the Security Holders who have tendered their Securities into the Bid during the Initial Acceptance Period and on which title to said Securities is transferred.
Law of 2 August 2002	The Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services, as amended.
Law on Takeover Bids	The Belgian Law on public Takeover Bids of 1 April 2007.
License Agreement	The six-year global license and research agreement in the field of insect control between Devgen and Syngenta on 14 May 2012
Madeli Participaties B.V.	Madeli Participaties B.V., a closed company (*“besloten vennootschap”)* under the laws of the Netherlands, having its registered office at Straatweg 237, 3054 AH Rotterdam, the Netherlands, KVK 24452961.

Memorandum in Response	The formal response ("*memorie van antwoord*" / "*mémoire de réponse*") adopted by the board of directors of Devgen in accordance with articles 22 through 30 of the Law on Takeover Bids attached to this Prospectus as Annex IX.
O.G.B.B. A. Van Herk B.V.	O.G.B.B. A. van Herk B.V., a closed company (*"besloten vennootschap")* under the laws of the Netherlands, having its registered office at Lichtenauerlaan 30, 3062 ME Rotterdam, the Netherlands, KVK 24160906.
Paying Agent Bank	KBC Bank NV, in collaboration with KBC Securities NV.
Prospectus	This Prospectus describing the terms of the Takeover Bid, including its annexes and any amendments that may be published during the Acceptance Period.
Reference Shareholder	Any of the following parties: - O.G.B.B. A. Van Herk B.V. and Van Herk Global Agri B.V.; - Biovest Comm. VA. and Rudi Mariën; - Madeli Participaties B.V.; and - Gimv NV together with its affiliated entities Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV.
Royal Decree on Takeover Bids	The Belgian Royal Decree on public Takeover Bids of 27 April 2007.
Security	A Share or a Warrant.
Security Holder	Any holder of one or more Securities.
Settlement Date	The Initial Settlement Date and the subsequent settlement date(s) of any reopening(s) of the Bid (including in the context of a squeeze-out).
Share	Any of the outstanding shares of Devgen in respect of which the Takeover Bid is made (*i.e.* the 24,291,131 existing shares of Devgen), and any of the shares that may be issued during the Acceptance Period to the Warrant Holders as a result of the exercise of any of their Warrants (after issuance, these new shares can also be tendered into the Takeover Bid, as further detailed in section 4.4.3 of the Prospectus).

Shareholder	Any holder of one or more Shares.
Syngenta AG	Syngenta AG, a company limited by shares under Swiss law, with main office at Schwarzwaldallee 215, 4058 Basel, CH - 170.3.023.349-3.
Syngenta or **Syngenta Group**	Syngenta AG and its subsidiaries.
Takeover Bid or **Bid**	The voluntary and conditional public takeover bid in cash launched by the Bidder in respect of all Securities, which are not already held by the Bidder or its affiliated persons as described in this Prospectus.
Total Bid Consideration	The aggregate amount to be paid by the Bidder in consideration for all Securities tendered in the context of the Takeover Bid, whether during the Initial Acceptance Period or in any subsequent Acceptance Periods.
VVPR or VVPR Strip	A Belgian financial instrument which gives right to a reduced rate of Belgian dividend withholding tax of 15% instead of 25% (“*verlaagde voorheffing*” / “*précompte réduit*”)on dividends from Belgian origin.
Warrant	Any of the 1,471,005 outstanding warrants issued by Devgen, pursuant to any of the following warrant plans: warrant plan of 12 December 2005 (“**Warrants 2005**”), warrant plan of 20 June 2008 (“**Warrants for Employees, CEO and Consultants 2008**”), warrant plan of 20 June 2008 (“**Warrants for Directors 2008**”), warrant plan of 20 June 2008 (“**Warrants for Employees and Consultants 2008 (India Sub-Plan)**”) warrant plan of 24 July 2009 (“**Warrants CEO 2009**”), warrant plan of 24 July 2009 (“**Warrants for Directors 2009**”), warrant plan of 1 June 2010 (“**Warrants CEO & Directors 2010**”), warrant plan of 1 June 2011 (“**Warrants CEO & Directors 2011**”), warrant plan of 1 June 2012 (“**Warrants for Employees, CEO and Consultants 2012**”), warrant plan of 1 June 2012 (“**Warrants CEO & Directors 2012**”), in respect of which the Takeover Bid is made, as further detailed in section 4.4.3.
Warrant Holder	Any holder of one or more Warrants.

1 IMPORTANT NOTICES

1.1 Information contained in this Prospectus

The Security Holders should base their decision in respect of the Takeover Bid solely on the information contained in this Prospectus. The Bidder has not authorised any person to provide any information to the Security Holders other than the information contained in this Prospectus. The information contained in the Prospectus is accurate as of the date of the Prospectus. Any new significant fact or any material error or inaccuracy concerning the information contained in the Prospectus which is liable to influence the assessment of the Takeover Bid and which arises between the date of the Prospectus and the close of the final Acceptance Period for the Takeover Bid shall be made public in Belgium, by means of a supplement to the Prospectus, in accordance with Article 17 of the Law on Takeover Bids.

The Security Holders must carefully read the Prospectus in its entirety and must base their decision on their personal analysis of the terms and conditions of the Takeover Bid, taking into account the advantages and disadvantages that the Bid entails. Any summary or description in the Prospectus of legal provisions, corporate actions, company operations, restructurings or contractual relations is provided for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions. In case of doubt concerning the content or the meaning of information contained in the Prospectus, the Security Holders should consult their own advisors.

1.2 Restrictions

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

This Prospectus does not constitute an offer to purchase or to sell securities or a solicitation of an offer to purchase or sell securities in the United States. No offer to purchase or to sell securities or a solicitation of an offer to purchase or to sell securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States or any other country in which such offer may not be made other than (i) in accordance with the tender offer requirements under the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements.

The Takeover Bid is being made for the securities of a company incorporated under the laws of

Belgium and the Prospectus complies with disclosure requirements required by Belgian laws and regulations, as well as Belgian law and regulation format and style, which may differ from US disclosure requirements, format and style. The financial information on Devgen and Syngenta included in the Prospectus has been prepared in accordance with IFRS and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Takeover Bid is being made in the United States pursuant to Section 14E of, and Regulation 14E under, the Exchange Act, subject to the exemption provided by Rule 14d-1(c) of the Exchange Act, and otherwise in accordance with the requirements of Swiss law. Accordingly, the Takeover Bid will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and laws.

The receipt of cash pursuant to the Takeover Bid by a US holder of Devgen Shares may be a taxable transaction for US federal income tax purposes and under applicable US state and local laws, as well as foreign and other tax laws. Each holder of Devgen Shares is urged to consult his independent financial adviser immediately regarding any acceptance of the Takeover Bid, including, without limitation, the tax consequences of any acceptance of the Takeover Bid.

The Bidder is incorporated under the laws of Switzerland and Devgen is incorporated under the laws of Belgium and some or all of the officers and directors of the Bidder and Devgen may be residents of non-US jurisdictions. As a result, it may be difficult for US holders of Devgen Shares to enforce their rights or any claim arising out of the US federal securities laws. US holders of Devgen Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment or jurisdiction.

No action has been or will be taken to permit a public offer in any jurisdiction other than in Belgium. Neither this Prospectus, nor the acceptance forms for the Securities nor any advertisement nor any other material may be supplied to the public in any jurisdiction outside Belgium in which any registration, qualification or other requirements exist or would exist in respect of any offer to purchase or to sell securities. In particular, neither the Prospectus, nor the acceptance forms for the Securities or any other advertisement or material may be distributed to the public in the United States, the Netherlands, Canada, Australia, the UK or Japan. Any failure to comply with these restrictions may constitute a violation of US securities laws or the financial laws and regulations in other jurisdictions such as Canada, Australia, the Netherlands, the UK or Japan. The Bidder explicitly declines any liability for breach of these restrictions by any person.

1.3 **Forward-looking statements**

This Prospectus includes forward-looking statements, including statements containing the following words: “believe”, “plan”, “expect”, “anticipate”, “intend”, “continue”, “seek”, “may”, “can”, “will”, “should” or the negative of such terms and similar expressions. Such forward-looking statements involve uncertainties and other factors that may cause the actual results, financial condition, performance or achievements of the Bidder and Devgen, their subsidiaries or affiliated persons or industry results to be materially different from future results, financial condition, performance or achievements expressed or implied in such forward looking statements.

Given these uncertainties, the Security Holders should only rely to a reasonable extent on such forward-looking statements. These forward-looking statements speak only as of the date of the Prospectus. The Bidder expressly disclaims any obligation to update any such forward-looking statements in this Prospectus to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except where such update is required pursuant to article 17 of the Law on Takeover Bids.

2 GENERAL INFORMATION

2.1 Approval by the FSMA

The English version of the Prospectus has been approved by the FSMA on 8 November 2012, in accordance with Article 19, §3 of the Law on Takeover Bids. This approval does not imply any assessment or judgment on the merits and the quality of the Takeover Bid and neither does it render any judgement on the position of the Bidder or Devgen.

The Bidder has notified the FSMA of its intention to launch the Takeover Bid (in accordance with Article 5 of the Royal Decree on Takeover Bids). The notification of the Bidder's intention to launch the Takeover Bid, to be issued pursuant to Article 7 of the Royal Decree, has been made public on 21 September 2012.

With the exception of the FSMA, no other authority of any other jurisdiction has approved the Prospectus, the contemplated Takeover Bid or any possible squeeze-out. The Takeover Bid is only made in Belgium and no steps whatsoever have been or will be taken in order to obtain the authorisation to distribute the Prospectus in other jurisdictions other than Belgium.

2.2 Responsibility for the Prospectus

The Bidder, represented by its board of directors, assumes responsibility for the content of this Prospectus in accordance with article 21 of the Law on Takeover Bids, except for the Memorandum in Response attached to this Prospectus as Annex IX.

The Bidder confirms that, to the best of its knowledge, the content of the Prospectus is true and not misleading and that no information which is susceptible of altering the scope of the Prospectus, has been omitted.

The information contained in this Prospectus with regard to Devgen and its affiliated companies is based solely on publicly available information and on certain non-publicly available information that was made available to the Bidder prior to the date hereof, but which does not constitute privileged information that must be made public in accordance with Article 10 of the Law of 2 August 2002.

2.3 Financial and legal advisors to the Bidder

Credit Suisse AG advised the Bidder on certain financial matters in relation to the Takeover Bid. These services have been rendered exclusively to the Bidder and no other party can rely on them. Credit Suisse AG does not accept any liability for the information in the Prospectus, and nothing in the Prospectus can be considered as advice, promise or guarantee given by Credit Suisse AG.

Stibbe CVBA advised the Bidder on certain legal matters in relation to the Takeover Bid. These services have been rendered exclusively to the Bidder and no other party can rely on them. Stibbe

CVBA does not accept any liability for the information in the Prospectus, and nothing in the Prospectus can be considered as advice, promise or guarantee given by Stibbe CVBA.

2.4 Memorandum in Response

A copy of the Memorandum in Response, drafted by the board of directors of Devgen on 26 October 2012, and approved by the FSMA on 8 November 2012 in accordance with article 22 of the Law on Takeover Bids, is attached to the Prospectus as Annex IX.

2.5 Practical information

The Prospectus has been published in Belgium in English, which is its official version.

The Prospectus and the Acceptance Form may be obtained free of charge at the counters of the Paying Agent Bank (or via +32(0) 3 283 29 70 (KBC Telecenter)). An electronic version of the Prospectus is also available on the following websites: www.kbc.be, www.kbcsecurities.be and www.syngenta.com.

A Dutch translation of the Prospectus and a French translation of the summary of the Prospectus made available free of charge in electronic form on the above-mentioned websites. In case of any inconsistencies between the Dutch translation of the Prospectus and the French translation of the summary of the Prospectus on the one hand and the official English version on the other hand, the English version shall prevail. The Bidder has verified and is responsible for the consistency between the respective versions.

2.6 Governing law and jurisdiction

The Takeover Bid is governed by Belgian law and in particular the Law on Takeover Bids and the Royal Decree on Takeover Bids.

The courts and tribunals of Brussels have exclusive jurisdiction to settle any dispute arising out of or in connection with this Takeover Bid.

3 THE BIDDER

3.1 Identification

3.1.1 The Bidder

Corporate Name	Syngenta Crop Protection AG (Syngenta Crop Protection SA) (Syngenta Crop Protection Ltd.)
Main office	Schwarzwaldallee 215, 4058 Basel, Switzerland
Date of Incorporation and Duration	2 December 1996, unlimited
Register of Legal Entities	CH-270.3.011.275-4 (Basel-Stadt, Switzerland)
Corporate Form	Company limited by shares under Swiss law (*Aktiengesellschaft*)
Corporate purpose (in translation from the German original)	- research, development, manufacture and distribution of products and methods for the production of food and fibers, for the generation and preservation of ornamental plants of all kinds as well as for other application areas of chemical and biological crop protection, the research, the manufacture and the distribution in the area of commercial seeds, plants, parts of plants and plant products, including plant biotechnology and of related products as well as the provision of associated services, - acquisition, sale and administration of participations of all kinds, in particular regarding to companies having the same or similar purposes.
Financial year:	1 January to 31 December
Auditor:	Ernst & Young AG, Basel, Switzerland

3.1.2 The Bidder and the Syngenta Group

The Bidder, as a wholly owned subsidiary of Syngenta AG, is part of the Syngenta Group and is involved in the research, production and sales of crop protection and seeds products. It holds participations in other companies in Switzerland and other jurisdictions.

The table below gives an overview of the significant legal entities of the Syngenta Group:

Country	Percentage owned by Syngenta	Local Currency	Share capital in local currency	Function of company
Argentina				
Syngenta Agro S.A.	100%	ARS	1,256,444,877	Sales/Production
Bermuda				
Syngenta Reinsurance Ltd.	100%	USD	120,000	Insurance
Brazil				
Syngenta Proteção de Cultivos Ltda.	100%	BRL	1,172,924,609	Sales/Production/Research
Canada				
Syngenta Canada, Inc.	100%	CAD	-	Sales/Research
France				
Syngenta Seeds S.A.S.	100%	EUR	50,745,240	Sales/Production/Development
Syngenta Agro S.A.S.	100%	EUR	22,543,903	Sales
Germany				
Syngenta Agro GmbH	100%	EUR	2,100,000	Sales
Italy				
Syngenta Crop Protection S.p.A.	100%	EUR	5,200,000	Sales/Production/Development
Japan				
Syngenta Japan K.K.	100%	JPY	-	Sales/Production/Research
Liechtenstein				
Syntonia Insurance AG	100%	USD	14,500,000	Insurance
Mexico				
Syngenta Agro, S.A. de C.V.	100%	MXN	157,580,000	Sales/Production/Development
the Netherlands				
Syngenta Seeds B.V.	100%	EUR	488,721	Holding/Sales/Production/Research
Syngenta Finance N.V.	100%	EUR	45,000	Finance
Syngenta Treasury N.V.	100%	EUR	90,001	Holding/Finance
Panama				
Syngenta S.A.	100%	USD	10,000	Sales
Russian Federation				
OOO Syngenta	100%	RUB	895,619,000	Sales
Singapore				
Syngenta Asia Pacific Pte. Ltd.	100%	SGD	1,588,023,595	Holding/Sales
Switzerland				
Syngenta Supply AG	100%	CHF	250,000	Sales
Syngenta Crop Protection AG (1)	100%	CHF	257,000	Holding/Sales/Production/Research
Syngenta Agro AG	100%	CHF	2,100,000	Sales/Production/Research
Syngenta Finance AG (1)	100%	CHF	10,000,000	Finance
Syngenta Participations AG (1)	100%	CHF	25,000,020	Holding
United Kingdom				
Syngenta Limited	100%	GBP	85,000,000	Holding/Production/Research
USA				

Syngenta Crop Protection, LLC	100%	USD	100	Sales/Production/Research
Syngenta Seeds, Inc.	100%	USD	-	Sales/Production/Research
Syngenta Corporation	100%	USD	100	Holding/Finance

(1) Direct Holding of Syngenta AG.

3.2 History and activities of Syngenta

3.2.1 History

In its present form, Syngenta is a young company, founded in 2000. But it stems from an industrial tradition going back to the middle of the 18th century, when J.R. Geigy began producing chemicals and dyes in Basel. Ciba was established in 1884 and in 1886, another Basel-based dyes factory was founded under the name Sandoz. Another half century afterwards, the merger of Brunner Mond, Nobel Industries, British Dyestuffs Coronation, and United Alkali Co. formed Imperial Chemical Industries (ICI) in the United Kingdom. ICI opened Syngenta’s Agricultural Research Station in Jealott’s Hill in 1928.

Almost at the same time, Geigy started the production of insecticides. Throughout the following 50 years, Geigy and ICI researchers independently made discoveries that paved the way for many of Syngenta’s present-day products. In 1970, Ciba and Geigy merged to form Ciba-Geigy. Three years later, they acquired the US-based company Funk Seeds International in order to expand into the seeds business. Shortly after, Sandoz followed Ciba into the seeds market by attaining Rogers and Northrup King, two brands that still exist today, along with Sluis & Groot (S&G) of the Dutch Zaadunie group, which Sandoz acquired in 1980. In the same year, Ciba established a special biotechnology unit.

Approximately ten years later, ICI de-merged its Pharmaceuticals, Specialties and Agrochemicals businesses, which became Zeneca.

One of the largest corporate mergers in history took place in 1996, when Sandoz and Ciba formed Novartis, which one year later expanded its agricultural division with the purchase of the crop protection business of Merck. In 1998, Zeneca acquired ISK Biosciences and merged with Astra of Sweden to create AstraZeneca in 1999.

On 13 November 2000, Novartis and AstraZeneca merged their agribusinesses to form Syngenta, the first global group focusing exclusively on agribusiness. Thus, Syngenta inherited the strengths and traditions of two excellent companies, both with a lengthy tradition.

During the last six months, Syngenta entered into the following transactions.[4]

[4] More information regarding the recent developments of Syngenta can be found on the following website: http://www.syngenta.com/global/corporate/en/news-center/Pages/home.aspx

On June 11, 2012, Syngenta announced that Sun Gro Horticulture Ltd., the leading North American producer of growing media, signed an agreement to acquire the Fafard peat unit of the Lawn and Garden business.

On August 29, 2012 Syngenta announced that it agreed to acquire the DuPont Professional Products insecticide business, a leading supplier of innovative products for the professional turf, ornamentals and home pest control markets. On September 19, 2012, Syngenta announced that it agreed to acquire Pasteuria Bioscience, Inc., a US-based biotechnology company.

3.2.2 Business and markets (key facts)

Syngenta is one of the world's leading agribusiness companies with more than 26,000 employees in some 90 countries. Syngenta's ambition is to help growers deliver greater food security to an increasingly crowded world in an environmentally sustainable way. This calls for a step change in productivity and resource efficiency – on both the world's 5 million large farms and its 450 million smallholdings.

Syngenta's strategy is based on the development of a fully integrated offer for growers on a global crop basis. By building on the combined strength of the company's crop protection and seeds products, and combining innovation in genetic and chemical solutions, Syngenta is able to provide integrated solutions to growers.

As a leading global agribusiness, Syngenta operates through five business segments: North America (NA), Europe, Africa and Middle East (EAME), Latin America (LATAM), Asia Pacific (APAC) and Lawn & Garden. The four regional business segments focus on Syngenta's expertise in plant breeding, crop protection and seed care to deliver solutions to the eight core crops (rice, corn, vegetables, soybean, cereals, diverse field crops, sugar cane and specialty crops). The Lawn & Garden segment provides professional growers and consumers with quality flowers, turf and landscape products.

Please find below a summary of some key facts in relation to Syngenta:

Headquarters	Basel, Switzerland
Product lines	- Selective herbicides, non-selective herbicides, fungicides, insecticides, seed care and other crop protection - Corn & soybean, diverse field crop and vegetables seeds - Flowers and professional products
Main R&D sites	- Greensboro, NC, USA - Research Triangle Park, NC, USA - Jealott's Hill, UK

	-	Stein, Switzerland
	-	Goa, India
	-	Bejing, China
	-	Enkhuizen, the Netherlands
	-	Toulouse, France
Main production sites	-	Monthey and Kaisten, Switzerland
	-	Grangemouth and Huddersfield, UK
	-	Greens Bayou, Texas, USA
	-	St. Gabriel, LA, USA
	-	Aigues-Vives and St. Pierre-la-Garenne, France
	-	Nantong, China
	-	Goa, India
	-	Paulinia, Brazil
2011 Sales	$ 13,268 million	
- by segment[5]:		
EAME	$ 3,982 million	
NA	$ 3,273 million	
LATAM	$ 3,305 million	
APAC	$ 1,887 million	
Lawn & Garden	$ 821 million	
R&D investments 2011	$ 1,191 million[6]	

For more information on the activities and recent developments of Syngenta, reference is made to the website www.syngenta.com.

[5] Revised from 2011 reporting to new segments to reflect the integrated strategy.

[6] Revised from the $1,127million originally reported following a reclassification of certain expenses, which had no impact on consolidated operating income or on consolidated income before taxes.

3.3 Capital structure and shareholding

3.3.1 Capital structure and shareholding of the Bidder

On the date of this Prospectus, the share capital of the Bidder amounts to 257,000 CHF and is represented by 257 registered shares with a par value of 1,000 CHF each, fully paid in. All of the Bidder's shares are owned by Syngenta AG.

3.3.2 Capital structure and shareholding of Syngenta AG

The nominal share capital of Syngenta AG is CHF 9,312,614.90, fully paid-up and divided into 93,126,149 registered shares with a par value of CHF 0.10 each. The Syngenta AG shares are listed and traded in Switzerland on the SIX Swiss Exchange (SYNN) and in the United States on the New York Stock Exchange (SYT) in the form of American Depositary Shares (ADS). Syngenta AG does not have any conditional or authorized capital and has not issued any bonus certificates (*Genussscheine*) or participation certificates (*Partizipationsscheine*). Syngenta AG has not issued any convertible bonds. It has issued options under its employee compensation plans.

During the fiscal year 2012, Syngenta AG made the following notifications:

- The Bank of New York Mellon, New York, has disclosed a total holding in the share capital of 3.05% on April 26, 2012, an increase to 3.19% on May 4, 2012 and a further increase to 3.88% on June 1, 2012.

- The BlackRock Inc., New York, has disclosed a holding of 5.02% in the share capital on August 22, 2012.

No other party disclosed a notifiable holding in the share capital of Syngenta AG in the course of 2012.To our knowledge, the following holdings of 3% or more in the Syngenta AG share capital, as already reported and disclosed in the "Corporate Governance and Compensation Report 2011", are therefore still valid:

- The Growth Fund of Americas, Inc., Los Angeles, reported a holding of 4.94% on January 5, 2009.

- The Capital Group Companies Inc., Los Angeles, reported a holding of 9.84% voting rights in the Syngenta AG share capital for shares owned by accounts under the discretionary investment management of Capital Group companies, at December 9, 2011.

Syngenta AG has no cross shareholdings exceeding a reciprocal 3% of capital or voting rights with any other company. As of December 31, 2011, Syngenta AG held 2,508,759 shares in treasury.

Each share recorded and registered under a shareholder's name in the Swiss share register of Syngenta AG entitles its holder to one vote. There are no preferential rights for individual shareholders. Shares may be voted without any limit in scope if holders expressly declare having acquired these shares in their own name and for their own account. Syngenta AG cannot exercise the voting rights relating to the shares held in treasury. On the New York Stock Exchange, the shares are traded in the form of American Depositary Shares (ADS). ADS are US securities representing Syngenta shares; five ADS represent one Syngenta share. The Bank of New York Mellon acts as the Syngenta Depositary for ADS and administers the ADS program in the US. Syngenta ADS holders are entitled to give written instructions to the Depositary on how to vote on their behalf at a general meeting.

3.4 **Governance structure**

3.4.1 Governance structure of the Bidder

The board of directors of the Bidder consists of one or more members who are elected by the shareholders' meeting for a term of office of three years. Re-election is allowed.

At the date of this Prospectus, the board of directors of the Bidder consists of the following members:

Name	Expiration of term	Function
Christoph Mäder	2014	Chairman
John Atkin	2014	Director
John Ramsay	2013	Director

3.4.2 Governance structure of Syngenta AG

- **General Meetings of Shareholders**

  An annual shareholders' meeting must be held within six months after the end of the financial year. Shareholders' meetings may be convened by the board of directors or, if necessary, by the statutory auditor. The board of directors is further required to convene an extraordinary shareholders' meeting if determined by an ordinary shareholders' meeting, if requested by shareholders holding in the aggregate at least 10% of the share capital of Syngenta AG or if requested by the auditor. The shareholders' meeting passes resolutions and holds elections, unless otherwise required by law or the Articles of Incorporation of Syngenta AG, with the absolute majority of the votes represented. The Articles of Incorporation of Syngenta AG do not contain provisions that lay down stricter voting requirements for shareholders' meetings than the voting requirements prescribed by law.

- **Other shareholder rights**

All shareholders are entitled to equal dividends. Holders of American Depositary Shares (ADS) receive dividends in proportion to the number of Syngenta shares represented by ADS. Syngenta AG does not apply any restrictions or limitations on the transferability and tradability of its shares and ADS. Moreover, one or more shareholders whose combined shareholdings represent an aggregate nominal value of at least CHF 10,000 may demand that an item be included in the agenda of a general meeting of shareholders.

- **Board of Directors**

Syngenta AG's board of directors has 12 members and includes representatives from eight nationalities, drawn from broad international business and scientific backgrounds. The activities performed by the non-executive directors, apart from their duties as non-executive directors of the board of Syngenta AG, are not related to the company. The members of the board of directors are elected by the shareholders at the annual general meeting. The board of directors exercises full and effective control of Syngenta AG. It holds ultimate responsibility for the strategy and for the supervision of executive management and it takes an active role in reviewing and enhancing Corporate Governance. The board of directors meets on a regular basis. Some of the board's responsibilities are delegated to the Chairman's Committee, the Audit Committee, the Compensation Committee, and the Corporate Responsibility Committee. The board committees meet on a regular basis. Their members are provided with the materials necessary to fulfil their duties and responsibilities, and to submit full reports to the board. The board of directors has delegated the operational management of business operations to the Executive Committee.

- **Internal Audit**

Internal Audit carries out control, operational and system audits. All organizational subsidiaries are within the scope of internal audit. Audit plans are reviewed and approved by the audit committee, and any suspected irregularities are reported without delay. Internal Audit maintains a regular dialogue with the external auditor to share reports and risk issues arising from their respective audits.

- **External auditor**

The external auditor is accountable to the audit committee, the board of directors and ultimately to the shareholders. At the completion of the audit, the external auditor presents and discusses the audit report on the financial statements with the audit committee, highlighting any significant internal control issues identified during the course of the audit. The external auditor regularly participates in the audit committee meetings, and at least once a year the lead partners take part in a meeting with the board of directors.

3.5 Persons acting in concert with the Bidder

In accordance with article 3, §1, 13°, c) of the Law of 2 May 2007, the Bidder has entered into four separate agreements to act in concert with each of the Reference Shareholders (*i.e.* respectively an agreement with (i) O.G.B.B. A. Van Herk B.V. and Van Herk Global Agri B.V., (i) with Biovest Comm.VA and Rudi Mariën, (iii) with Madeli Participaties B.V. and (iv) with Gimv NV, and its concerted parties Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV) subject to the terms and conditions as further detailed in section 5.3.1 of the Prospectus.

3.6 Shareholding in Devgen

3.6.1 Direct shareholding by the Bidder

At the date of the Prospectus, neither the Bidder nor Syngenta hold any Shares or any Warrants issued by Devgen.

3.6.2 Shareholdings by persons acting in concert with the Bidder

At the date of this Prospectus, the persons acting in concert with the Bidder hold the following Shares and/or Warrants in Devgen:

Reference Shareholder	Shares	Warrants
O.G.B.B. A. Van Herk B.V. (and Van Herk Global Agri B.V.)	4,822,342	6,000
Biovest Comm.VA (and Rudi Mariën)	3,093,489	24,000
Madeli Participaties B.V.	2,083,863	6,000
Gimv NV and its concerted parties Adviesbeheer and Biotech Fonds Vlaanderen NV	1,538,462	/

3.6.3 Recent acquisitions

The Bidder and its affiliated entities did not acquire any Shares or Warrants in the twelve (12) months preceding the date of the Prospectus.

In the twelve (12) months preceding the date of the Prospectus, the Reference Shareholders acquired the following Shares on NYSE Euronext Brussels and over the counter:

Date of acquisition	Number of Shares	Price per Share (EUR)	Shareholder
30 May 2012	10,000	6.08	O.G.B.B. A. van Herk B.V.
30 May 2012	5,000	6.12	O.G.B.B. A. van Herk B.V.

29 May 2012	109,000	5.99	O.G.B.B. A. van Herk B.V.
29 May 2012	3,354	6.02	O.G.B.B. A. van Herk B.V.
29 May 2012	5,000	6.17	O.G.B.B. A. van Herk B.V.
29 May 2012	4,000	6.15	O.G.B.B. A. van Herk B.V.
29 May 2012	5,000	6.10	O.G.B.B. A. van Herk B.V.
29 May 2012	8,500	5.99	O.G.B.B. A. van Herk B.V.
29 May 2012	2,828	5.80	O.G.B.B. A. van Herk B.V.
29 May 2012	919	5.72	O.G.B.B. A. van Herk B.V.
29 May 2012	2,728	5.83	O.G.B.B. A. van Herk B.V.
29 May 2012	15,000	6.00	O.G.B.B. A. van Herk B.V.
29 May 2012	15,000	5.95	O.G.B.B. A. van Herk B.V.
29 May 2012	5,500	5.95	O.G.B.B. A. van Herk B.V.
29 May 2012	10,000	5.87	O.G.B.B. A. van Herk B.V.
29 May 2012	400	5.75	O.G.B.B. A. van Herk B.V.
29 May 2012	350	5.75	O.G.B.B. A. van Herk B.V.
29 May 2012	2,000	5.72	O.G.B.B. A. van Herk B.V.
28 May 2012	100	5.62	O.G.B.B. A. van Herk B.V.
25 May 2012	1,419	5.66	O.G.B.B. A. van Herk B.V.
25 May 2012	2,000	5.75	O.G.B.B. A. van Herk B.V.
25 May 2012	2,000	5.70	O.G.B.B. A. van Herk B.V.
25 May 2012	1,650	5.71	O.G.B.B. A. van Herk B.V.
25 May 2012	100	5.74	O.G.B.B. A. van Herk B.V.
25 May 2012	450	5.74	O.G.B.B. A. van Herk B.V.
24 May 2012	1,450	5.44	O.G.B.B. A. van Herk B.V.
24 May 2012	3,000	5.57	O.G.B.B. A. van Herk B.V.
22 May 2012	8,691	5.47	O.G.B.B. A. van Herk B.V.
22 May 2012	1,476	5.40	O.G.B.B. A. van Herk B.V.
22 May 2012	118	5.30	O.G.B.B. A. van Herk B.V.
22 May 2012	7,000	5.40	O.G.B.B. A. van Herk B.V.
22 May 2012	7,000	5.40	O.G.B.B. A. van Herk B.V.
22 May 2012	4,000	5.30	O.G.B.B. A. van Herk B.V.
22 May 2012	6,250	5.36	O.G.B.B. A. van Herk B.V.
22 May 2012	2,100	5.34	O.G.B.B. A. van Herk B.V.
22 May 2012	250	5.40	O.G.B.B. A. van Herk B.V.
21 May 2012	2,550	5.16	O.G.B.B. A. van Herk B.V.

18 May 2012	2,000	5.18	O.G.B.B. A. van Herk B.V.
18 May 2012	800	5.21	O.G.B.B. A. van Herk B.V.
17 May 2012	552	5.12	O.G.B.B. A. van Herk B.V.
17 May 2012	2,465	5.24	O.G.B.B. A. van Herk B.V.
17 May 2012	1,100	5.15	O.G.B.B. A. van Herk B.V.
17 May 2012	1,727	5.20	O.G.B.B. A. van Herk B.V.
17 May 2012	750	5.27	O.G.B.B. A. van Herk B.V.
17 May 2012	1,500	5.30	O.G.B.B. A. van Herk B.V.
17 May 2012	1,000	5.35	O.G.B.B. A. van Herk B.V.
17 May 2012	2,000	5.38	O.G.B.B. A. van Herk B.V.
17 May 2012	800	5.42	O.G.B.B. A. van Herk B.V.
17 May 2012	1,000	5.33	O.G.B.B. A. van Herk B.V.
17 May 2012	5,000	5.12	O.G.B.B. A. van Herk B.V.
17 May 2012	5,000	5.10	O.G.B.B. A. van Herk B.V.
17 May 2012	4,000	5.08	O.G.B.B. A. van Herk B.V.
04 April 2012	7,000	5.45	O.G.B.B. A. van Herk B.V.
03 April 2012	3,000	5.56	O.G.B.B. A. van Herk B.V.
03 April 2012	4,000	5.57	O.G.B.B. A. van Herk B.V.
07 February 2012	2,025	5.20	O.G.B.B. A. van Herk B.V.
30- January 2012	2,740	5.14	O.G.B.B. A. van Herk B.V.
25 January 2012	1,381	5.34	O.G.B.B. A. van Herk B.V.
24 January 2012	2,984	5.34	O.G.B.B. A. van Herk B.V.
23 January 2012	635	5.34	O.G.B.B. A. van Herk B.V.
17 January 2012	4,300	5.34	O.G.B.B. A. van Herk B.V.
16 January 2012	600	5.34	O.G.B.B. A. van Herk B.V.
03 January 2012	100	5.34	O.G.B.B. A. van Herk B.V.
22 December 2011	634	5.35	O.G.B.B. A. van Herk B.V.
22 December 2011	17,172	5.49	O.G.B.B. A. van Herk B.V.
22 December 2011	1,419	5.40	O.G.B.B. A. van Herk B.V.
22 December 2011	3,000	5.37	O.G.B.B. A. van Herk B.V.
21 December 2011	42,100	4.90	O.G.B.B. A. van Herk B.V.
21 December 2011	4,991	5.30	O.G.B.B. A. van Herk B.V.
21 December 2011	5,000	5.30	O.G.B.B. A. van Herk B.V.
20 December 2011	7,000	5.33	O.G.B.B. A. van Herk B.V.
20 December 2011	7,000	5.30	O.G.B.B. A. van Herk B.V.

20 December 2011	7,000	5.29	O.G.B.B. A. van Herk B.V.
19 December 2011	185,000	4.80	Rudi Mariën
19 December 2011	1,900	5.04	O.G.B.B. A. van Herk B.V.
19 December 2011	5,547	5.09	O.G.B.B. A. van Herk B.V.
19 December 2011	30,000	5.20	O.G.B.B. A. van Herk B.V.
19 December 2011	5,000	5.15	O.G.B.B. A. van Herk B.V.
07 December 2011	3,000	4.86	O.G.B.B. A. van Herk B.V.
07 December 2011	2,000	4.85	O.G.B.B. A. van Herk B.V.
06 December 2011	3,174	4.77	O.G.B.B. A. van Herk B.V.
05 December 2011	2,552	4.77	O.G.B.B. A. van Herk B.V.
30 November 2011	6,019	4.80	O.G.B.B. A. van Herk B.V.
30 November 2011	338	4.77	O.G.B.B. A. van Herk B.V.
29 November 2011	3,000	4.77	O.G.B.B. A. van Herk B.V.
29 November 2011	2,000	4.77	O.G.B.B. A. van Herk B.V.
29 November 2011	1,000	4.77	O.G.B.B. A. van Herk B.V.
29 November 2011	1,400	4.77	O.G.B.B. A. van Herk B.V.
21 November 2011	9,984	4.73	O.G.B.B. A. van Herk B.V.
18 November 2011	16	4.73	O.G.B.B. A. van Herk B.V.
7 October 2011	31,387	4.1517	Madeli Participaties B.V.

3.7 **Financial Information**

The Bidder is a non-listed entity incorporated under Swiss law, pursuant to which its annual accounts are not made publicly available.

The audited consolidated financial statements of Syngenta AG per 31 December 2011 are attached to the Prospectus as Annex II. These statements have been established in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and have been audited by Ernst & Young AG, Basel, Switzerland.

The unaudited condensed consolidated financial statements of Syngenta AG for the six months ended on 30 June 2012 are attached to the Prospectus as Annex III. These statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

4 DEVGEN

4.1 Identification of Devgen

Corporate Name:	Devgen
Registered Office:	Technologiepark 30, 9052 Ghent – Zwijnaarde
Date of Incorporation and Duration:	10 September 1997, unlimited duration
Register of Legal Entities:	RPR (Ghent) 0461.432.562
Corporate Form:	Public limited liability company ("*naamloze vennootschap*" / "*société anonyme*") under Belgian law
Listing:	NYSE Euronext Brussels
Applicable law:	Belgian Law
Corporate purpose (in translation from the Dutch original)	To engage in Belgium and abroad, in its own name and on behalf of third parties, alone or in collaboration with third parties, in the following activities: - all forms of research and development on biological and chemical compounds and organisms, as well as the industrialization and commercialization of the results thereof; - the research and development of biotechnological or derivative products that could have a market value in agro chemical and agro biotech applications related to crop protection and seed businesses, in nutrition, and in human and animal health care, diagnostics and therapeutics, based amongst other things on the technology of genetics, genetic engineering, chemistry and cell biology; - the commercialization of the aforementioned products and application domains; - the acquisition, disposal, exploitation, commercialization and management of intellectual property, property and usage rights, trade marks, patents, drawings, licenses, etc. The company is also authorized to engage into all commercial, industrial, financial and real estate transactions, which are directly or indirectly related to, or that may be beneficial to the achievement of its corporate purpose. It can, by means of subscription, contribution, merger, collaboration, financial participation or otherwise, take interests or participate in any

	company, existing or to be incorporated, undertakings, businesses and associations in Belgium or abroad. The company can manage, valorize or sell these interests and can also, directly or indirectly, participate in the board of directors, management, control and dissolution of companies, undertakings, business and associations in which it has an interest or participation. The company can provide guarantees and sureties for the benefit of these companies, undertakings, business and associations, act as their agent or representative, and grant advances, credit, mortgages, or other securities.
Financial year:	1 January to 31 December
Date of Annual Shareholders' Meeting:	First Business Day of June at 11.00 AM
Auditor:	Deloitte Statutory Auditors BV CVBA, represented by Mr. Gert Vanhees, auditor

4.2 Mission and milestones of Devgen

4.2.1 Mission

Devgen's mission is to shape the field of hybrid rice in India and Southeast Asia and help farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals.

Devgen uses advanced biotechnology and molecular breeding technology to develop the Next Generation Hybrid Rice (NGHR^{TM}) seeds and crop protection solutions with a superior environmental profile:

- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.

- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.

- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

- In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes. This product is currently sold in Turkey and was recently introduced in the U.S. market.

- Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (USA), with around 250 staff in total.

4.2.2 Milestones

Date	**Milestones**
September 1997	Devgen is founded and raises in December 1997 € 1.92 million through a private placement.
April 1998	Devgen enters into a one-year collaboration with Janssen Pharmaceutica, a subsidiary of Johnson & Johnson.
August 1998	Devgen raises € 5.55 million through a private placement.
October 1999	Devgen raises € 23.0 million through a private placement.
November 1999	FMC Corporation and Devgen announce a non-exclusive insecticide discovery agreement.
July 2000	Devgen raises € 6.3 million in a follow-on round of financing. As a result, total investment amounts to € 36.8 million.
June 2001	Devgen strengthens its diabetes research via collaboration with Metabolex in the US. The two companies work successfully together to identify the mode-of-action and activity of novel compounds for diabetes.
September 2001	Devgen and FMC Corporation announce the extension of their collaboration in the field of insecticide discovery. Devgen enters into an expanded five-year non-exclusive collaboration with FMC Corporation in the field of insecticide discovery.
February 2002	Devgen completes the first C. elegans genome-wide RNAi feeding library as a tool for high throughput identification and validation of drug and pesticide targets.
July 2002	Devgen announces a target validation collaboration with Genentech to validate the function of novel drug targets.
May 2003	Devgen and Sumitomo Chemical Company announce a three-year crop protection research collaboration to develop novel insecticides.
December 2003	Devgen enters in a collaboration relating to nematode control with

	Pioneer Overseas Corporation.
February 2004	Devgen and an undisclosed pharmaceutical company initiate a collaboration to investigate the role of candidate targets in signaling pathways.
February 2004	Incorporation of Devgen Private Limited, a fully owned Devgen subsidiary based in Singapore, focusing on control of fungal disease in plants.
May 2004	Devgen enters into a collaboration in insect control with Monsanto Company.
June 2004	Devgen successfully completes a nutraceuticals program with an undisclosed party designed to evaluate potential nutrient additives for weight control in animals.
June 2005	Devgen raises € 33.7 million in a successful IPO.
September 2005	Devgen presents positive nematicide field trial results.
June 2006	Devgen and Sumitomo announce extension of crop protection collaboration.
July 2006	Devgen starts rice breeding activities in Kenya.
February 2007	Devgen and Monsanto Company announce a research and technology agreement.
February 2007	Devgen raises € 31 million through a private placement.
March 2007	Devgen announces positive outcome of 2006 season of nematicide field trials.
October 2007	Devgen acquires the rice, sunflower, sorghum, and pearl millet business in India and other Asian countries from several Monsanto Company affiliates.
May 2008	Devgen finalizes the trials for the first registration dossiers compilation of its candidate nematicide product in key geographies.
November 2008	Devgen concludes first seed sales season in India.
December 2008	Devgen closes down its pharma division.
March 2009	Devgen NV and Sumitomo Chemical Company renew their agrochemical compound discovery agreement.
April 2009	Devgen and Monsanto Company update their research and technology agreement; Devgen receives payment of € 20 million.
May 2009	Devgen & Leads Agri sign agreement for distribution of Devgen's hybrid rice seed products in the Philippines.

July 2009	Devgen and Sang Hyang Seri announce hybrid rice production cooperation in Indonesia.
August 2009	Devgen and its partner for Turkey, Dogal A.S., receive regulatory approval for Devgen's nematicide product in Turkey and launch the product under the brand name Devguard® for use on tomato and cucumber under protected cover.
October 2009	Devgen completes successful private placement for a total amount of € 14.7 million.
October 2009	Devgen and PT (Persero) Sang Hyang Seri obtain registration approval of two hybrid rice varieties in Indonesia.
October 2009	Devgen and Dogal A.S. receive regulatory approval in Turkey for the use of Devgen's nematicide product Devguard ® in eggplant and pepper.
November 2009	Devgen & Leads Agri announce the launch of Masuwerte TM, Devgen's first hybrid rice seed product for the Philippines.
December 2009	Devgen technology delivers a premium pearl millet hybrid for hot and dry environments in India.
March 2010	Devgen and IRRI form a partnership for the development of drought-tolerant rice hybrids to the benefit of the Asian rice farmers.
May 2010	Devgen launches its nematicide in the U.S. under the brand name Enclosure® for use on peanuts.
May 2010	Devgen launches a new premium hybrid rice, Frontline Gold RH 1531, to meet the increasing demand for hybrid rice in India.
June 2010	Devgen and PT (Persero) Sang Hyang Seri sign a memorandum of understanding on the introduction of biotech rice in Indonesia.
November 2010	Devgen and PT (Persero) Sang Hyang Seri launch DG 1 SHS in the market in Indonesia.
March 2011	Devgen appoints Cheminova as distributor in Southern Europe for its nematicide Devguard®.
April 2011	Devgen successfully completes a private placement for a total amount of € 26.8 million.
April 2011	Devgen and SHS celebrate with the National Outstanding Farmers Association the positive customer feedback of their hybrid rice DG 1 SHS in Indonesia.
June 2011	Devgen and Vikram Seeds sign a cross-distribution agreement.
July 2011	Multi-location trials in India, the Philippines and Vietnam with new and proprietary hybrid rice varieties based on NGHR-technology.
February 2012	Devgen successfully expands its hybrid pearl millet seeds portfolio in

	India and starts sales of two new hybrid rice seeds in India
May 2012	Devgen and Syngenta enter into a six-year global license and research agreement in the field of sprayable RNAi-based crop protection applications.
June 2012	Devgen receives a recognition award from the National Seed Industry Council (NSIC) in the Philippines for its achievement as developer of three new hybrid rice varieties.
July 2012	Devgen and PT Sang Hyang Seri (Persero) (SHS) are granted registration for the commercial sale in Indonesia of DG 5 SHS, a new premium hybrid rice seed.

4.3 Shareholder structure of Devgen

Devgen has publicly disclosed the transparency declarations of its shareholders in accordance with the law of 2 May 2007. Taking into account the current denominator of 24,291,131 shares as per 5 October 2012 and our current understanding of the participation of the Reference Shareholders, the shareholders' structure of Devgen is as follows:

Shareholder	Number of Shares	% of total
Biovest Comm. VA (together with Rudi Mariën)	3,093,489	12.74%
O.G.B.B. A. Van Herk B.V.	4,822,342	19.85%
Gimv NV, its subsidiary Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV[7]	1,538,462	6.33%
Madeli Participaties B.V.[8]	2 083 863	8.58%
Monsanto Company[9]	1,045,400	4.31%
Free Float	11,707,575	48.17%
Total	**24,291,131**	**100%**

[7] See transparency declaration of 8 April 2011, available on the website of Devgen: http://www.Devgen.com/download/08042011/TR-1BE%20-%20Devgen%20(Gimv%20AGVC%20BFV).pdf

[8] See transparency declaration of 19 April 2011, available on the website of Devgen: http://www.Devgen.com/download/22042011/TR-1%20BE%20%20DEVGEN%2019%20april%202011%20Devgen%20versie.pdf

[9] See transparency declaration, available on the website of Devgen: http://www.Devgen.com/download/02052011/11%2004%2022_TR-1BE_Monsanto_Company_Devgen%20(2).pdf

4.4 Share capital of Devgen

4.4.1 Share capital

On the date of the Prospectus, the share capital of Devgen amounts up to EUR 1,821,832.51 and is divided into 24,291,131 shares without nominal value.

4.4.2 Authorised capital

According to article 6 of Devgen' articles of association and the resolution of the extraordinary general shareholders' meeting held on 25 August 2008, the board of directors is authorized to increase the share capital in one or more transactions with an amount equal to EUR 1,341,110.15. This authorization is valid for a period of five (5) years as of the publication of the resolution of the extraordinary general shareholders' meeting in the Annexes to the Belgian Official Gazette (*i.e.* 5 September 2013). This authorization may be renewed in accordance with the relevant legal provisions.

The board of directors will determine the modalities of the capital increase(s) within the framework of the authorized capital, such as:

- by means of contribution in cash or in kind, within the limits as permitted by the Companies Code,
- through conversion of reserves and issuance premiums,
- with or without issuance of new shares,
- through issuance of convertible bonds, subordinated or not,
- through issuance of warrants or bonds to which warrants or other tangible values are attached,
- through issuance of other securities, such as shares in the framework of a stock option plan.

The board of directors can limit or cancel the preferential subscription right of the shareholders in the interest of Devgen, subject to the limitations included in and in accordance with the Companies Code. Such limitation or cancellation can also occur to the benefit of the employees of Devgen and its subsidiaries, and to the benefit of one or more specific persons even if these are not employees of Devgen or its subsidiaries.

The board of directors has increased the share capital of Devgen within the framework of the authorized capital (i) on 1 October 2009 for an amount of EUR 131,500.43 and (ii) on 30 March 2011 for an amount of EUR 343,841.18. Therefore, the amount currently available for the board of directors to increase the share capital of Devgen within the framework of the authorized capital amounts up to EUR 865,768.54.

4.4.3 Warrants

Devgen has created several pools of Warrants to the benefit of its employees, management, directors and consultants. The table below gives an overview of the outstanding Warrants as of the date of this Prospectus:

Warrant Plan	**Number of Warrants outstanding**	**Exercise Price** (EUR per Warrant)
Warrants 2005	104,112 7,880 10,476 6,000 33,516 206,016 14,194 10,008	9.49 (grant 2005) 11.54 (grant 2006) 11.67 (grant 2006) 14.25 (grant 2006) 21.61 (grant 2007, 2009, 2010 and 2011) 20.73 (grant 2007) 13 (grant 2008) 13.26 (grant 2008)
Warrants for Employees, CEO and Consultants 2008	15,000 50,774 26,632 70,119 81,828	13.26 (grant 2008) 3.5 (grant 2009) 10.49 (grant 2010) 5.61 (grant 2011) 5.53 (grant 2012)
Warrants for Employees, CEO and Consultants 2008 (India Sub-Plan)	166,736 20,112 56,751	3.5 (grant 2009) 10.49 (grant 2010) 5.61 (grant 2011)
Warrants for Directors 2008	8,793	14.40 (grant 2008)
Warrants CEO 2009	300,000	6.65 (grant 2009)
Warrants for Directors 2009	30,000	6.65 (grant 2009)
Warrants CEO & Directors 2010	30,000	8.78 (grant 2010)
Warrants CEO & Directors 2011	115,436	6.78 (grant 2011)
Warrants for Employees, CEO and Consultants 2012	32,311	5,43 (grant 2012)
Warrants CEO & Directors 2012	74,311	5.43 (grant 2012)

Total	**1,471,005**	

Each Warrant entitles its holder the right to acquire one share of Devgen upon payment of the Exercise Price.

Pursuant to the terms and conditions of each warrant plan and the individual undertakings of all warrant-holders with tax residency in Belgium, the Warrants are (i) only exercisable three years after granting, and (ii) non-transferable, except in case of a decision of the board of directors of Devgen.

Furthermore, the Bidder was informed that the board of directors of Devgen permitted on 24 August 2012 the accelerated vesting and transferability of all outstanding Warrants, so that the outstanding Warrants can be tendered into the Bid during the Acceptance Period.

All Warrants are included in the scope of the Bid.

At the date of this Prospectus, the following members of the board of directors hold the following amounts of Warrants issued by Devgen:

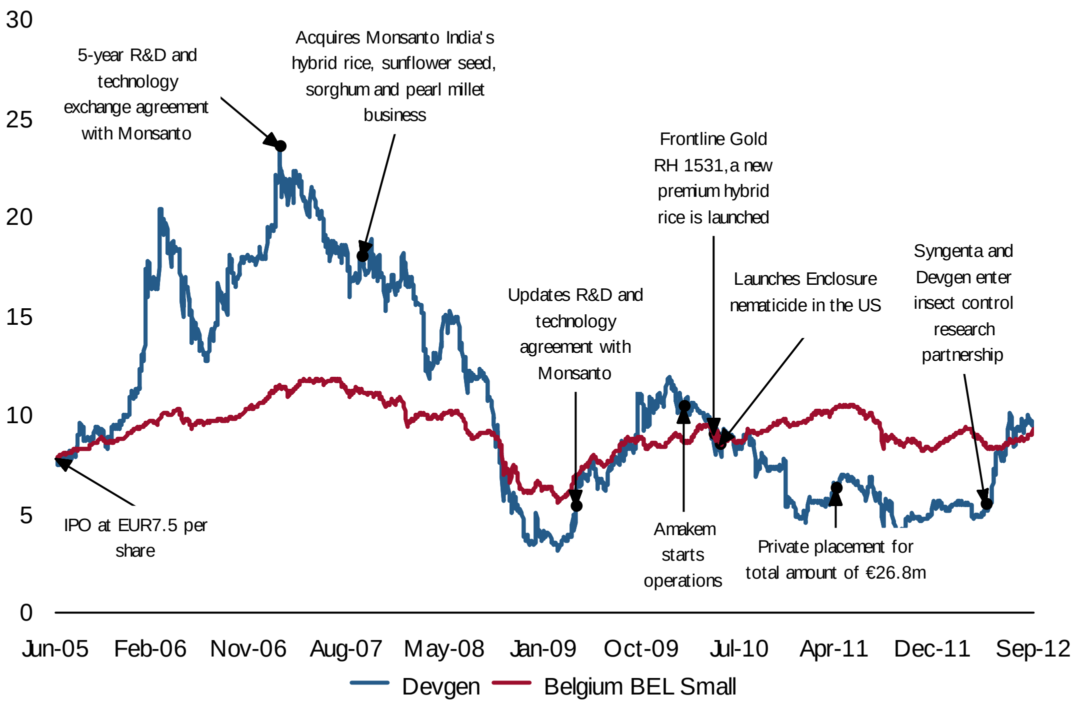
Name	**Warrants**
Thierry Bogaert	779,918
Orlando de Ponti	24,000
Jan Leemans	26,931
Rudi Mariën	24,000
Alan Williamson	32,931
Remi Vermeiren	35,931
Van Herk Global Agri B.V. (Aat van Herk)	6,000
Madeli Participaties B.V. (Wouter de Ruiter)	6,000
Patrick Van Beneden	0
Ruth Devenyns	0

4.4.4 Treasury Stock

Devgen does not have any treasury stocks, however, according to Article 16 of its articles of association, the board of directors is authorised to buy-back, transfer or pledge its own shares (including profit shares or any certificates relating thereto) provided that the relevant legal provisions are complied with.

4.4.5 Evolution of Devgen's share price on NYSE Euronext Brussels

The graph below illustrates the evolution of Devgen's share price on NYSE Euronext Brussels for the period commencing on 7 June 2005 until 20 September 2012:



Source: FactSet, as of 20 September 2012.

Devgen's shares are listed on the NYSE Euronext Brussels (DEVG) since 7 June 2005, following the initial public offering (IPO) at a price of EUR 7.50 per Share. The graph above benchmarks the evolution of Devgen's closing share price since the IPO until 20 September 2012 to the performance of the BEL Small Cap Index. After the IPO, the stock of Devgen initially gained significant ground. However, since the beginning of 2007 its share price trended downwards to the initial IPO price and below (partially due to the closing down of the pharmaceutical division in December 2008). While, at times, the stock was able to gain some momentum on the back of licensing agreements announced (such as the licensing agreement dated April 2009 with Monsanto), the shares continued to trade around the IPO price. In the months ahead of the License Agreement, the stock experienced some downwards pressure, but picked up again after the announcement of the License Agreement. Benchmarking the stock over the period considered to the broader BEL Small Cap Index, Devgen outperformed just slightly, whilst being much more volatile.

4.5 Governance structure

4.5.1 Board of directors

The board of directors of Devgen must consist of minimum five (5) members and maximum ten (10) members. Their respective term of office may not exceed six (6) years, but they may be re-elected.

According to Devgen' corporate governance charter, at least three directors should be independent in the sense of article 526ter of the Companies Code and at least half of the directors should be a non-executive director.

As of the date of this Prospectus, the board of directors of Devgen is composed as follows:

Name	Expiration of term	Function
Remi Vermeiren	ASM 2013	Non-executive director, chairman
Thierry Bogaert BVBA represented by Thierry Bogaert	ASM 2013	Executive director, managing director, CEO
Orlando de Ponti	ASM 2013	Independent non-executive director
Madeli Participaties B.V., with as only director Madeli B.V., represented by Wouter de Ruiter	ASM 2014	Independent non-executive director
Blenar BVBA represented by Jan Leemans	ASM 2013	Non-executive director
Gengest BVBA represented by Rudy Mariën	ASM 2014	Non-executive director
Patrick Van Beneden	ASM 2013	Non-executive director
Van Herk Global Agri B.V. represented by Aat van Herk	ASM 2013	Non-executive director
Alan Williamson, PhD	ASM 2013	Non-executive director
Ruth Devenyns	ASM 2014	Independent non-executive director

Remi Vermeiren (chairman, non-executive director)

Remi Vermeiren holds a degree in Commercial and Financial Sciences. Before he became an director of Devgen, he had a 43 year long career at Kredietbank NV, which in 1998 merged with Cera Bank and ABB Insurance into KBC Bank and Insurance Group. As of 1989, Remi Vermeiren was member of the Executive Committee responsible for the day-to-day management of the bank. From 1998 until 2003, he held the function of chairman of the KBC Bank and Insurance Group and of KBC Bank. Currently, Remi Vermeiren is also member of the board of directors of a number of listed and non-listed companies and of charitable organizations, including of ''Foundation RV'' set up and funded by himself. He is currently a member of the board of directors or administrative management or supervisory bodies of Ablynx NV and J. Zinner NV. He is responsible for the orderly liquidation of ACP II SCA (Luxembourg). In the past five years, he has held positions as a member of the board of directors or administrative, management or supervisory bodies of the following companies: Hobbyrama NV, Matériaux Gondry SA, Hout-Bois Van Steenberge NV, Cometal NV, Stock Americain Van Wiemeersch NV, The Capital Markets Company NV, Arda Immo NV (f.k.a. Ardatis NV), Afinia Plastics NV, Euronext Holding N.V. (the Netherlands), Euronext Amsterdam N.V. (the Netherlands), ACP II SCA (Luxembourg), IFB SPA (Italy), Cumerio NV, Ravago NV and MCS NV.

Thierry Bogaert, representing Thierry Bogaert BVBA (founder, managing director and Chief Executive Officer)

Thierry Bogaert is a graduate from Ghent University and received a MSc degree from the University of Manitoba, Canada and a PhD from the University of Cambridge (UK). He held faculty positions at the Medical Research Council - Laboratory of Molecular Biology in Cambridge and the Medical Faculty of the Ghent University. He founded Devgen in 1997 and has led it since.

Orlando de Ponti (independent non-executive director)

Orlando de Ponti graduated as Agricultural Engineer and as doctor at the Wageningen Agricultural University. He gained important experience in the breeding and seed business working for the Dutch Ministry of Agriculture and, from 1991 to 2008, as managing director R & D of Nunhems B.V., a global vegetable seed company with important operations in India. He is the immediate past president of the International Seed Federation (ISF), member of the Verwaltungsrat of Ernst Benary Samenzucht GmbH (Germany) and of the supervisory board of Royal van Zanten B.V. (the Netherlands).

Wouter De Ruiter, representing Madeli Participaties B.V. (independent non-executive director)

Wouter de Ruiter has more than 20 years of experience in the seed industry. Prior to assuming the role at Devgen, Wouter de Ruiter was the breeding lead for cucurbits for Monsanto Company, where he oversaw the development of several market-leading varieties. Before that he was head of the breeding department from De Ruiter Seeds, a Dutch seed company (sold to Monsanto Company) in Bergschenhoek. He holds a master degree in Plant Genetics and Breeding from the Wageningen University.

Jan Leemans, representing Blenar BVBA (non-executive director)

Jan Leemans is the former Research Director of Plant Genetic Systems in Ghent. He has been member of the board of Hoechst Shering AgrEvo GmbH (Germany), Nunza B.V. (the Netherlands), and the Flemish Institute of Biotechnology and CropDesign NV. Currently he is also on the board of Misr Hytech, a leading seed company in Egypt, and serves as a trustee of the S M Sehgal Foundation in India.

Rudi Mariën, representing Gengest BVBA (non-executive director)

Rudi Mariën is, through his investment company Biovest Comm. VA, an important shareholder of Devgen. He was the co-founder, reference shareholder and chairman of the biotech company Innogenetics NV. He brings to Devgen significant experience in the management of both private and public businesses. Rudi Mariën holds a degree in pharmaceutical sciences from the University of Ghent, and is specialized in clinical biology. Rudi Mariën was the CEO and director of Barc NV group. Currently Rudi Mariën is director of Biocartis S.A. (Switzerland). He is president and managing director of Gengest BVBA and Biovest CVA. Through his management company, Gengest BVBA, he has board mandates in different listed (e.g. Quest For Growth, MDx Health) and private biotech companies (e.g. Actogenix NV, Pharmaneuroboost NV, Oystershell NV).

Patrick Van Beneden (non-executive director)

Patrick Van Beneden is the executive vice president of Gimv - Life Sciences, responsible for Gimv's investment portfolio in life sciences. He is currently a member of the board of directors or supervisory bodies of the following companies: Gimv Agri+ Investment Fund NV, Endosense (Switzerland), Biotech Fonds Vlaanderen NV, ActoGeniX NV and FlandersBio VZW. He is also observer in the board of directors of JenaValve (Germany) and member of the Advisory Board of Oxford Biosciences Partners and a former board member of CropDesign NV, Ablynx NV, Innogenetics NV, Avalon Pharmaceuticals (US), TorreyPines Therapeutics (US), Astex Therapeutics (U.S.), and Crucell N.V. (the Netherlands).

Aat van Herk, representing Van Herk Global Agri B.V (non-executive director)

Aat van Herk is by means of his investment company O.G.B.B. A van Herk B.V. an important shareholder of Devgen since its initial public offering at Euronext in 2005. His experience as entrepreneur and his excellent track record as investor in biotech companies imply an important added value for the company. Aat van Herk is the founder of the Dutch company van Herk Groep B.V. Van Herk Groep B.V., in its capacity as independent enterprise, is active in a considerable number of areas of the economy: real estate, construction, property development, biotech, financial services and energy.

Alan Williamson, PhD (non-executive director)

Alan Williamson is the former vice president of Basic Research, Immunology and Inflammation and vice president of Research Strategy at Merck US. He was a member of the Advisory Council of the NIH National Human Genome Institute from 1998 to 2002 and currently is a member of the Sequencing Advisory Panel and Human Microbiome Advisory Panel. He currently serves as a board member of several high tech companies, including Onconova Therapeutics (U.K.). He formerly served as a board member of, among others, Oxxon Therapeutics (U.K.), Solexa (U.K.) and Pulmagen Therapeutics (U.K.).

Ruth Devenyns (independent non-executive director)

Ruth Devenyns has a long standing experience in the biotechnology sector. A former analyst and investment banker, Mrs. Devenyns was in charge of the venture capital activities in the sector at KBC Private Equity until end of March 2012. She was involved in several IPO's, private placements and M&A-transactions and held various directorships including Ablynx, Applied Maths and Biocartis. At KBC Private Equity she also managed various investments in agro-biotech and seed companies such as CropDesign and Ceres. Currently, Ruth Devenyns is an independent director at MDx Health and director of FlandersBio, the biotech sector organisation in Flanders. In June 2012 she joined Korys, the investment structure of the Colruyt family.

All non-executive directors other than the independent non-executive directors agreed to tender their resignations as members of the board of directors of Devgen, and/or of any corporate body or committee of Devgen, at the request of the Bidder, as of the Initial Settlement Date following the expiration of the Acceptance Period. Upon such resignation the remaining executive director and the independent non-executive directors agreed to co-opt a majority of new directors presented by the Bidder. The remaining independent non-executive directors agreed to tender their resignation thereafter. In the event of a delisting of Devgen, the board of directors of Devgen (and, as the case may be, its committees) will be modified in order to bring its governance model and policies in line with what is customary for privately held companies.

4.5.2 Audit Committee

The board of directors has set up an Audit Committee in accordance with Article 526bis of the Companies Code. The composition, tasks and functioning of the Audit Committee are governed by the applicable legal provisions and the terms of reference included in Devgen's Corporate Governance Charter.

At the date of the Prospectus, the Audit Committee consists of the following members: Ruth Devenyns (chairman), Remi Vermeiren, Blenar BVBA (represented by Jan Leemans) and Gengest BVBA (represented by Rudi Mariën).

The Audit Committee is responsible for the monitoring of Devgen's the financial reporting, internal control and risk management systems, the internal audit and its effectiveness, and the external audit of the statutory and consolidated financial statements.

It should be noted that, upon a delisting of Devgen, the Audit Committee will be dissolved.

4.5.3 Nomination and Remuneration Committee

The Board of Directors has set up a Nomination and Remuneration Committee. The composition, tasks and functioning of that committee are governed by the terms of reference included in the Corporate Governance Charter of Devgen.

At the date of the Prospectus, the Nomination and Remuneration Committee consists of the following members: Remi Vermeiren (chairman), Orlando de Ponti, Gengest BVBA (represented by Rudi Mariën), Ruth Devenyns and Madeli Participaties B.V. (represented by Wouter De Ruiter).

In relation to nominations, the Nomination and Remuneration Committee is responsible for making recommendations to the Board with respect to the nomination of directors, the appointment of the CEO, the CFO and senior managers, assisting the board of directors in the nomination and appointment procedure, identifying, contacting and nominating candidates to fill vacancies, advising on proposals for appointment originating from shareholders and properly considering issues related to succession planning.

In relation to remuneration, the Nomination and Remuneration Committee is responsible for making proposals to the Board on the remuneration policy for and the individual remuneration of directors, executive managers and senior managers, including bonuses, long-term incentives and arrangements in case of early termination and making a recommendation to the board regarding the objectives of the CEO and the grant and amount of a variable cash bonus depending on whether and to what extent the CEO satisfied the objectives of the previous year.

The Nomination and Remuneration Committee will develop a plan to attract suitable future board members of both genders in the years up to 2017.

It should be noted that, upon a delisting of Devgen, the Nomination and Remuneration Committee will be dissolved.

4.5.4 Executive Management

The executive management consists of the CEO (Thierry Bogaert BVBA, represented by Thierry Bogaert) and the CFO (Wim Goemaere), both appointed by the board of directors. The executive management does not constitute an executive committee ("*directiecomité*"/ "*comité de direction*") within the meaning of article 524bis of the Companies Code.

The agreements of the CEO and the CFO can be terminated by the board in accordance with the contractual provisions.

The board of directors has delegated the company's day-to-day management to the CEO.

4.5.5 Corporate Governance Charter

In accordance with the Belgian Code on Corporate Governance of 2009, the board of directors has adopted a Corporate Governance Charter wherein the main aspects of Devgen's corporate governance are described. This Charter was most recently updated on 9 December 2009.

Devgen complies with the principles and provisions of the Belgian Code on Corporate Governance except as explained in the corporate governance statement included in its annual report. According to the corporate governance statement included in the annual report with respect to the financial year 2011, Devgen has adopted the following deviations:

- Devgen does not comply with the provision 5.2./4 of the corporate governance code which states that a majority of the Audit Committee's members should be independent. The board of directors of Devgen will propose the necessary actions to remedy the non-compliance.

- Devgen does not fully comply with provision 5.2./17 which states that an independent internal audit function should be established. In view of the size of the company, Devgen has no overall formal internal audit function. However, the Audit Committee regularly evaluates the need for particular internal audits and the steps to be taken given the findings of such evaluations.

- Contrary to provision 7.7 of the Corporate Governance Code, which sets out those non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, the extraordinary shareholders meeting of 1 June 2011 granted each non-executive director, or its permanent representative, 6,000 warrants on Devgen shares. Through warrants Devgen can remunerate its non-executive directors without using the company's cash resources, which is in the interest of such a growth company. In addition to these warrants, the non-executive directors, with the exception of the chairman, are entitled to a compensation of EUR 1,500 per attended meeting of the board of directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of EUR 7,500 for every fully performed board mandate year. The chairman of the board of directors is entitled to a monthly fee of EUR 4,000. The chairman of the Audit Committee is entitled to a fee of EUR 3,000 per meeting. Devgen believes that this remuneration package is justified, as it corresponds with market practice and expectations for similar listed companies in the biotechnology field and allows the company to offer an appropriate remuneration to attract and retain experienced independent directors from different economic sectors.

- Contrary to provision 7.18 of the Corporate Governance Code, the contract between the CEO and Devgen does not specify that the severance package excludes variable cash bonuses in case the departing CEO did not meet the performance criteria referred to in the contract. The termination indemnity is calculated on the basis of the fixed remuneration applicable at the time of termination and the average variable cash bonus paid in previous three years. The board of directors believes this arrangement to be fair and in the interest of Devgen.

4.6 **Remuneration scheme for the CEO and key management**

4.6.1 Existing remuneration schemes

The Nomination and Remuneration Committee of Devgen agreed on 19 June 2012 to a bonus scheme for the CEO and certain key managers in consideration for services rendered in the past. This bonus will only become payable in case of a change of control. This bonus scheme will be submitted for approval to a special shareholders' meeting of Devgen which shall be convened after publication of the Takeover Bid by the FSMA.

The board of directors of Devgen agreed on June 19, 2012 to amend the management service agreement entered into with the CEO with a view to bring the variable annual income structure in line with the requests of article 520ter of the Companies Code. It has been agreed with Syngenta that such amounts will not become payable in case of a change of control, but will only become payable to the extent that the CEO stays with Devgen until 1 October 2013, in accordance with the terms and conditions of the new management service agreement between Thierry Bogaert BVBA and Devgen.

The rationale of the management services agreement dated June 19, 2012 was to bring the existing agreement in line with the new requirements of the Companies Code in view of the fact that the annual variable remuneration of the CEO of Devgen could exceed one fourth of its total annual remuneration. The new agreement makes the payment of certain variable amounts dependent on the CEO's performance over one, two and three year periods and simultaneously sees to it that the CEO is not deprived of certain rights, which have been spread out over time, in the event of a change of control. Devgen has gradually scaled the variable compensation as provided by law (and in particular as provided by article 520ter of the Companies Code) gradually into its current relationship with the CEO: during 2012 the bonus will be up to 50% of the annual fixed remuneration (in function of the manager's performance over 2011), during 2013, the bonus will be up to 75% of the annual fixed remuneration (in function of the manager's performance over 2011 and 2012) and as of 2014 the bonus will be up to 100% of the annual fixed remuneration (in function of the manager's performance over three years). To compensate impact of the resulting loss of variable compensation for the manager (up to 50% in 2012 and up to 25% in 2013), the manager's fixed remuneration has been increased during the transition period (it being understood that this increase will not be taken into account to calculate the variable remuneration). Simultaneously, parties have agreed, subject to the approval by the shareholders' meeting, that, in the event of a change of control, all variable compensation (including the transitional increases of the fixed remuneration) that relate to the years prior to and including the year where the change of control takes place, will become immediately payable. For clarity's sake, this understanding does not imply an increase but only an acceleration of certain payments (to be calculated on the basis of the then known performance of the manager). The total amount of the accelerated bonuses in the case at hand is EUR 557,668, which was calculated on the basis of the past performance scores of the CEO. In addition, in the event of a change of control, a total amount of 32,311 warrants, that should have been granted in the future, also become immediately grantable. In approving this management services agreement, the board of directors of Devgen applied article 523 of the Companies Code and this approval was supported by all directors (including the independent directors). (more information and a justification of Devgen regarding this decision can be found in Section 2.4 of the Memorandum in Response, as attached to this Prospectus as Annex IX).

As stated in section 4.8.2 of the Prospectus, the board of directors of Devgen approved the payment of a bonus to certain key managers, employees and consultants of Devgen and to certain directors of affiliated companies of Devgen for services rendered in the past, subject to the successful closing of the Takeover Bid, for an aggregate amount equal to EUR 4,03 million (more information and a justification of Devgen regarding this decision can be found in Section 2.4 of the Memorandum in Response, as attached to this Prospectus as Annex IX)..

As stated in section 4.8.2 of the Prospectus, the Bidder was not involved in the above discussions nor decisions in this section 4.6.1, but after being informed of these decisions of the board of directors of Devgen, does not object that these undertakings are submitted to the approval by the special shareholders' meeting, nor does the Bidder consider these agreements to constitute a defensive measure to frustrate the Takeover Bid as referred to in Article 31 of the Royal Decree on Takeover Bids, nor constitute a material change in the composition of the assets and liabilities of Devgen, as referred to under the condition of the Takeover Bid set forth in Section 5.1.5 of the Prospectus.

The Bidder explicitly confirms that the above decisions do not constitute a breach of the conditions attached to the Takeover Bid as referred to in section 5.1.5 of the Prospectus.

4.6.2 Future retention scheme

In order to retain key members of the management as well as the other employees of Devgen, the Bidder is considering to work out a retention bonus scheme.

4.7 **Important participations**

Devgen holds participations in entities on a consolidated level, as follows:

Devgen Private Limited Research Link 1, 117604 Singapore, Singapore	100%
Devgen Rice Indonesia Private Limited Tong Eng Building 101, Cecil Street 12, box 5, 069533 Singapore, Singapore	75%
Devgen Seeds and Crop Technology Private Limited Research Link 1, 117604 Singapore, Singapore	100%
Devgen US Inc. Orange Street 1201, Suite 600, 19801 Delaware, USA	100%
Devgen Seeds and Crop Technology Private Limited 7C, Surya Towers, 105, Sardar Patel Road, 50003 Secunderabad, India	100%
Devgen Seeds and Crop Technology Private Limited - Philippines Branch Capinpin Street San Antonio Village 29, Pasig, Philippines	100%
PT. (Perseroan Terbatas) Devgen Seeds and Crop Technology Jalan Sidikan UH VI 99, RT. 37/ RW. 15, Sorosutan, 55162 Yogyakarta, Indonesia	95%
Amakem NV Agoralaan Gebouw Abis, 3590 Diepenbeek, Belgium	4.42%

4.8 **Recent Developments**

4.8.1 Recent public disclosures

For the recent developments with respect to Devgen, reference is made to the press releases, which have been published on the website www.Devgen.be and which have been attached to the Prospectus as Annex VIII:

- On 7 November 2012, Devgen announced a business update and its three-month financial results ending 30 September 2012 .
- On 5 October 2012, Devgen announced that it issued 13,252 common shares as the result of the exercise of warrants.
- On 28 September 2012, Devgen announced that it received four shareholder notifications.

- On 21 September 2012, Devgen announced that it received a tender offer from Syngenta of EUR 16 per share for all outstanding shares.

- On 27 August 2012, Devgen announced and published its half year results as at 30 June 2012.

- On 9 July 2012, Devgen and PT Sang Hyang Seri (Persero) (SHS) announced that they have been granted registration for the commercial sale in Indonesia of DG 5 SHS, a new premium hybrid rice seed.

- On 11 June 2012, Devgen announced that it received a recognition award from the National Seed Industry Council (NSIC) in the Philippines for its achievement as developer of three new hybrid rice varieties.

- On 1 June 2012, Devgen announced that Mrs. Ruth Devenyns has been appointed as independent director on the board of directors for a term of two years.

- On 15 May 2012, Devgen announced a business update and its three-month financial results ending 31 March 2012.

- On 14 May 2012, Devgen and Syngenta announced a six-year global license and research agreement.

- On 5 April 2012, Devgen announced the issuance of 11,479 common shares as the result of the exercise of warrants.

- On 8 March 2012, Devgen provided a business update and its results for the twelve month period ending 31 December 2011.

- On 28 February 2012, Devgen announced the successful conclusion of farmer trials in India of two new premium hybrid rice varieties.

- On 28 February 2012, Devgen announced the successful completion of the first sales season of its first hybrid pearl millet seed adapted to all pearl millet growing areas in India.

- On 17 February 2012, Devgen announced that it is making good progress in its program to develop the Next Generation Hybrid Rice (NGHR™).

4.8.2 Contractual commitments entered into by Devgen still subject to shareholders' approval

In the period preceding the filing of the Takeover Bid, but after the last shareholders' meeting, the board of directors of Devgen adopted the following decisions, which pursuant to Articles 556 and

520ter of the Companies Code still need to be submitted for approval to the shareholders' meeting of Devgen:

- the presence of a change of control clause in the global license and research agreement entered into between Devgen and Syngenta on 14 May 2012, which entitles Syngenta to a partial or a total refund of fees and payments made in exchange for a partial or total termination of licenses granted.

- the execution of a management services agreement with the CEO of Devgen dated June 19, 2012, which provides that, in the event of a change of control, (i) all bonuses that relate, in whole or in part, to the performance of the CEO during any of the calendar years prior to and including the year where the change of control takes place, to the extent not yet paid, become immediately due (for a maximum amount of up to EUR 557,668) and (ii) the future grant of 32,311 warrants at an exercise price of EUR 5.43 per warrant accelerates as well (more information and a justification of Devgen regarding this decision can be found in Section 2.4 of the Memorandum in Response, as attached to this Prospectus as Annex IX).

- the payment by Devgen or affiliated companies of a bonus to certain key managers, employees and consultants of Devgen and to certain directors of affiliated companies of Devgen for services rendered in the past, subject to the successful closing of the Takeover Bid, for an aggregate amount equal to EUR 4,03 million (two thirds of the success fee will be payable, in the event of a change of control and subject to shareholders' approval, to Thierry Bogaert; one third will be distributed among a small group of key managers), to be increased, in the event of a higher bid or counterbid, by an amount equal to 1% of the excess transaction value of such higher bid or counterbid (more information and a justification of Devgen regarding this decision can be found in Section 2.4 of the Memorandum in Response, as attached to this Prospectus as Annex IX).

The board of directors of Devgen intends to submit these items for approval to the shareholders of Devgen after the filing of the Takeover Bid but prior to the payment on the Initial Settlement Date.

The Bidder has been informed by the board of directors of Devgen that the agenda of such special shareholders' meeting of Devgen will read as follows:

1. Approval of a change of control clause in the license and research agreement entered into between Devgen and Syngenta AG on 14 May 2012.

Proposed resolution: *The meeting approves the clause enshrined in the license and research agreement entered into between Devgen and Syngenta AG on 14 May 2012, and that entitles the latter, in the event of a change of control within Devgen, to request a partial or a total refund of fees and payments made in exchange for partial or total termination of licenses granted.*

2. Approval of bonuses to certain key managers, employees and consultants in case of a successful closing of the takeover bid (or a thereto related counterbid or higher bid) that was announced on 21 September 2012.

   Proposed resolution: *The meeting approves the grant of bonuses to certain key managers (including Thierry Bogaert), key employees and key consultants. For the beneficiaries who perform a board mandate within a subsidiary of Devgen, this bonus will be paid by the relevant subsidiary for services rendered for the benefit of these subsidiaries. The aggregate amount of all bonuses will equal EUR 4.03 million, to be increased, in the event of a successful counterbid or higher bid, by an amount equal to 1% of the excess transaction value of such counterbid or higher bid. The bonuses will only be due in case of a successful closing of the takeover bid on Devgen that was announced on 21 September 2012 (or a thereto related counterbid or higher bid).*

3. Ratification of the accelerated granting of certain warrants and of an accelerated payment of certain bonuses to the CEO of Devgen in case of a change of control within Devgen.

   Proposed resolution: *The meeting approves the clause that is enshrined in the management services agreement of the CEO of Devgen dated 19 June 2012 that, in case of a change of control within Devgen, provides for an accelerated granting of 32,211 warrants at an exercise price of EUR 5.43 per warrant and for an accelerated becoming due of certain bonuses by the subsidiaries of Devgen, the maximum aggregate amount of which is EUR 557,668, which would, in principle, have become due in the course of the agreement.*

The Bidder was not involved in these discussions nor decisions, but after being informed of these decisions of the board of directors of Devgen, does not object that these undertakings are submitted to the approval by the special shareholders' meeting, nor does the Bidder consider these agreements to constitute a defensive measure to frustrate the Takeover Bid as referred to in Article 31 of the Royal Decree on Takeover Bids, nor constitute a material change in the composition of the assets and liabilities of Devgen, as referred to under the condition of the Takeover Bid set forth in Section 5.1.5 of the Prospectus.

4.8.3 On-going relationship between Devgen and Syngenta

Syngenta has regular contact with Devgen in respect to the existing cooperation agreement and on a regular and in going concern basis enters into discussions and agreements with Devgen in respect to the development and testing of new products.

4.9 **Financial Information**

The annual accounts and consolidated annual accounts of Devgen per 31 December 2011 are attached to the Prospectus in Annex IV. The annual accounts have been established in accordance with Belgian GAAP, and the consolidated accounts in accordance with IFRS as adopted by the European Union. The annual accounts have been approved by the general shareholders' meeting of Devgen held on 1 June 2012. These accounts have been audited by Deloitte Bedrijfsrevisoren CVBA, having its registered office at Berkenlaan 8, box B, 1831 Diegem, Belgium, and with company number 0429.053.863 (RPR Ghent), with Gert Vanhees as its legal representative. Gert Vanhees is a member of the Institute of Company Auditors ("*Instituut der Bedrijfsrevisoren*" / "*Institut des Réviseurs d'Entreprises*") and has not formulated any reservations in respect of these accounts.

On 15 May 2012, Devgen announced and published a business update and its three-month financial results ending 31 March 2012 (as attached in Annex V to the Prospectus).

On 27 August 2012, Devgen announced and published its half year results as at 30 June 2012 (as attached in Annex VI to the Prospectus).

On 7 November 2012, Devgen announced and published a business update and its three-month financial results ending 30 September 2012 (as attached in Annex VIII to the Prospectus).

5 THE BID

5.1 Characteristics of the Bid

5.1.1 Nature of the Bid

The Takeover Bid is a voluntary conditional bid made in accordance with Chapter II of the Royal Decree on Takeover Bids. The Takeover Bid is solely in cash.

5.1.2 Scope of the Bid

The Takeover Bid relates to all Shares, including all Shares that are issued as a result of the exercise of the Warrants, and Warrants issued by Devgen.

The Takeover Bid does not relate to the VVPR Strips issued by Devgen.

The Shares are listed on the regulated market of NYSE Euronext Brussels under ISIN code BE0003821387.

Devgen has not issued any other securities with voting rights or giving access to voting rights other than the Shares and the Warrants. Devgen has not issued any right enabling the holder of such right to acquire Shares, except for the Warrants.

5.1.3 *Bid Price*

The Bid Price for Shares is EUR 16.00.

The Bid Price for Warrants is different for each category of Warrants, depending on the strike price and maturity of the Warrants:

Warrant plan	Strike price (EUR per Warrant)	Maturity date	Number of warrants outstanding	Bid Price (EUR per Warrant)
Warrants 2005	9.49	11/12/2015	103,000	8.64
	9.49	11/12/2020	1,112	11.01
	11.54	11/12/2020	7,880	10.38
	11.54	30/09/2012	0	4.49
	11.67	11/12/2020	5,220	10.34
	11.67	11/12/2015	5,256	7.59
	11.67	30/09/2012	0	4.36
	14.25	11/12/2015	6,000	6.55
	21.61	11/12/2015	24,588	4.47
	21.61	11/12/2020	8,568	8.16
	21.61	30/09/2012	0	0.04
	21.61	24/02/2014	360	2.44
	20.73	11/12/2015	206,016	4.66
	13	11/12/2020	13,140	9.97
	13	30/09/2012	0	3.13
	13	24/02/2014	1,054	5.38
	13.26	11/12/2020	10,008	9.91
Warrants for Employees, CEO and Consultants 2008	13.26	19/06/2018	15,000	8.61
	3.50	19/06/2018	50,774	13.13
	10.49	19/06/2018	26,632	9.57
	5.61	19/06/2018	70,119	11.82
	5.53	19/06/2018	81,828	11.87
Warrants for Employees, CEO and Consultants 2008 (India Sub-Plan)	3.5	19/06/2018	166,736	13.13
	10.49	19/06/2018	20,112	9.57
	5.61	19/06/2018	56,751	11.82
Warrants for Directors 2008	14.40	19/06/2013	8,793	3.74
Warrants CEO 2009	6.65	23/07/2014	300,000	9.81
Warrants for Directors 2009	6.65	23/07/2014	30,000	9.81
Warrants CEO & Directors 2010	8.78	31/05/2015	30,000	8.74
Warrants CEO & Directors 2011	6.78	31/05/2016	115,436	10.43
Warrants for	5.43	31/05/2022	32,311	12.92

Employees, CEO and Consultants 2012				
Warrants CEO & Directors 2012	5.43	31/05/2017	74,311	11.62

5.1.4 Justification of the Bid Price

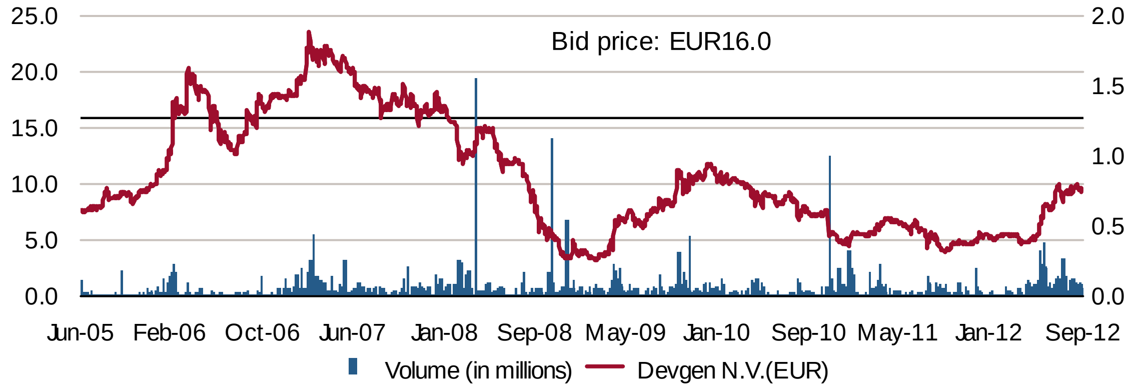
(a) Shares

Several valuation methodologies have been considered to determine the bid price for Devgen shares:

- Historical share price performance of Devgen;
- Target share prices set by equity research analysts;
- Premia observed in precedent Belgian public takeover bids;
- Premia observed in recent biotechnology public takeover bids;
- Discounted Cash Flow ("DCF").

The driving factors in determining the final bid price have been three key methodologies: premia observed in precedent Belgian public takeover bids, the premia observed in recent biotechnology public takeover bids and, to the extent possible, the DCF.

(i) Historical share price performance of Devgen



The table below shows the lowest and the highest closing prices, as well as the VWAP of the shares of Devgen over a number of historical trading periods. The data set has been determined up to and including the closing share price as of 20 September 2012, the day prior to the date on which the Bidder notified the FSMA of its intention to launch the Takeover Bid. In addition, the table below sets forth the same reference information for the period starting with the last closing share price (11 May 2012) prior to the day Devgen announced the License Agreement.

	Share Price in EUR			Premium at Bid Price of EUR16.00		
Period	**Low**	**High**	**VWAP**	**Low**	**High**	**VWAP**
Since IPO	3.23	23.58	10.68	395.4%	(32.1%)	49.9%
Last 3-months	7.69	10.15	9.21	108.1%	57.6%	73.7%
Last 1-month	9.19	10.08	9.67	74.1%	58.7%	65.4%
Last 1-week	9.41	9.72	9.55	70.0%	64.6%	67.5%
Since licensing agreement (closing 11 May 2012)	5.16	10.15	8.28	210.1%	57.6%	93.3%
Closing price (20-Sep-12)	9.43					
Premium at Bid Price of EUR16.00	69.7%					

Note: Based on closing price as of 20 September 2012.

Source: Factset.

The above table shows that the Bid Price implies a premium of 70% over the closing price on 20 September, 2012, the day prior to the date on which the Bidder notified the FSMA of its intention to launch the Takeover Bid, a premium of c. 68% over the VWAP over 1 week prior to the filing of the prospectus, a premium of c. 65% over the VWAP over 1 month prior to the prospectus filing date, 74% over the VWAP over 3 months prior to the prospectus filing date, 93% over the VWAP since the announcement of the License Agreement and c. 50% over the VWAP since the IPO.

(ii) Target share prices of equity research analysts

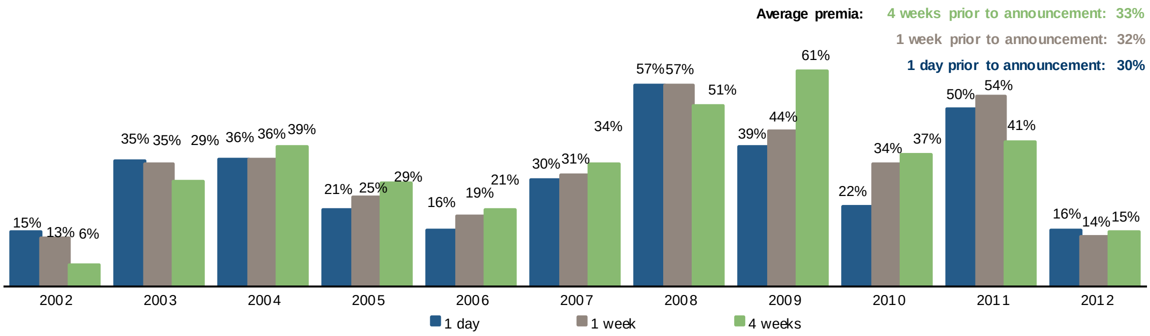
Three equity analysts (i.e. KBC Securities, Kempen & Co, Petercam) cover Devgen’s stock, and all of which have published new target share prices for Devgen post the announcement of the License Agreement. The Bid Price implies a premium of 86% over the average target price set by the issued equity research reports (EUR 8.60 per share as of 20 September 2012). In the Bidder’s opinion, all equity research analysts have closely tracked the stock over the last years. They have therefore developed an in-depth understanding of the business model of Devgen and are experienced in analysing the fundamental value of the company. It should be noted that these prices reflect price targets in 6 or 12 months’ time whereas the Bid Price is effective on the Announcement Date. Taking into account time value of money, the Bid Price is considered to incorporate an even larger premium over the present value of the average target price set by the research analysts.

Broker	**Recommendation**	**Target price (€)**	**Premium**	**Last update**
KBC Securities	Buy	8.30	92.8%	29/08/2012
Petercam	Hold	9.00	77.8%	29/08/2012
Kempen & Co	Hold	8.50	88.2%	18/07/2012
Average		**8.60**		
Premium to average target price		**86.0%**		

Source: Bloomberg.

(iii) Premia observed in precedent Belgian public takeover bids

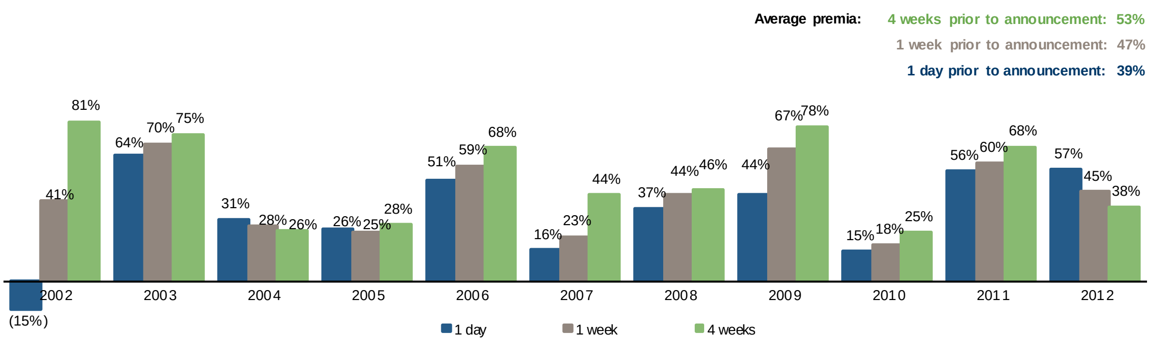
The exhibit below provides an overview of takeover premia paid in the context of public takeover bids in Belgium since the beginning of 2002, which effectively resulted in a change of control. The average premium paid in public takeover bids in Belgium during such time period was (i) 30% over the last closing price on the date preceding the announcement date, (ii) 32% over the price 1 week prior to the announcement date, and (iii) 33% over the price 4 weeks prior to the announcement date. Hence, the exhibit illustrates that the premium offered by the Bid Price (*i.e.* 74% over the price 4 weeks prior to the Announcement Date) clearly exceeds the average premium paid on the Belgian market since the beginning of 2002.



Source: Company data, SDC, Merger Market, M&A Monitor and Newsrun.
Note: Average premia reflect average of total number of transactions between 2002-2012.

(iv) Premia observed in recent biotechnology public takeover bids

The exhibit below provides an overview of takeover premia paid in the context of public takeover bids for biotechnology companies since the beginning of 2002, which effectively resulted in a change of control. Due to the lack of comparable public transactions in the agrochemicals sector, transactions within the biotechnology sector have been considered as the most relevant benchmark. The average premium paid in such public takeover bids was equal to (i) 39% over the price on the date preceding the announcement date, (ii) 47% over the price 1 week prior to the announcement date, and (iii) 53% over the price 4 weeks prior to the announcement of an offer. The exhibit again illustrates that the premium implied by the Bid Price (*i.e.* 74% above the price 4 weeks prior to the Announcement Date) exceeds the average premium of completed public takeover bids for transactions in the biotechnology sector since the beginning of 2002.



Source: Company data, SDC, Merger Market, M&A Monitor and Newsrun.
Note: Average premia reflect average of total number of transactions between 2002-2012.

(v) Discounted Cash Flow method ("DCF")

The forecasting of long-term development and potential trends based on fundamental analysis poses significant challenges, considering Devgen's business and financial profile, its currently loss making status and its early stage market positioning. Furthermore, Syngenta performed limited due diligence and was not granted access to forward-looking statements, which coupled with the sparse availability of relevant information in the public domain, leads to the conclusion that performing a reliable detailed DCF valuation based on the company's fundamental data has limited ground to be applicable. No detailed DCF valuation could be applied by Syngenta on Devgen on a stand alone basis. The valuation was thus, being the target a strategic opportunity, based on macroeconomic data such as the global population trends, the overall growth of the Asian rice market, the rice hybridisation potential and the long term prospects of Devgen in this context.

Asia currently represents 90% of the global rice production and with the global population growing to 9 billion by 2050, the annual average yield increase must rise from 50kg/ha today to 71kg/ha by 2030 in order to meet the growing demand for food and ensure farm productivity.[10] Syngenta has therefore analysed the overall market potential and demand for hybrid rice in South Asia and the ASEAN region, which is expected to grow from current 3m planted hectares to 25m by 2027 leading to a 30% hybridization of the rice market. In fact, Syngenta expects that the Indian and South East Asian hybrid rice markets may follow a similar adoption rate as it was observed in China in the period 1976 – 2000[11], which may lead to a 20-fold increase of the hybrid seed market size to over $1 billion in both India and South East Asia.[12] In these markets, Syngenta expects that Devgen could capture substantial value, given its strengths in next generation hybrid rice, including enhanced yield, lower cost of goods, improved product value and reduced product development cycles.

(vi) Trading and transaction multiples

[10] The data was retrieved from a number of sources including the USDA, FAO of the UN and FAPRI for longer term projections as well as internal Syngenta estimates.

[11] Rice is a critical component in the Chinese diet and paramount to China's food security strategy. With a surge in population growth and the need to feed an increasing number of people, the Chinese government together with research institutions and private companies advanced the hybridization of rice starting in 1976 in order to ensure better yields and a stable supply.

[12] The Indian and South East Asian markets are also experiencing a strong population growth which is bound to continue over the next years. As in China, food supply and food security will certainly play an important role in these markets. The overall hybridization of rice will depend on many factors including adaptability of the hybrid varieties, grain quality that fit consumer preferences, development of agricultural infrastructure, grower training for improved agronomy practices etc. It is not possible to estimate the exact increase of hybrid rice in these markets, however, Syngenta assumes that the hybrid adoption rate could follow the Chinese example over a similar period of time given the current knowledge of the markets and general conditions.

Alternatively, the Bid Price may also be assessed by reference to the valuation of comparable publicly-listed companies and multiples paid in similar change of control transactions. However, trading multiples and multiples paid in precedent transactions in the agrochemical sector are viewed as less relevant benchmarks for Devgen given (i) the lack of relevant comparable companies at the same stage of development and of similar size and (ii) the fact that Devgen is not profitable yet. Therefore, they cannot be considered as relevant reference points.

In conclusion, having considered a number of valuation methodologies, the Bidder is convinced that the cash bid of EUR 16.00 per share is a substantially attractive offer for Devgen's shareholders as it reflects a significant premium over all valuation reference points as described above.

Conclusion

Taking into account the uncertainties of the specific characteristics of Devgen, the available long term and macro-economic data, no reliable calculated valuation method can be applied. The final bid price was therefore also based on potential synergies between Syngenta and Devgen, macro-economic data and negotiations with the Reference Shareholders. The Bid Price of EUR 16.00 is based on the standard valuation methods described above plus, where not otherwise included, a control premium. This cash-only consideration offered to the shareholders of Devgen represents:

- A premium of 70% over the closing share price of Devgen on 20 September 2012, the day prior to date on which the Bidder filed the Takeover Bid with FSMA;
- A premium of 209% over the closing share price before the day Devgen announced the License Agreement;
- A premium of 65% over the VWAP of Devgen over the last month prior to 20 September 2012;
- A premium of 86% over the average target price published by research analysts who cover Devgen;
- A premium of 74% compared to the share price 4 weeks prior to the announcement vs. observed premia in precedent Belgian public takeovers since 2002 of 33% (compared to share prices 4 weeks prior to announcement);
- A premium of 74% compared to the share price 4 weeks prior to the announcement vs. observed premia in precedent public takeovers in the Biotechnology sector since 2002 of 53% (compared to share prices 4 weeks prior to announcement);

(b) Warrants

The Bidder has determined the Bid Price of the outstanding Warrants by using the standard market model for the valuation of options (*i.e.* Black-Scholes model). The model applies the following assumptions:

- **Reference share price**: EUR 16.00
- **Dividends**: Zero dividends, given that Devgen does not pay dividends
- **Maturities and strike prices:** as applicable to each warrant plan
- **Interest rates**: Euribor-Future swap rates with maturities corresponding to the remaining maturity of the individual warrants
- **Valuation time**: as of 24 August 2012
- **Implied volatility:** 52%

The 52% volatility percentage aligns with the historical long-term volatility of Devgen's share price. In the absence of a trading market for Devgen's options, the long-term historical volatility of Devgen's shares is used as a benchmark for Devgen warrants' implied volatility.

*5.1.5 **Conditions attaching to the Bid***

The Takeover Bid is subject to the following conditions:

a) as a result of the Takeover Bid (or, as the case may be, the exercise of the call option granted by certain shareholders to the Bidder), the Bidder will hold at least 80% of all outstanding shares of Devgen;

b) between the date of the publication of the Takeover Bid and the publication of the results of the Takeover Bid, no events, facts or circumstances will have occurred (including a breach or loss of a material intellectual property right and a breach of a material regulatory obligation of Devgen or its subsidiaries), beyond Syngenta's control, that have, or are at that moment reasonably likely to have (in such case, as confirmed by an independent expert) a potential negative impact of, in the aggregate, more than EUR 4,000,000 (four million Euros) on the consolidated revenues of Devgen for 2012 (a "**Material Adverse Change**"); provided, however, that none of the following shall constitute a Material Adverse Change: (i) any change in the market price or trading volume of Devgen shares for reasons not related to Devgen's business operations; (ii) any general evolution on the stock exchange markets; (iii) any adverse effect resulting from or arising out of the announcement or anticipated consummation of the

Takeover Bid (other than as a result of any termination right or additional obligation being triggered in respect of an agreement to which Devgen or any of its subsidiaries is a party) or (iv) any change arising out of conditions affecting the economy or industry of Devgen in general which does not affect Devgen in a materially disproportionate manner relative to other participants in the economy or such industry, respectively; and

c) between the date of the publication of the Takeover Bid and the publication of the results of the Takeover Bid, (i) no licensing (in or out) agreements, partnership or similar agreements will have been entered into by Devgen or its subsidiaries (a) with a commitment in excess of EUR 500,000 (five hundred thousand Euros), (b) or a duration of more than 1 (one) year in case of research agreements and 2 (two) years for any other agreements, (c) in relation to key assets pursuant Articles 556, 557 and 607 of the Companies Code, and (d) containing terms limiting significantly Devgen's future freedom to operate, such as by including exclusivity, cross-licensing obligations, and similar provisions, (ii) no agreements, no resolutions or no commitments that, in accordance with Articles 556, 557 and 607 of the Companies Code, would require the approval of Devgen's shareholders' meeting have been or will have been entered into, decided upon or made, (iii) no dividend or other distribution (to be resolved upon by the shareholders' meeting or requiring a statutory authorization of the board of directors) has or will have been decided, paid or made by Devgen or its subsidiaries, and (iv) no material changes will have been made to Devgen's or its subsidiaries' articles of association and/or corporate governance rules.

These conditions are exclusively for the benefit of the Bidder, who has the right to waive any of them in whole or in part. If any of the above conditions are not met, the Bidder will announce its decision whether or not he waives such condition at the time of announcement of the results of the Initial Acceptance Period at the latest.

5.1.6 Indicative timetable

Event	**(Anticipated) date**
Filing of the Takeover Bid with FSMA	21 September 2012
Regulatory announcement of the Takeover Bid by FSMA	21 September 2012
Approval of the Prospectus by FSMA	08 November 2012
Approval of the Memorandum in Response by FSMA	08 November 2012
Publication of the Prospectus	13 November 2012
Opening of the Initial Acceptance Period	14 November 2012
Closing of the Initial Acceptance Period	5 December 2012
Announcement of the results of the Initial Acceptance Period (and confirmation by the Bidder whether the conditions of the Takeover Bid are met or, should this not be the case, whether the Bidder	12 December 2012

waives them or not)	
Initial Settlement Date	17 December 2012
Mandatory reopening of the Takeover Bid (should the Bidder (together with its affiliated persons) hold at least 90% of the shares in Devgen as a result of the Bid); such reopening will have the effect of a squeeze-out if the Bidder (together with its affiliated persons) holds at least 95% of the shares in Devgen as a result of the Bid	28 December 2012
Closing of the Acceptance Period of the mandatory reopening	21 January 2013
Announcement of the results of the mandatory reopening	28 January 2013
Settlement Date of the mandatory reopening	31 January 2013
Opening squeeze-out period (if the mandatory reopening did not already have the effect of a squeeze-out; subject to the thresholds as mentioned above)	7 February 2013
Closing of the Acceptance Period of the squeeze-out	27 February 2013
Announcement of the results of the squeeze-out	6 March 2013
Settlement Date of the squeeze-out	11 March 2013

These dates are only indicative and subject to change. Some dates are based on the maximum periods prescribed by the Law on Takeover Bids and the Royal Decree on Takeover Bids, which periods may be shortened. The effective dates will be communicated through the Belgian financial press.

5.2 Objectives and intentions of the Bidder

5.2.1 Objectives and business rationale

Syngenta is one of the world's leading agribusiness companies with more than 26,000 employees in some 90 countries. Syngenta's ambition is to help growers deliver greater food security to an increasingly crowded world in an environmentally sustainable way. That calls for a step change in productivity and resource efficiency – on both the world's 5 million large farms and its 450 million smallholdings.

In 2011, Syngenta announced its new strategy, based on the development of a fully integrated offer for growers on a global crop basis. By building on the combined strength of the company's crop protection and seeds businesses, and combining innovation in genetic and chemical solutions, Syngenta is able to provide integrated solutions to growers. Rice is one of eight key strategic crops for Syngenta.

Rice is a global crop planted on 145 million hectares. Rice production is critical to food security in Asia and with more than half the world's growing population there, raising output is vital. Accelerated investment in rice breeding and biotech offer great potential for increased productivity and enhanced sustainability.

Syngenta therefore believes that the acquisition of Devgen is a strong strategic fit in rice and complementary in terms of its modern portfolio of crop protection products and with Syngenta's desire to develop and deliver integrated solutions such as TEGRA™, which address key farmer pain-points whilst delivering a step change in smallholder farmer productivity and incomes.

Syngenta management believe that Devgen's visionary investment to create market leading hybrids with the potential to deliver yields 20% higher than other popular rice seed varieties will accelerate Syngenta's ability to implement its integrated rice strategy and in turn contribute to achieving the goals of the food security agendas of emerging markets such as India, Bangladesh, Indonesia, Philippines and Vietnam.

Syngenta's acquisition of Devgen fits with its stated goal of developing and commercialising best-in-class modern technologies for small holder rice farmers around the globe. The opportunity to complement Syngenta's strong focus on educating farmers on how to use its technologies to achieve the best results will be further enhanced not only by Devgen's strong hybrid pipeline, but also by its commercial teams in key geographies. Syngenta's acquisition of Devgen also fits with Syngenta's ambition to expand its market leadership in insect control solutions through the deployment of novel RNAi technologies in developing biological solutions.

The primary reasons underlying Syngenta's Bid to purchase Devgen are:

- The excellent fit between the modern crop protection portfolio of Syngenta and Devgen's hybrid pipeline in key rice geographies

- The opportunity through the market leading hybrids of Devgen to accelerate the deployment of Syngenta integrated offers such as TEGRA™

- To expand and accelerate the commercialisation of the R&D pipeline of Devgen by increasing investment and leveraging Syngenta enabling technologies and platforms

Synergy of the portfolio's

- In rice, Syngenta has a market leading position in crop protection with a market share of ~13%. Crop protection technologies are essential to manage attacks from weeds, pests and diseases which reduce farmer productivity. Syngenta has invested heavily in this area to ensure it has a modern and compelling portfolio for the farmer which he is able to use in the right way to get the best results.

- Devgen has also made a significant investment in its hybrid breeding program over the same period, offering the opportunity for Syngenta to capitalise on its strong market presence and large grower customer base. This allows Syngenta to accelerate the adoption of hybrid seed as promised advantages over commonly used seed varieties are achieved following good agronomy and crop protection protocols.

- The opportunity for growth in the rice hybrid seed market in particular is a key focus for Syngenta as it remains a largely under-developed sector outside of China with less than 5% of rice fields planted with hybrids. As such, Syngenta sees this as a growth sector with significant upside potential.

Accelerating the deployment and expansion of Syngenta integrated offers

- Syngenta is a pioneer in the development and deployment of integrated offers such as TEGRA™ in rice. TEGRA™ comprises certified seedlings, mechanically transplanted into farmers' paddy fields and supported by agronomy advice, which together deliver the maximum yield potential after 60 days. The TEGRA™ offer is being commercialised in India, as well as being introduced in Bangladesh, Latin America North and in the coming seasons into other countries.

- Syngenta currently relies on its proprietary hybrid portfolio and commonly used rice varieties to produce its certified seedlings. With the acquisition of Devgen, it will be able to expand the use of market leading yielding hybrids as part of its TEGRA™ offer to deliver more value to both farmers and Syngenta.

Expand and accelerate the commercialisation of the R&D pipeline

- Syngenta strongly believes that Devgen has demonstrated leading research capabilities, encompassing a deep pipeline of innovative hybrid rice products, germplasm and biotechnologies such as RNAi, bioinformatics and gene based discovery platforms. Moreover, Syngenta's capabilities in crop protection, genotyping, genomics and trait development are highly complementary resulting in a market-leading R&D platform.

- Syngenta will therefore continue to build on current Devgen and Syngenta R&D capabilities while leveraging the global R&D platform of Syngenta. In rice, Syngenta anticipates accelerated investments in genotyping, breeding, field testing and seed production research. Focus on Asia would be achieved through breeding hubs in the Philippines, India and breeding technologies in Singapore supported by local testing networks. Building on the recently announced insect control partnership with Devgen, Syngenta believes there will be additional opportunities to leverage Devgen's innovative approaches in biotechnology across Syngenta's broader pipeline. The Ghent based cadre of highly experienced scientists is core to the success of this strategy, as are the R&D teams across Asia.

5.2.2 Intentions

After the successful completion of the Takeover Bid, the intention of Syngenta is to integrate the business into its existing business and pursue the synergies as set forth in section 5.2.1 of the Prospectus. In addition, Syngenta makes the following observations:

- Syngenta is one of the world’s leading companies with more than 26,000 employees in some 90 countries. As a global market leader, Syngenta believes that its employees play a fundamental role in its performance as a business. Syngenta has a strong focus on personal and professional growth and development within a collaborative culture where employees are expected and empowered to make a tangible contribution to business success, and are recognized for that contribution.

- Syngenta wishes to retain the skills and experience of Devgen, and does not anticipate any substantive change in employee working conditions.

- Syngenta management recognizes the skills, knowledge and experience of the Devgen R&D teams at all their sites. It is this expertise combined with their personal dedication that has enabled the successful implementation of the visionary breeding, RNAi and other biotechnology programs Syngenta seeks to buy and with continued and increased investment in R&D, to commercialize on an accelerated timetable globally.

- Syngenta views the Ghent facility as a centre of excellence for programs such as RNAi, and supporting R&D functions, where critical expertise built through programs of work already undertaken by Devgen teams at this facility can strongly contribute to Syngenta global networks of excellence. Syngenta intends to retain this facility and continue to invest in its people to realize their potential and that of technologies such as RNAi.

- Further, Syngenta management sees the R&D breeding, Seed Production and Seed Production Research facilities of Devgen in India and the Philippines as key sites. Syngenta plans through incremental investment at these sites and in the people who work there, to expand the successful breeding programs currently being undertaken at these facilities. It is also the intention to leverage the Syngenta global breeding platforms to accelerate the commercialization of market leading hybrids and provide further opportunities for professional growth.

- Syngenta intends to retain all commercial and production and supply teams supporting rice and other crops. The experience, professionalism and customer relationships of Devgen personnel are important to the expansion of the Syngenta seed and crop protection businesses in key Asian countries. Over time, this expansion will bring career development opportunities for these teams within Syngenta.

- Devgen has never declared or paid any dividends on its shares and Syngenta does not expect that Devgen will pay any dividends for the foreseeable future.

- The intention of Syngenta is to delist the shares of Devgen from the regulated market of NYSE Euronext Brussels (as further detailed in section 5.7 of the Prospectus).

- The intended delisting will result in amendments to Devgen’s articles of association as well as to its governance model and policies in order to bring those in line with what is customary for privately held companies.

- Syngenta is considering implementing appropriate remuneration schemes, as set forth in sections 4.6.1 and 4.6.2 of the Prospectus.

5.2.3 Benefits for Devgen and its Security Holders

The Bidder believes that the objectives and pursued synergies set forth above in section 5.2.1 are in the best interest of Devgen, as well as its employees and stakeholders.

The most important benefit of the Bid for the Security Holders is the Bid Price comprising an attractive premium.

5.3 **Support for the Bid**

5.3.1 Support for the bid by the Reference Shareholders

On 20 September 2012, the Bidder entered into four separate agreements with each of the Reference Shareholders (*i.e.* respectively an agreement with (i) O.G.B.B. A. Van Herk B.V. and Van Herk Global Agri B.V., (i) with Biovest Comm.VA and Rudi Mariën, (iii) with Madeli Participaties B.V. and (iv) with Gimv NV, and its concerted parties Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV), who in total represent 47.50% of the outstanding Shares and 36,000 outstanding Warrants, pursuant to which each of the Reference Shareholders undertook:

- to tender all their Securities into the Takeover Bid or if applicable, any counter-offer or higher offer launched by the Bidder;

- not to solicit any offer on Devgen;

- to positively recommend the Takeover Bid, or if applicable, any counter-offer or higher offer launched by the Bidder, and exercise (or procure the exercise of) the voting rights attached to their Securities on any resolution in a manner which would assist the implementation of the Takeover Bid;

- not to purchase, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any Security other than pursuant to the acceptance of the Takeover Bid, or if applicable, any counter-offer or higher offer launched by the Bidder;

- not to accept or undertake to accept any offer of merger, split or other business combination in any circumstances, declare or accept the declaration of dividends, undertake any actions which would have a material impact on the assets, obligations, liabilities or prospects of Devgen or its subsidiaries, or otherwise exercise or permit the exercise of the voting rights attached to the voting rights attached to Securities in any manner which would frustrate the Takeover Bid or allow the Takeover Bid becoming or being declared invalid or unconditional;

provided that,

- in case the Takeover Bid is withdrawn by the Bidder, the above-mentioned undertakings will lapse;

- in case of a public takeover bid on Devgen which (i) is launched in competition with the Takeover Bid, or with any counter-offer or higher offer by the Bidder, (ii) is not solicited by the Reference Shareholders, and (iii) exceeds the Bid Price by 5% or more, the Reference Shareholders will be allowed to tender their Securities into such competing public takeover bid (subject to, in case of Qualifying Competing Bid, the lump sum indemnity set out below), unless the Bidder further counterbids such competing public takeover bid (in which case the above-mentioned undertakings of the Reference Shareholders will regain full force and effect with respect to such counter-offer or higher offer launched by the Bidder); and

- in case the Reference Shareholders tender their Securities into a competing public takeover bid which is launched at a counter value of EUR 17.59 or less per Share (the "**Qualifying Competing Bid**"), a lump sum indemnity will be due to the Bidder per Security tendered in the Qualifying Competing Bid equal to 90% of the difference between the Bid Price, and the higher compensation offered in the Qualifying Competing Bid for such Security.

In addition, each of the Reference Shareholders granted a call option to the Bidder to acquire all of their Securities at the Bid Price. The Bidder is entitled to exercise these call options for a period of one month beginning on the date of the announcement of the results of the Takeover Bid or if applicable, a counter-offer or higher offer launched by the Bidder, provided that these call options shall lapse automatically, if one or more of the following is applicable:

- the Bidder has definitely acquired the Securities of the Reference Shareholders following the settlement of the Takeover Bid or, if applicable, a counter-offer or higher offer launched by the Bidder; or

- any public takeover bid on Devgen is launched in competition with the Takeover Bid or a counter offer or higher offer launched by the Bidder, and exceeds the Bid Price by 10% or more, and which is not solicited by the Reference Shareholders, unless the Bidder launches a new counter-offer or higher offer in which case the call options shall regain full force and effect; or

- a Qualifying Competing Bid is launched and the Reference Shareholders have paid the lump sum indemnity referred to above; or

- the Bidder withdraws its Bid or, as the case may be, its counter offer or higher offer.

5.3.2 Support for the Bid by Devgen

On 25 August 2012, the Bidder and Devgen entered into a confidentiality agreement allowing the Bidder access to a virtual data room, expert sessions and site visits, subject to the payment of a break up fee of EUR 2,500,000 in the event where the Bidder did not formally launch the Takeover Bid on or prior to 20 September 2012 or for any other reasons than certain material adverse due diligence findings (the "**Confidentiality Agreement**").

On 21 September 2012, the Bidder and Devgen entered into a comfort letter pursuant to which Devgen expressed its unanimous recommendation of the Takeover Bid (the "**Comfort Letter**").

The main terms and conditions of the Confidentiality Agreement and the Comfort Letter can be summarized as follows:

- Devgen agreed, for a period ending on 18 October 2012 (the "**Exclusivity Period**"), to not actively solicit (i) alternative bids on all outstanding securities of Devgen, or (ii) any other transactions in respect of its assets which fall outside the normal course of business of Devgen and which may preclude, materially restrict, or make the completion of the Bid or the integration of Devgen and any of its subsidiaries more difficult or expensive.

  During the Exclusivity Period, Devgen is entitled to engage in contacts, discussions and information sharing with a third party which, cumulatively, (i) has not been solicited by Devgen, but has pro-actively, at its own initiative, informed Devgen of its serious interest to acquire all securities of Devgen, (ii) is a serious candidate bidder reasonably able (from a financial as well as an industrial perspective) to complete its bid successfully, and (iii) considers to offer a price per share that is at least 5% higher than the Bid Price, provided that Devgen will:

  - allow such party only access to a due diligence under the same conditions and restrictions as applicable to the Bidder pursuant to the Confidentiality Letter, with the exception that for such party the break-up fee will be set at not less than EUR

12,500,000 (more information and a justification of Devgen regarding this break-up fee can be found in Section 2.3 *in fine* of the Memorandum in Response, as attached to this Prospectus as Annex IX); and

- allow such party only access to the same information to which the Bidder has received access pursuant to the Confidentiality Letter;

▪ Devgen agreed to pay the Bidder a break-up fee of EUR 500,000 as compensation for part of the costs incurred to prepare a potential takeover offer in the event where the Takeover Bid is not successfully completed for any reason other than the non-satisfaction of any of the conditions as set out in section 5.1.5 of the Prospectus.

▪ As the terms and conditions of the Takeover Bid are fair and reasonable, and the successful completion of the Takeover Bid is in the interest of the Devgen and its stakeholders, the board of directors of Devgen agreed to grant its full support and unanimously recommend the acceptance of the Takeover Bid. The formal opinion of the board of directors issued in accordance with article 22 of the Law on Takeover Bids, is attached to the Prospectus as Annex IX.

▪ All non-executive directors other than the independent non-executive directors agreed to tender their resignations as members of the board of directors of Devgen, and/or of any corporate body or committee of Devgen, at the request of the Bidder, as of the Initial Settlement Date following the expiration of the Acceptance Period. Upon such resignation the remaining executive director and the independent non-executive directors agreed to co-opt a majority of new directors presented by the Bidder. The remaining independent non-executive directors agreed to tender their resignation thereafter.

▪ Devgen and its subsidiaries agreed to:

- conduct its and their business in the ordinary course and use commercially reasonable efforts to (i) keep intact its and their current business organisation, (ii) preserve the validity and enforceability of all of its and their intellectual property rights, (iii) maintain in effect all of its and their permits, (iv) diligently and rigidly manage its cash position in the normal course of its business and consistent with good past practices, (iv) keep available the services of its and their directors, senior managers and key employees and (v) maintain good relationships with its and their customers, suppliers and others having material business relationships with it;

- not enter into or consent to any new commitment the value of which would, on an individual basis, exceed EUR 500,000, without the Bidder's prior consent which shall not unreasonably be withheld or delayed;

- not enter into any license (in or out) agreement, partnership or similar agreement, or, in general terminate, enter into or amend in any material extent any contract or arrangement or commitment (whether conditional or unconditional) material to Devgen's business or which would substantially change the scope of Devgen's business (or any part thereof);

- not make any material change in the terms and conditions of employment or pension schemes, including in management or consultancy agreements, of any of the directors or employees of Devgen nor any of its subsidiaries with an total annual remuneration in excess of EUR 150,000 (except as a consequence of mandatory law, mandatory collective bargaining agreements or existing individual arrangements) nor enter into or take the initiative to terminate (except for serious cause or justified business reasons) any employment, consultancy or management agreement with any director or employee with a total annual remuneration in excess of EUR 150,000, except for new recruitments that fit within the company's current growth plan, provided that, in the latter case, the total annual remuneration of all new recruits with an annual remuneration in excess of EUR 150,000 does not exceed EUR 1,000,000;

- ensure, without prejudice to the undertaking set forth above, that an amount of at least EUR 22,000,000 be available in readily available cash or cash equivalents in the accounts of Devgen at the earliest of the two following dates: (i) the date of the publication of the results of the Initial Acceptance Period of the Takeover Bid or (ii) 31 December 2012;

- not issue, acquire, grant or otherwise transfer any shares, warrants or other securities of Devgen, except as a result of the (committed) grant of 32,311 warrants under the "Plan CEO & Directors 2012" or the exercise of existing warrants under the applicable terms and not to redeem any shares.

5.4 Compliance and validity of the Bid

5.4.1 Board of directors' resolution to proceed with the Takeover Bid

On 18 September 2012, the board of directors of the Bidder has granted its approval to launch a Takeover Bid on Devgen (possibly followed by a squeeze-out).

5.4.2 Requirements of Article 3 of the Royal Decree on Takeover Bids

The Takeover Bid complies with the relevant requirements set out in Article 3 of the Royal Decree on Takeover Bids:

- the Takeover Bid relates to all Securities, *i.e.* all outstanding securities issued by Devgen carrying voting rights or giving access to voting rights;

- the unconditional and irrevocable availability of funds required for the payment of the Bid Price for all Securities has been confirmed by Citibank International plc. acting through its Belgian branch with offices at Generaal Jacqueslaan 263g, 1050 Brussels;

- the conditions of the Takeover Bid are in compliance with the applicable laws, in particular with the Law on Takeover Bids and the Royal Decree on Takeover Bids. The Bidder considers that these conditions, notably the Bid Price, are such that they should normally allow the Bidder to achieve its goal;

- the price offered for the Shares and the Warrants do not contain differences other than those attributable to the respective characteristics of each such type of Securities, and the price offered for the Warrants has been aligned with the price offered for the Shares;

- the Bidder undertakes, as far as it is concerned, to complete Takeover Bid, albeit without prejudice to the conditions set out in section 5.1.5 of the Prospectus; and

- the Paying Agent Bank will centralize the acceptances for the Shares and Warrants, either directly or indirectly, and process payment of the Bid Price.

5.4.3 Statutory Approval

The Takeover Bid is not subject to any statutory approval, other than the approval of this Prospectus by the FSMA, which has been granted on 8 November 2012.

5.5 **Acceptance of the Bid**

5.5.1 Initial Acceptance Period

The Initial Acceptance Period shall commence on 14 November 2012.

5.5.2 Extension of the Initial Acceptance Period

Further to article 31 of the Royal Decree on Takeover Bids, the Initial Acceptance Period may be extended by five (5) Business Days. This would be the case if at any time during the bid period the Bidder (or a person acting in concert with the Bidder) acquires or undertakes to acquire, other than through the Takeover Bid, Shares and/or Warrants at a price higher than the Bid Price. In such case, the Bid Price will be adjusted so that it will correspond to this higher price and the Initial Acceptance Period will be extended by five (5) Business Days, after publication of this higher price, in order to allow all Security Holders to accept the Takeover Bid at this higher bid price.

For the avoidance of doubt, the Bidder explicitly acknowledges that the convening of the shareholders' meeting of Devgen in order to obtain the approval of the change of control provisions as set out in more detail in section 4.6 and 4.8.2 of the Prospectus does not constitute a defense measure aimed at frustrating the Takeover Bid, nor requires that the Initial Acceptance Period is extended pursuant to article 31, paragraph 1 of the Royal Decree on Takeover Bids.

5.6 **Reopening of the Bid**

The Takeover Bid must or may be reopened in the following cases:

5.6.1 The Bidder acquires less than 80% of the Shares

If the Bidder (together with its affiliated persons) holds less than 80% of the Shares of Devgen after the Initial Acceptance Period, then one of the conditions of the Bid has not been satisfied (*i.e.* the condition as mentioned in section 5.1.5 (a) of the Prospectus) and the Bidder will have the right to withdraw from the Bid. In such case, the Bidder will have to announce, within five (5) Business Days following the end of the Initial Acceptance Period, whether or not it will use its right to withdraw.

In such case the Bidder also reserves the right to reopen the Bid, at its discretion. Such voluntary reopening will commence within ten (10) Business Days from the announcement of the result of the Initial Acceptance Period for a subsequent Acceptance Period of at least five (5) and maximum fifteen (15) Business Days. In no event shall the aggregate duration of the Initial Acceptance Period and any voluntary reopening of the Bid exceed ten (10) weeks.

5.6.2 The Bidder acquires more than 80% of the Shares but less than 90% of the Shares

If the Bidder (together with its affiliated persons) holds more than 80% of the Shares, but less than 90% of the Shares after the Initial Acceptance Period, then the condition of the Bid as mentioned in section 5.1.5 of the Prospectus has been satisfied.

In such case the Bidder also reserves the right to reopen the Bid, at its discretion. Such voluntary reopening will commence within ten (10) Business Days from the announcement of the result of the Initial Acceptance Period for a subsequent Acceptance Period of at least five (5) and maximum fifteen (15) Business Days. In no event shall the aggregate duration of the Initial Acceptance Period and any voluntary reopening of the Bid exceed ten (10) weeks.

5.6.3 The Bidder acquires at least 90% of the shares

If the Bidder (together with its affiliated persons) holds at least 90% of the Shares following the Initial Acceptance Period, there will be a mandatory reopening of the Takeover Bid pursuant to article 35, 1° of the Royal Decree on Takeover Bids.

The mandatory reopening pursuant to article 35, 1° of the Royal Decree on Takeover Bids will also be applicable if the aforementioned threshold of 90% has not been immediately reached following the Initial Acceptance Period, but only after the reopening as a voluntary reopening (as respectively described in section 5.6.1 and section 5.6.2 of the Prospectus).

In case of a mandatory reopening pursuant to article 35,1° of the Royal Decree on Takeover Bids, the Takeover Bid will reopen, within ten (10) Business Days after the announcement of the results of the last preceding Acceptance Period, for a subsequent Acceptance Period of at least five (5) and maximum fifteen (15) Business Days.

5.6.4 The Bidder acquires at least 95% of the Shares

If, as a result of the Initial or any subsequent Acceptance Period, the Bidder (together with its affiliated persons) holds at least 95% of the Shares in Devgen, the Bidder has the right (which it intends to use) to proceed with a simplified squeeze-out in accordance with article 513 of the Companies Code and article 42 and 43 of the Royal Decree on Takeover Bids, in order to acquire the Shares and the Warrants (as the non-transferability provisions applicable to the Warrants will be overruled by operation of law) not yet acquired by the Bidder, under the same terms and conditions as the Takeover Bid. The squeeze-out proceedings shall be initiated within three (3) months from the end of the Initial Acceptance Period, for an additional Acceptance Period of at least fifteen (15) Business Days.

A squeeze out will also be carried out if the aforementioned threshold of 95% is not immediately reached as a result of the Initial Acceptance Period, but only after the reopening as a voluntary or a mandatory reopening, as described in section 5.6.1 and section 5.6.3 of the Prospectus.

If a squeeze-out is effectively carried out, then, upon completion thereof, all Shares and Warrants which have not been tendered as part of the squeeze-out will be deemed transferred to the Bidder by operation of law with consignation of the funds necessary for the payment of their price to the Deposit and Consignation Office ("*Caisse des Dépôts et Consignations*" / "*Deposito -en Consignatiekas*").

If a squeeze-out bid is made, the Shares shall be automatically delisted from NYSE Euronext Brussels upon the close of the squeeze-out (for more details see section 5.7 of the Prospectus).

5.7 **Delisting and possible mandatory reopening of the Takeover Bid**

If the Takeover Bid is successful, the Bidder may request the delisting of the Shares from the regulated market of NYSE Euronext Brussels. Where appropriate, the Bidder can also consider, in the interest of Devgen, to apply for a listing on a non-regulated market (multilateral trading facility).

In accordance with Article 7, § 4 of the law of 2 August 2002, NYSE Euronext Brussels may delist financial instruments if (i) it considers that, due to exceptional circumstances, a normal and regular market can no longer be maintained for these financial instruments, or (ii) these financial instruments would fail to comply with the rules of the regulated market, except if such a measure is likely to significantly harm investors' interests or to impair the proper functioning of the market. NYSE Euronext Brussels must inform the FSMA of any proposed delisting. The FSMA may, in consultation with NYSE Euronext Brussels, oppose the proposed delisting in the interest of investor protection.

The delisting formalities regarding the Shares will typically entail (i) the filing by the issuer of a delisting request with NYSE Euronext Brussels stating the grounds for such delisting (usually, because of low trading volumes and relatively high costs associated with the listing), (ii) the absence of opposition to such request by NYSE Euronext Brussels and the FSMA, (iii) the determination by NYSE Euronext Brussels of the effective date of the delisting, and (iv) the publication by NYSE Euronext Brussels of the date on which the delisting will be effective as well as the conditions for such delisting and any other relevant information concerning the delisting.

If Devgen files (upon direction of the Bidder) a request for delisting within three months following closing of the last Acceptance Period and if, at that moment, the squeeze-out, as set out in section 5.6.4 of the Prospectus, has not yet been launched, the Bidder must reopen the Takeover Bid within ten (10) Business Days following such filing for a subsequent Acceptance Period of at least five (5) Business Days and not more than fifteen (15) Business Days, in accordance with Article 35,2° of the Royal Decree on Takeover Bids.

Should a squeeze-out, as set out in section 5.6.4 of the Prospectus, be launched, the delisting will automatically occur following the closing of the squeeze-out.

5.8 Sell-out right

If as a result of the Takeover Bid, the Bidder (together with its affiliated persons) (i) holds at least 95% of the Shares, and (ii) does not launch a squeeze-out as set out in section 5.6.4 of the Prospectus, then each Security Holder may require the Bidder to purchase its Shares and/or Warrants, under the terms and conditions of the Takeover Bid, in accordance with article 44 of the Royal Decree on Takeover Bids, under the condition that the Bidder has acquired, as part of the Takeover Bid, at least 90% of the Shares.

Security Holders wishing to exercise their sell-out right must submit their request to the Bidder within three (3) months following the end of the Initial Acceptance Period, by registered letter with acknowledgement of receipt.

5.9 Withdrawal of acceptance; subsequent increase of the Bid Price

Security Holders who have accepted the Bid are entitled to withdraw their acceptance at any time prior to the close of the Acceptance Period. However, after the end of the Acceptance Period, acceptance of the Bid is irrevocable and unconditional.

In accordance with Article 25 of the Royal Decree on Takeover Bids, any increase of the Bid Price during the bid period will apply also to the Security Holders who have already tendered their Securities to Bidder prior to the increase of the Bid Price.

For the withdrawal of an acceptance to be valid, it must be notified in writing directly to the financial intermediary with whom the Security Holder has deposited its Acceptance Form, with reference to the number of Securities that are being withdrawn. Shareholders holding Shares in registered form and Warrant Holders will be informed of the procedure to be followed to withdraw their acceptance. In the event the Security Holder notifies its withdrawal to a financial intermediary other than the Paying Agent Bank, then it will be the obligation and the responsibility of such financial intermediary to timely notify such withdrawal to the Paying Agent Bank. Such notification must be made to the Paying Agent Bank at the latest on 4 December 2012 (with respect to the Initial Acceptance Period), or, if applicable, the date further specified in the relevant notification and/or press release.

5.10 Acceptance Procedure

5.10.1 Acceptance Procedure for dematerialized Shares

Shareholders holding Shares in dematerialized form (book-entry) can accept the Takeover Bid and sell their dematerialized Shares by completing and submitting the Acceptance Form attached hereto in Annex I at the latest on the final day of the Initial Acceptance Period, or as the case may be of the subsequent Acceptance Period of any reopening of the Bid, in each case before 16.00 CET, duly completed and signed.

The duly completed and executed Acceptance Form can be deposited free of charge directly with the counters of the Paying Agent Bank, in accordance with the acceptance procedure as set out in section 5.10.2 below.

Shareholders holding dematerialized Shares may also elect to have their acceptance registered either directly, or indirectly, through another financial intermediary. In such case, they should inquire about the costs and fees that these organizations might charge and which they will have to bear.

These financial intermediaries shall, as the case may be, comply with the process described in this Prospectus.

Shareholders holding dematerialized Shares should instruct their financial intermediary to immediately transfer to the Paying Agent Bank the dematerialized Shares they hold in their securities account with this financial intermediary. They should do so by depositing the completed and duly signed Acceptance Form or by otherwise registering their acceptance with the Paying Agent Bank, either directly, or indirectly, through other financial intermediaries. Other financial intermediaries must transfer the thus tendered dematerialized Shares to the account of the Paying Agent Bank immediately.

5.10.2 Acceptance Procedure for registered Shares and Warrants

Shareholders holding Shares in registered form will receive a letter evidencing the ownership of the number of registered Shares (including a copy of the relevant page of the share register) and describing the procedure to be followed.

Warrant Holders will receive a letter evidencing the ownership of the number of Warrants (including a copy of the relevant page of the warrant register) and describing the procedure to be followed.

5.10.3 Legal title to the Securities

Security Holders tendering their Securities represent and warrant that (i) they are the legal owner of the Securities thus tendered, (ii) they have the power and capacity to accept the Takeover Bid, and (iii) the thus tendered Securities are free and clear of any pledge, lien or other encumbrance.

In the event Securities are owned by two or more persons, the acceptance form must be executed jointly by all such persons.

In the event Securities are subject to usufruct ("*vruchtgebruik*" / "*usufruit*"), the acceptance form must be executed jointly by the beneficial owner ("*vruchtgebruiker*" / "*usufruitier*") and the bare owner ("*naakte eigenaar*" / "*nu-propriétaire*").

In the event Securities are pledged, the acceptance form must be executed jointly by the pledgor and the pledgee, with the pledgee explicitly confirming the irrevocable and unconditional release of the relevant Securities from the pledge.

In the event the Securities are encumbered in any other manner or are subject to any other claim or interest, all beneficiaries of such encumbrance, claim or interest must jointly execute the acceptance form and all such beneficiaries must irrevocably and unconditionally waive any and all such encumbrance, claim or interest relating to such Securities.

5.11 **Announcement of the results of the Bid**

In accordance with Articles 32 and 33 of the Royal Decree on Takeover Bids, the Bidder will announce within five (5) Business Days following the end of the Initial Acceptance Period (i) the results of the Initial Acceptance Period as well as the number of Securities the Bidder holds following the Takeover Bid and (ii) whether the conditions attaching to the Takeover Bid have been satisfied and, if not, whether it waives the benefit of such conditions.

If the Takeover Bid is reopened as described in section 5.6, the Bidder will announce, within five (5) Business Days from the end of the relevant subsequent Acceptance Period, the results of the relevant reopening, as well as the number of Securities the Bidder holds following the relevant reopening.

5.12 **Date and method of payment**

If the Takeover Bid is successful, the Bidder shall pay the Bid Price to the Security Holders who have validly tendered their Securities during the Initial Acceptance Period, within ten (10) Business Days following the publication of the results of the Initial Acceptance Period, *i.e.* the Initial Settlement Date.

If there are subsequent Acceptance Periods due to any reopening(s) of the Bid, as described in section 5.6 of the Prospectus, the Bidder shall pay the Bid Price within ten (10) Business Days following the announcement of the results of such subsequent Acceptance Periods.

Payment of the Bid Price to the Security Holders who have duly accepted the Takeover Bid will be made free of any condition or restriction, by wire transfer to the bank account specified by such Security Holder in its acceptance form.

The Bidder shall bear the tax on stock exchange transactions. The Paying Agent Bank will not charge the Security Holders any commission, fee or any other cost for the purpose of the Bid. Security Holders who register their acceptance with a financial institution other than the Paying Agent Bank should inquire about additional costs that may be charged by such institutions and will be liable for any additional costs that may be charged by such institutions.

The risk associated with and the title to the Securities that were validly tendered during the Initial Acceptance Period or any subsequent Acceptance Period will pass to the Bidder on the Initial Settlement Date or the relevant subsequent Settlement Date at the time when payment of the Bid Price is made by the Paying Agent Bank on behalf of the Bidder (*i.e.* the time when the Bidder’s account is debited for these purposes).

5.13 **Counter-bid and higher bid**

In the event of a more favourable valid counter-bid, the Security Holders, who have tendered their Securities to the Bid, will be released from their obligation.

In the event of a counter-bid and/or higher bid (which price shall be at least 5% above the Bid Price) in accordance with Articles 37 to 41 of the Royal Decree on Takeover Bids, the Initial Acceptance Period will be extended until the expiry of the acceptance period of that counter-bid or higher bid (unless the Bidder elects to withdraw the Takeover Bid). In the event of a valid and more favourable counter-bid and/or higher bid, all Security Holders who had already tendered their Securities under the Takeover Bid are entitled to use their withdrawal right in accordance with Article 25 of the Royal Decree on Takeover Bids and the procedure described under section 5.9.

Should the Bidder offer a higher bid in response to the counter-bid or higher bid, all Security Holders who have accepted the Takeover Bid will benefit from this increased price.

5.14 **Financing of the Takeover Bid**

5.14.1 Availability of the necessary funds

As required by article 3 of the Royal Decree on Takeover Bids, Citibank International plc., acting through its Belgian branch with offices at Generaal Jacqueslaan 263g, 1050 Brussel, declared that the funds required for the payment of all Securities under the Takeover Bid have been blocked on a separate account of the Bidder and that these funds will be used exclusively for the purpose of paying the Bid Price. This amount will be transferred, subject to prior approval by the FSMA, into a bank account opened by the Bidder with the Paying Agent Bank, a credit institution established in Belgium having its registered office at Havenlaan 2, 1080 Brussels, registered with the Central Enterprises Register under number 462.920.226 (RLE Brussels). Upon receipt of the funds, the Paying Agent Bank shall issue a certificate to the FSMA as replacement for the certificate issued by Citibank International plc, acting through its Belgian branch with offices at Generaal Jacqueslaan 263g, 1050 Brussels.

5.14.2 Details of financing

The financing of the Takeover Bid will exclusively take place with existing funds available to the Bidder.

The decrease in cash and cash and cash equivalents resulting from the payment of the Bid Price is not expected to impact the operation of the Bidder’s (or Syngenta’s) business. This decrease will be offset by a proportionate increase of the Bidder’s assets through the Securities acquired in the Takeover Bid.

6 TAX TREATMENT OF THE BID

This Chapter summarizes certain tax considerations applicable at the date of the Prospectus, under the laws of Belgium, to the transfer of the Securities in the Bid, and does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to tender the Securities in the Bid. It does not address specific rules, such as Belgian federal or regional estate and gift tax considerations or tax rules that may apply to special classes of holders of financial instruments, and is not to be read as extending by implication to matters not specifically discussed herein. As to individual consequences, including cross-border consequences, each Security Holder should consult its own tax advisor. This summary is based on the laws, regulations and applicable tax treaties as in effect in Belgium on the date of this Prospectus, all of which are subject to change, possibly on a retroactive basis. It does not discuss or take into account tax laws of any jurisdiction other than Belgium, nor does it take into account individual circumstances of a Security Holder. Holders of Warrants should consult their own tax advisors as to the potential tax and social security implications of an exercise or transfer of their Warrants (which, in certain circumstances, may result in adverse tax and social security consequences).

The summary below is not intended as and should not be construed to be tax advice. Each Security Holder should consult its own tax advisor.

For purposes of this summary, (i) 'Belgian individual' means any individual subject to Belgian personal income tax (*i.e.* an individual having its domicile or seat of wealth in Belgium or assimilated individuals for purposes of Belgian tax law); (ii) 'Belgian company' means any company subject to Belgian corporate income tax (*i.e.* a company having its registered seat, principal establishment or effective place of management in Belgium); and (iii) 'Belgian legal entity' means any legal entity subject to the Belgian legal entities tax (*i.e.* a legal entity other than a company subject to corporate income tax having its registered seat, principal establishment or effective place of management in Belgium). A 'non-resident individual, company or legal entity' means an individual, company or legal entity that does not fall in any of the three previous categories.

This summary does not address the tax regime applicable to Shares and Warrants held by Belgian tax residents through a fixed basis or a permanent establishment situated outside Belgium.

6.1 Taxation upon transfer of the Shares

6.1.1 Belgian individuals

(i) Private investment

For Belgian individuals holding Shares as a private investment, the transfer of the Shares will, as a rule, not be a taxable event. Capital gains realized upon the transfer of the Shares by a Belgian individual are, therefore, generally not subject to Belgian income tax. Capital losses are not tax deductible.

Belgian individuals may, however, be subject to a 33% income tax (to be increased with local surcharges) if the capital gain on the Shares is deemed to be speculative or outside the scope of the normal management of their private estate. Capital losses arising from such transactions are, in principle, not tax deductible.

Even if the transfer is not speculative or outside the scope of the normal management of the private estate, the transfer may, under certain circumstances, be subject to income tax in Belgium at a rate of 16.5% (to be increased with local surcharges) if at any time during the last five (5) years prior to the transfer the individual shareholder (and, for shares who were not acquired for consideration, his or her legal predecessors) held, together with his/her spouse and certain other relatives, a substantial participation (*i.e.* a participation representing more than 25% of the share capital), and the shares are directly or indirectly transferred to a legal entity or governmental body located outside the EEA.

(ii) Professional investment

Capital gains realized upon transfer of Shares held for professional purposes shall be taxable at the normal progressive tax rates in the personal income tax, except for Shares held for more than five (5) years, which are eligible for taxation at a separate rate of 16.5% (to be increased with local surcharges). Capital losses on the Shares incurred by Belgian individuals holding the Shares for professional purposes are in principle tax deductible.

Capital gains realized by Belgian companies upon transfer of the Shares are fully tax exempt provided, however, that at the time of their transfer, the Shares have been held in full ownership for an uninterrupted period of at least one year. Capital gains realized prior to the expiry of such one (1) year period are in principle subject to corporate income tax at a special rate of 25.75%. Capital losses are, as a general rule, not tax deductible.

For companies subject to the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment institutions and management companies of investment funds, any capital gains realized upon the transfer of the Shares will be subject to corporate income tax at the ordinary corporate income tax rate (generally 33.99%), if the Shares are allocated to their trading portfolio referred to in Article 35*ter*, §1, littera a) of the aforementioned Royal Decree of 23 September 1992. Any capital losses realized upon the transfer of the Shares are, in such case, tax deductible.

6.1.2 Belgian legal entities

Capital gains realized upon transfer of the Shares by Belgian legal entities are in principle tax exempt and capital losses are not tax deductible.

Capital gains realized upon transfer of (part of) a substantial participation in a Belgian company (*i.e.* a participation representing more than 25% of the share capital at any time during the last five years prior to the transfer) may, however, under certain circumstances be subject to income tax in Belgium at a rate of 16.995%.

6.1.3 Non-resident individuals or companies

Non-resident individuals or companies are, in principle, not subject to Belgian income tax on capital gains realized upon transfer of the Shares, unless the Shares are held as part of a business conducted in Belgium through a fixed base or a Belgian establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the Shares for professional purposes) or Belgian companies.

Non-resident individuals who do not use the Shares for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the Shares to Belgium, might be subject to tax in Belgium if the capital gains arise from transactions which are to be considered speculative or beyond the normal management of one’s private estate or in case of transfer of a substantial participation in a Belgian company as mentioned in the tax treatment of the transfer of the Shares by Belgian individuals under section 6.1.1 above. Such non-resident individuals might therefore be obliged to file a tax return.

6.2 **Taxation upon transfer of the Warrants**

This section addresses basic tax consequences related to capital gains or losses upon transfer or exercise of the Warrants in the context of the Bid only for Warrant Holders who are Belgian individuals or Belgian companies. The Warrant Holders should, however, consult their Belgian tax advisors on the tax implications of the Bid.

6.2.1 Belgian individuals

(A) Transfer of Warrants

Any capital gains realized on the transfer of the Warrants will be subject to the same tax regime for Shares described under 6.1.1 above (except that the specific taxation for gains on substantial participations is not applicable to Warrants).

However, with regard to Warrants that were acquired under the special tax regime for stock options provided for by the law of 26 March 1999, the transfer may, under certain circumstances, trigger additional taxation for the Warrant Holders.

The Bidder will not be liable for any taxation incurred by the Warrant Holders, which shall exclusively be borne by the Warrant Holders.

(A) Exercise of Warrants during the Bid

If the Warrants are exercised prior to the closing of the Bid, the newly issued Shares that result from such exercise can be tendered in the Bid. Capital gains realized by the holders of exercised Warrants on the Shares tendered in the Bid will be subject to the tax regime for Shares described under section 6.1.1 above.

With regard to Warrants acquired under the special tax regime for employee stock options provided for by the law of 26 March 1999, their exercise during the Bid in accordance with their existing terms and conditions should in principle not trigger any specific additional tax consequences.

(B) Transfer of Warrants in the framework of a squeeze-out

Capital gains realized upon the transfer of the Warrants in the framework of a squeeze-out will be subject to the tax regime for Shares described under section 6.1.1 above.

With regard to Warrants acquired under the special tax regime for stock options provided for by the law of 26 March 1999, the Belgian tax authorities generally accept the position that an automatic transfer of a warrant under a squeeze-out constitutes a case of *force majeure* and that such transfer therefore does not trigger additional income taxes for the holders of those warrants (even if under the normal terms and conditions under which the Warrants were granted, they were not yet transferable) Where this position is not accepted, the transfer of the Warrants may, in certain circumstances, result in adverse tax consequences for the Warrant Holders.

6.2.2 Belgian companies

(A) Transfer of Warrants

Any capital gains realized upon the transfer of the Warrants shall, as a principle, be subject to corporate income tax at the ordinary applicable corporate tax rate. Capital losses are, as a general rule, tax deductible.

The Bidder will not be liable for any taxation incurred by the Warrant Holders, which shall exclusively be borne by the Warrant Holders.

(B) Exercise of Warrants during the Bid

The tax treatment of the exercise of the Warrants follows the accounting treatment at the level of the company holding the Warrants.

The transfer of the Shares so acquired through tendering those to the Bid is subject to the same tax regime as in section 6.1.2. Taxation at the rate of 25.75% will apply to the gain realized upon tendering the Shares if the one year holding period condition referred to in section 6.1.2 is not met.

(C) Transfer of Warrants in the framework of a squeeze-out

Any capital gains realized upon the automatic transfer of Warrants to the Bidder in the framework of a squeeze-out will, in principle, be subject to the same tax regime as the tax regime described sub (A) above.

(D) Tax on stock market transactions

A tax on stock market transactions will in principle be payable on any cash consideration paid for Securities tendered in the Bid through a professional intermediary at the rate of 0.25% of the purchase price. This tax is however limited to a maximum amount of EUR 740 per taxable transaction and per party. The tax is separately due from each party to any such transaction, *i.e.*, the seller (transferor) and the purchaser (transferee). The tax is collected from the intervening professional intermediary.

This tax is not payable by, amongst others:

- professional intermediaries described in Articles 2, 9° and 10° of the Law of 2 August 2002, acting for their own account;
- insurance companies described in Article 2, §1 of the law of 9 July 1975 on the supervision of insurance undertakings, acting for their own account;
- pension institutions described in Article 2, 1° of the law of 27 October 2006 on the supervision of pension institutions, acting for their own account;
- collective investment undertakings, acting for their own account; and
- non-residents, acting for their own account.

ANNEX I: ACCEPTANCE FORM FOR DEMATERIALIZED SHARES

(To be completed in two originals: one for the Shareholder and the other one for the financial intermediary)

Capitalized terms used in this Acceptance Form have the meaning ascribed to such terms in the Prospectus.

ACCEPTANCE FORM

VOLUNTARY AND CONDITIONAL PUBLIC TAKEOVER BID IN CASH

BY SYNGENTA CROP PROTECTION AG

ON ALL THE SHARES AND WARRANTS

ISSUED BY DEVGEN NV

TO BE INTRODUCED AT THE LATEST BY 5 DECEMBER 2012

I, the undersigned (name, first name or company name) …………………………………………………………………………..

Residing at / Having its registered office at (full address)

…………………………………………………………………………..

…………………………………………………………………………..

Declare, after having had the possibility to read the Prospectus, that:

(i) I accept the terms and conditions of the Takeover Bid described in the Prospectus;

(ii) I hereby agree to transfer the dematerialized Shares identified in this Acceptance Form, and which I fully own, to the Bidder, in accordance with the terms and conditions of the Prospectus for a price consisting of a payment in cash of EUR 16.00.

(iii) I transfer the dematerialized Shares in agreement with the acceptance process described in the Prospectus; and

(iv) I acknowledge that all representations, warranties and undertakings deemed to be made or given by me under the Prospectus are incorporated in this Acceptance Form with respect to the transfer of my dematerialized Shares.

SHARES		
Number	Form	Instructions
……………… (or in words: ………………………….)	Shares in dematerialized form (book-entry form)	These Shares are available on my securities account and I authorize the transfer of these Shares from my securities account to the Paying Agent Bank.

I hereby request that on the Settlement Date, the Bid Price of the transferred dematerialized Shares be credited to my account IBAN Nr ………………………………..; BIC/SWIFT code: ………………… opened with bank (designation) …………………………………..

I am aware that:

(v) to be valid, this Acceptance Form must be submitted, in accordance with the applicable acceptance procedure as set out in the Prospectus, at the latest on the last day of the Initial Acceptance Period (or extended, as the case may be), i.e. [date] before 16.00 CET, in accordance with Section 5.10 of the Prospectus;

(vi) *(a)* in the event dematerialized Shares are owned by two or more persons, the Acceptance Form must be executed jointly by all such persons; *(b)* in the event dematerialized Shares are subject to usufruct ("*vruchtgebruik*" / "*usufruit*"), the Acceptance Form must be executed jointly by the beneficial owner ("*vruchtgebruiker*" / "*usufruitier*") and the bare owner ("*naakte eigenaar*" / "*nu-propriétaire*"); *(c)* in the event dematerialized Shares are pledged, the Acceptance Form must be executed jointly by the pledgor and the pledgee, with the pledgee explicitly confirming the irrevocable and unconditional release of the relevant dematerialized Shares from the pledge; *(d)* in the event the dematerialized Shares are encumbered in any other manner or are subject to any other claim or interest, all beneficiaries of such encumbrance, claim or interest must jointly execute the Acceptance Form and all such beneficiaries must irrevocably and unconditionally waive any and all such encumbrance, claim or interest relating to such dematerialized Shares.

(vii) I will not bear any costs, fees and commissions in case *(a)* of depositing the Acceptance Form directly with the Paying Agent Bank and *(b)* I have an account with the afore mentioned Paying Agent Bank.

(viii) I will bear all costs that would be charged by a financial intermediary other than the Paying Agent Bank, as set out in (ii).

I acknowledge to have received all information to make an informed decision as to whether or not to tender my dematerialized Shares to the Takeover Bid. I am fully aware of the legality of the Takeover Bid and the risks related to it. I have inquired about the taxes I could owe in the framework of the transfer of my dematerialized Shares to the Bidder, which I will exclusively bear, to the sole exception of the tax on stock market transactions, which will be borne by the Bidder.

Made in two originals (place) at ……………………………

On (date) ……………………………………………..2012

For the Shareholder:	For the Paying Agent Bank / other financial intermediary:
(signature)	(signature)
(name, first name, company name)	(financial intermediary)

ANNEX II: CONSOLIDATED FINANCIAL STATEMENTS OF SYNGENTA AG PER 31 DECEMBER 2011

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To the General Meeting of

Syngenta AG, Basel
Basel, February 7, 2012

As statutory auditor, we have audited the consolidated financial statements of Syngenta AG and subsidiaries (the "Group"), which comprise the consolidated balance sheet and the related consolidated statements of income, comprehensive income, changes in equity and cash flows, and notes thereto (pages 27 to 82), for the year ended December 31, 2011.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2011, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and comply with Swiss law.

Report on Other Legal or Regulatory Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 7, 2012 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

Ernst & Young AG

/s/ Nigel Jones
Licensed audit expert
(Auditor in charge)

/s/ Stuart A. Reid
Licensed audit expert

Consolidated Income Statement

(for the years ended December 31, 2011 and 2010)

(US$ million, except share and per share amounts)	Notes	2011	2010
Sales	4, 5	13,268	11,641
Cost of goods sold		(6,737)	(5,866)
Gross profit		6,531	5,775
Marketing and distribution		(2,145)	(1,892)
Research and development		(1,127)	(1,032)
General and administrative		(977)	(899)
Restructuring and impairment excluding divestment gains	6	(307)	(178)
Divestment gains	6	76	19
Restructuring and impairment		(231)	(159)
Operating income		2,051	1,793
Income from associates and joint ventures		15	25
Interest income	28	93	90
Interest expense	28	(152)	(172)
Other financial expense		(20)	(22)
Currency gains/(losses), net	28	(86)	(37)
Financial expense, net		(165)	(141)
Income before taxes		1,901	1,677
Income tax expense	7	(301)	(275)
Net income		1,600	1,402
Attributable to:			
Syngenta AG shareholders	8	1,599	1,397
Non-controlling interests		1	5
Net income		1,600	1,402
Earnings per share (US$):			
Basic earnings per share	8	17.40	15.07
Diluted earnings per share	8	17.31	14.99
Weighted average number of shares:			
Basic		91,892,275	92,687,903
Diluted		92,383,611	93,225,303

The accompanying notes form an integral part of the consolidated financial statements.

All activities were in respect of continuing operations.

Consolidated Statement of Comprehensive Income

(for the years ended December 31, 2011 and 2010)

(US$ million)	Notes	2011	2010
Net income		1,600	1,402
Components of other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) of defined benefit post-employment plans	22	(252)	50
Income tax relating to items that will not be reclassified to profit or loss	7	71	(17)
		(181)	33
Items that may be reclassified subsequently to profit or loss:			
Unrealized gains on available-for-sale financial assets	28	3	4
Gains/(losses) on derivatives designated as cash flow and net investment hedges	29	(150)	120
Currency translation effects		(186)	146
Income tax relating to items that may be reclassified subsequently to profit or loss	7	(14)	(20)
		(347)	250
Total comprehensive income		1,072	1,685
Attributable to:			
Syngenta AG shareholders		1,072	1,679
Non-controlling interests		–	6
Total comprehensive income		1,072	1,685

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Balance Sheet
(at December 31, 2011 and 2010)

(US$ million, except share amounts)	Notes	2011	2010
Assets			
Current assets:			
Cash and cash equivalents		1,666	1,967
Trade receivables	9	2,736	2,554
Other accounts receivable	9	690	626
Inventories	11	4,190	3,844
Derivative and other financial assets	28	269	502
Other current assets	10	199	223
Total current assets		9,750	9,716
Non-current assets:			
Property, plant and equipment	12	3,025	2,964
Intangible assets	13	2,869	3,087
Deferred tax assets	7	930	824
Derivative financial assets	28	118	176
Other non-current financial assets	14	549	518
Total non-current assets		7,491	7,569
Total assets		17,241	17,285
Liabilities and equity			
Current liabilities:			
Trade accounts payable	15	(2,881)	(2,590)
Current financial debt	16	(743)	(992)
Income taxes payable		(547)	(406)
Derivative financial liabilities	27, 28	(212)	(291)
Other current liabilities	17	(1,028)	(846)
Provisions	19	(232)	(228)
Total current liabilities		(5,643)	(5,353)
Non-current liabilities:			
Financial debt and other non-current liabilities	18, 27	(2,374)	(2,786)
Deferred tax liabilities	7	(753)	(813)
Provisions	19	(968)	(884)
Total non-current liabilities		(4,095)	(4,483)
Total liabilities		(9,738)	(9,836)
Shareholders' equity:			
Issued share capital: 2011: 93,762,899 ordinary shares (2010: 94,599,849 ordinary shares)	20	(6)	(6)
Retained earnings		(4,434)	(3,809)
Reserves		(3,736)	(4,113)
Treasury shares: 2011: 2,508,759 ordinary shares (2010: 2,392,751 ordinary shares)	20	682	489
Total shareholders' equity		(7,494)	(7,439)
Non-controlling interests		(9)	(10)
Total equity		(7,503)	(7,449)
Total liabilities and equity		(17,241)	(17,285)

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

(for the years ended December 31, 2011 and 2010)

(US$ million)	Notes	2011	2010
Income before taxes		1,901	1,677
Reversal of non-cash items	21	801	805
Cash (paid)/received in respect of:			
Interest received		96	89
Interest paid		(174)	(175)
Other financial receipts		216	55
Other financial payments		(252)	(133)
Income taxes		(282)	(268)
Restructuring costs	19	(71)	(38)
Contributions to pension plans, excluding restructuring costs	19	(198)	(335)
Other provisions	19	(116)	(95)
Cash flow before change in net working capital		1,921	1,582
Change in net working capital:			
Change in inventories		(478)	108
Change in trade and other accounts receivable and other current assets		(120)	(129)
Change in trade and other accounts payable		548	146
Cash flow from operating activities		1,871	1,707
Additions to property, plant and equipment	12	(479)	(396)
Proceeds from disposals of property, plant and equipment		20	13
Purchases of intangible assets	13	(62)	(118)
Purchases of investments in associates and other financial assets		(34)	(12)
Proceeds from disposals of financial assets		22	42
Net cash flows from (purchases)/disposals of marketable securities		11	31
Business acquisitions (net of cash acquired)		(19)	(10)
Business divestments		69	–
Cash flow used for investing activities		(472)	(450)
Increases in third party interest-bearing debt		305	139
Repayments of third party interest-bearing debt		(906)	(165)
Sales of treasury shares and options over own shares		45	49
Acquisitions of non-controlling interests		–	(48)
Purchases of treasury shares		(422)	(295)
Distributions paid to shareholders		(706)	(524)
Cash flow from financing activities		(1,684)	(844)
Net effect of currency translation on cash and cash equivalents		(16)	2
Net change in cash and cash equivalents		(301)	415
Cash and cash equivalents at the beginning of the year		1,967	1,552
Cash and cash equivalents at the end of the year		1,666	1,967

Of total cash and cash equivalents of US$1,666 million (2010: US$1,967 million), US$175 million (2010: US$166 million) is required to meet insurance solvency requirements of the Group's insurance subsidiaries and therefore is not readily available for the general purposes of the Group.

At December 31, 2011, cash equivalents totalled US$892 million (2010: US$1,471 million) and consisted of bank and money market fund deposits.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(for the years ended December 31, 2011 and 2010)

(US$ million)	Attributable to Syngenta AG shareholders: Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
January 1, 2010	6	3,491	(217)	(113)	486	2,820	6,473	14	6,487
Net income						1,397	1,397	5	1,402
OCI				77	172	33	282	1	283
Total comprehensive income	–	–	–	77	172	1,430	1,679	6	1,685
Share based compensation			23			81	104		104
Dividends paid						(523)	(523)	(1)	(524)
Share repurchases			(295)				(295)		(295)
Other and income taxes on share based compensation						1	1	(9)	(8)
December 31, 2010	6	3,491	(489)	(36)	658	3,809	7,439	10	7,449
Net income						1,599	1,599	1	1,600
OCI				(113)	(233)	(181)	(527)	(1)	(528)
Total comprehensive income	–	–	–	(113)	(233)	1,418	1,072	–	1,072
Share based compensation			34			65	99		99
Dividends paid						(705)	(705)	(1)	(706)
Share repurchases			(422)				(422)		(422)
Cancellation of treasury shares		(31)	195			(164)	–		–
Other and income taxes on share based compensation						11	11		11
December 31, 2011	6	3,460	(682)	(149)	425	4,434	7,494	9	7,503

The accompanying notes form an integral part of the consolidated financial statements.

The amount available for dividend distribution is based on Syngenta AG's shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations.

In 2010, a dividend of 6.00 Swiss francs ("CHF") (US$5.61) per share was paid in respect of 2009. In 2011, a dividend of CHF 7.00 (US$7.64) per share was paid in respect of 2010 out of reserves arising from capital contributions.

The Board of Directors recommends a dividend payment of CHF 8.00 per share (equivalent to US$8.51 per share translated at the December 31, 2011 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 24, 2012.

Included within the fair value reserves are (i) cash flow hedge reserves, which comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged items that have not yet been recognized in profit or loss, and (ii) fair value reserves, which comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired. Movements in the cash flow hedge reserves are shown in Note 29. Neither the fair value reserves for available-for-sale financial assets nor any components of the movements in the fair value reserves for available-for-sale financial assets during the periods presented were material.

The cumulative translation adjustment comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of long-term monetary items that are part of net investments in foreign subsidiaries.

Notes to the Syngenta Group Consolidated Financial Statements

1. Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on an historical cost basis, except for items that are required by IFRSs to be measured at fair value, principally derivative financial instruments, available-for-sale financial assets and biological assets, which are valued at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of Syngenta AG, a company domiciled and incorporated in Switzerland, and all of its subsidiaries (together referred to as “Syngenta”) and Syngenta’s interests in associates and joint ventures. Syngenta AG’s principal executive offices are at Schwarzwaldallee 215, 4058 Basel, Switzerland.

The consolidated financial statements are presented in United States dollars (“US$”) as this is the major currency in which revenues are denominated. The functional currency of Syngenta AG is the Swiss franc (“CHF”).

Syngenta has global, integrated risk management processes. Within the scope of these processes, the Board of Directors of Syngenta AG evaluates the risks once a year in accordance with article 663b paragraph 12 of the Swiss Code of Obligations and discusses if any corresponding actions are necessary.

The preparation of financial statements requires management to exercise judgment when applying accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Note 2 below includes further discussion of certain critical accounting estimates.

2. Accounting policies

Adoption of new IFRSs and changes in accounting policies

Syngenta adopts new IFRSs by following the transitional requirements of each new standard or, if there are no transitional requirements specified, by using the full retrospective application method, as required by IAS 8. Other changes in accounting policies are also implemented using the full retrospective application method. If full retrospective application of a change is impracticable, it is applied from the earliest period which is practicable. Retrospective application requires that the results of comparative periods and the opening balances of the earliest period shown be restated as if the new accounting policy had always been applied.

Syngenta has combined line items in certain tables in the Notes to the consolidated financial statements where one or more lines that were previously disclosed separately have become immaterial.

Syngenta has adopted the following new or revised IFRSs in these consolidated financial statements, with the following effect:

– “Presentation of items of OCI: amendments to IAS 1”, issued June 2011, has been adopted early, altering the presentation of items in the consolidated statement of comprehensive income. Items which will or might potentially be reclassified from OCI into profit or loss have been separated from those for which reclassification is not permitted.

The following IFRSs adopted in 2011 had no impact on Syngenta’s consolidated financial statements:

– “Improvements to IFRSs”, issued in April 2010

– “Classification of rights Issues”, Amendment to IAS 32, issued October 2009

– IAS 24, “Related party disclosures”, revised November 2009

– IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”, issued November 2009

The following new or revised IFRSs relevant to the Syngenta Group have not yet been adopted by Syngenta:

– IFRS 9, “Financial Instruments”, was issued in November 2009 and October 2010. It contains new measurement and classification rules for financial assets and financial liabilities. Under IFRS 9, assets which are debt instruments and according to Syngenta’s business model are held to collect contractual cash flows consisting of payments of principal and/or interest on defined dates would be measured at amortized cost, and all other financial assets would be measured at fair value. Gains and losses on remeasuring assets which Syngenta classifies as available-for-sale under IAS 39 would be recognized in profit or loss under IFRS 9, except for equity instruments which are not held for trading, for which Syngenta may make an irrevocable election on their initial recognition to present all gains and losses within OCI. Gains and losses on equity instruments for which this election is made would no longer be reclassified from OCI into profit or loss on disposal or on a significant or prolonged decline in value. For financial liabilities which are measured at fair value in accordance with the fair value option, changes in fair value which are due to changes in own credit risk will be reported in OCI, instead of in profit or loss. Syngenta currently does not apply the fair value option to any of its financial liabilities. IFRS 9 will be mandatory for Syngenta with effect from January 1, 2015. Due to the phased publication of the IASB’s revised financial instruments requirements Syngenta has not yet decided whether it will adopt IFRS 9 early. Based on a review of the financial assets and liabilities it has at December 31, 2011, Syngenta does not believe that IFRS 9 will have a material impact on its consolidated financial statements.

– “Disclosures – Transfers of Financial Assets”, Amendments to IFRS 7, was issued in October 2010 and will be mandatory for Syngenta’s consolidated financial statements for years ended December 31, 2012 onwards. It requires additional disclosures where an entity transfers part of a financial asset or transfers a financial asset but retains a continuing involvement in the asset. Trade receivable factoring, which Syngenta may enter into in the future may be within the scope of this disclosure requirement.

2. Accounting policies continued

- IFRS 10, "Consolidated Financial Statements", was issued in May 2011. This IFRS established the control concept as the sole criterion for consolidation, and clarifies that control is an investor's ability to use its power over another entity to affect the variable returns derived from its involvement with that entity. Syngenta must adopt IFRS 10 effective January 1, 2013, at the latest. Based on a review of its existing relationships with other entities at December 31, 2011, Syngenta does not believe that adoption of IFRS 10 will have a material impact on its consolidated financial statements.
- IFRS 11, "Joint Arrangements", was issued in May 2011, and contains revised guidance for distinguishing joint operations, where each party accounts for its own rights and obligations, from jointly controlled entities, for which IFRS 11 requires the equity method of accounting. Syngenta must adopt IFRS 11 effective January 1, 2013, at the latest. Syngenta is still assessing whether the accounting treatment for any of its existing joint arrangements at December 31, 2011 would change upon adoption of IFRS 11. However, Syngenta does not believe that adoption of IFRS 11 will have a material impact on its consolidated financial statements.
- IFRS 12, "Disclosures of Interests in Other Entities", was issued in May 2011 and requires reporting entities to disclose additional information about their interests in other entities. Syngenta must adopt IFRS 12 effective January 1, 2013, at the latest. Syngenta is currently assessing the impact IFRS 12 may have on the disclosures in its consolidated financial statements.
- IFRS 13, "Fair Value Measurement", was issued in May 2011 and introduced guidance on how to measure fair value. Syngenta must adopt IFRS 13 effective January 1, 2013, at the latest. Based on a review of the assets and liabilities recognized in its December 31, 2011 consolidated balance sheet and its current methods for measuring fair value compared with IFRS 13 guidance, Syngenta does not believe that adoption of IFRS 13 will have a material impact on its consolidated financial statements.
- IAS 19, "Employee Benefits" (revised), was issued in June 2011. The main changes which this revised IFRS introduces affect the accounting for defined benefit post-employment plans. Actuarial gains and losses will be recognized in full in other comprehensive income, and past service cost will be recognized in full in profit or loss, in the periods in which they arise. Interest on the net recognized defined benefit asset or liability will be recognized in profit or loss, in place of the currently separate recognition of interest cost on the benefit obligation and of an expected return on plan assets. Presentation requirements for changes in the recognized asset or liability are revised, and additional disclosures required. Syngenta already recognizes actuarial gains and losses in full in other comprehensive income in the periods in which they arise. At December 31, 2011, Syngenta has a US$16 million liability for unrecognized past service gains. Upon adoption of the revised IFRS, this liability will be recognized retrospectively in retained earnings. In addition the 2011 pre-tax benefit expense in Syngenta's consolidated income statement will be increased by US$42 million, due to elimination of the related past service amortization credit and to the impact of the new net interest concept on the defined benefit asset or liability. In respect of the net interest concept, OCI will be adjusted correspondingly. The interpretation of certain other changes in the revised IFRS is still being discussed amongst Syngenta and its advisers, and additional impacts on Syngenta's consolidated financial statements may be identified when these points are clarified. Also, under the revised IFRS, restructuring costs incurred to retain the services of employees during a transition period in excess of applicable legal minimums will be expensed over the required retention period instead of being recognized in full when the restructuring and the retention benefits are communicated. The effect on Syngenta's consolidated income statement and balance sheet of deferring the recognition of these costs will depend on the timing of future restructurings and the composition of the costs related to them.
- "Offsetting Financial Assets and Financial Liabilities", Amendments to IAS 32, was published in December 2011, and permits financial assets and financial liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency. Syngenta must adopt the amendments effective January 1, 2014, at the latest. Syngenta is currently assessing the impact of the amendments on its consolidated financial statements. At the same time, the IASB published "Disclosures – Offsetting Financial Assets and Financial Liabilities", Amendments to IFRS 7, which requires disclosures both about assets and liabilities that have been offset in the balance sheet and about amounts covered by conditional set-off rights which do not meet the criteria for offsetting. These disclosures will be required for Syngenta's consolidated financial statements for the year ending December 31, 2013.

Future changes in IFRS
IFRSs are undergoing a process of revision with a view to increasing harmonization of accounting rules internationally. Proposals to issue new or revised IFRSs, as yet unpublished, on financial instruments, revenue recognition, leases, and other topics may change existing standards, and may therefore affect the accounting policies applied by Syngenta in future periods. Transition rules for these potential future changes may require Syngenta to apply them retrospectively to periods before the date of adoption of the new standards.

Principles of consolidation

Subsidiaries
Subsidiaries are those entities in which Syngenta has ownership of a majority of the voting rights or otherwise has power to exercise control. Control exists when Syngenta has the power, indirectly or directly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The income, expenses, assets, liabilities and cash flows of companies acquired or disposed of during the period are included in the consolidated financial statements from the date of acquisition or up to the date of disposal, respectively.

2. Accounting policies continued

Associates and joint ventures
Associates are those entities in which Syngenta has significant influence, but not control, over the financial and operating policies and in which Syngenta generally has between 20 percent and 50 percent of voting rights. Joint ventures are those enterprises over whose activities Syngenta has joint control, established by contractual agreement. Syngenta accounts for both associates and joint ventures using the equity method. Under this method, the consolidated financial statements show Syngenta's investment in and its share of the total recognized gains and losses and transactions with shareholders of associates and joint ventures, from the date that significant influence or joint control commences until the date they cease. Any premium over net asset value paid to acquire an interest in an associate or joint venture is recognized as goodwill, within the same line as the underlying investment. When Syngenta's share of accumulated losses reduces the carrying amount of an associate or joint venture to nil, no further losses are recognized unless Syngenta has an obligation to meet those losses.

Transactions eliminated on consolidation
Intercompany income and expenses, including profits from internal Syngenta transactions, and intercompany receivables and payables have been eliminated upon consolidation. Profits on transactions between Syngenta and its associates and joint ventures are eliminated in proportion to Syngenta's ownership share in the associate or joint venture, but losses are eliminated only if no impairment has occurred.

Business combinations
Syngenta accounts for business combinations in accordance with IFRS 3, (revised January 2008), using the acquisition method. At the date it acquires control of another business, Syngenta records the fair value of the agreed consideration payable, including the estimated fair value of any contingent consideration, and of any existing ownership interest it holds in the acquired entity, but excluding any amounts which are not part of the business combination, such as amounts which settle pre-existing relationships or relate to services Syngenta will receive post-acquisition. Any gain or loss arising on revaluing an existing interest in the acquired entity is recognized in profit or loss. Direct acquisition transaction costs are expensed as incurred. The assets and liabilities of acquired businesses are identified, and are recorded in the consolidated financial statements at their acquisition date fair values, with certain exceptions as set out in IFRS 3. Acquired intangible assets are valued based on the income approach. Generally the relief from royalty method is used for brand names and product technology rights, and the residual income method for customer relationships. Acquired land and buildings are valued based on the market approach and specialized plant and equipment based on the cost approach. Non-controlling interests which represent a proportionate ownership interest are recorded at their proportionate share of the fair value of the acquired business's net assets. Non-controlling interests which do not represent a proportionate ownership interest in the acquired business are recorded at their fair value.

If the sum of the amounts paid or payable upon acquisition of a controlling interest plus the fair value of any existing Syngenta ownership interest in the acquiree and any non-controlling interest exceeds the fair value of the acquiree's net assets, the excess is recognized as goodwill. If the fair value of the acquiree's net assets exceeds the total sum of those amounts, the excess is immediately recognized as a gain in profit or loss at the acquisition date.

Once Syngenta has acquired control of a business, any further transaction that changes Syngenta's ownership interest but does not result in Syngenta losing control is accounted for as a transaction between shareholders. Any difference between the amount paid for the change in ownership interest and the corresponding share of the carrying amount of the net assets is charged or credited to shareholders' equity.

Business combinations completed before January 1, 2010 have been accounted for in accordance with the IFRSs which applied at the date they were completed. The successive changes which have been made over time to the IFRSs for business combinations have not been required to be applied retrospectively to business combinations completed before those changes were introduced.

Business divestments
Disposal or loss of Syngenta control of a business or of a controlling interest in a subsidiary is accounted for by derecognizing the underlying assets and liabilities disposed of and any related goodwill and third party non-controlling interests, at their carrying amounts. If Syngenta retains a non-controlling ownership interest, this is recognized at fair value. The difference between those carrying amounts and the total fair value of the disposal proceeds and of any retained Syngenta interest is recognized in profit or loss together with related currency translation gains and losses (see "Foreign currencies" below).

Syngenta recognizes the proceeds of disposals in profit or loss when they become unconditionally receivable, separately from amounts receivable for any services Syngenta is obliged to continue to provide, which are recognized over the periods in which Syngenta performs the related obligations. If completion of a disposal within 12 months is highly probable in accordance with the definition in IFRS 5, the assets and liabilities to be disposed of are reclassified as held-for-sale in the consolidated balance sheet. If a separate major line of business is to be divested and has met the highly probable criterion, its post-tax result of operations for each period presented in the consolidated income statement is presented within discontinued operations, together with related impairment losses. Any profit or loss on disposal which is recognized is also presented within discontinued operations.

2. Accounting policies continued

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost or fair value, are translated into the functional currency at the foreign exchange rate prevailing at the date of the transaction or the date the fair value was determined, respectively. Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. With exceptions for certain regional supply centre, holding and finance subsidiaries, each Syngenta subsidiary uses the local currency of its country of operations as its functional currency. Unrealized gains or losses related to equity loans, designated cash flow and net investment hedging arrangements and gains and losses on retranslating equity instruments that are available-for-sale financial assets are recognized in OCI. All other resulting foreign exchange transaction gains and losses are recognized in profit or loss. Equity loans are intercompany loans to subsidiaries that are not expected to be repaid in the foreseeable future and therefore considered part of Syngenta's net investment in the subsidiary.

Income, expense and cash flows of foreign operations are translated into US dollars using average exchange rates prevailing during the period. Assets and liabilities of foreign operations are translated to US dollars using exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on these translations are recognized directly in OCI. Upon disposal or loss of control of a foreign subsidiary, the cumulative currency translation difference relating to the subsidiary is reclassified from equity to profit or loss as part of the gain or loss on disposal.

Revenue

Revenue is measured as the fair value of the consideration received or receivable. Revenue from sales of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms.

In certain markets, sales terms allow customers to exchange purchased products at a later date for other Syngenta products of their choice, to the same value. Revenue is recognized upon delivery of the original products, and is reduced by a provision for products expected to be exchanged. This provision is released, and the corresponding revenue is recorded, when the substitute products are delivered or the period available to exchange the products expires, whichever is earlier.

In certain markets, sales terms allow customers the option of a one-time, non-repeatable extension of credit, for a defined additional period, in respect of a defined proportion of purchases made during a defined period, if the customers still have the inventories on hand upon expiration of the initial agreed credit period. Customers have no right to return these inventories, and must pay unconditionally when the additional credit period expires. In accordance with IAS 18, revenue for these sales is recognized upon product delivery.

Where a right of return exists, revenue is recognized when a reasonable estimate of returns can be made, or when the right of return expires, whichever is earlier. Where Syngenta's distributors hold inventories and have the right of return, or Syngenta's commercial practice is to accept returns from distributors, and it is not possible to make a reasonable estimate of returns, Syngenta recognizes revenue when its distributors sell the inventories to their customers.

Where third parties hold Syngenta inventories on a consignment basis, revenue is recognized in the period that inventories are withdrawn from consignment and delivered to customers.

Syngenta periodically enters into prepayment contracts with customers whereby it receives advance payments for products to be delivered in a future period. These advance payments are recorded as liabilities and presented as part of trade accounts payable. Advance payment liabilities are released and revenues associated with such advance payment transactions are recognized upon delivery of and transfer of title, ownership, and risk of loss of the related products to the customer.

Royalty income is recognized when earned. If the license agreement contains performance obligations for Syngenta, the related income is considered earned when Syngenta has performed the obligations. Amounts received in advance of performance are deferred in the consolidated balance sheet. If the license agreement provides for royalties based on sales made by the licensee, income is considered earned in the period that the related sales occur.

Cash rebates and discounts granted to customers are classified as a reduction of revenue. Awards of free or discounted products or services supplied by Syngenta in connection with customer loyalty programs are recognized as revenue when the customer redeems the credits. Awards supplied by a third party are recognized as revenue when the third party becomes obliged to supply the awards if Syngenta is an agent for the third party, and when Syngenta has performed its obligations to the customer if Syngenta is a principal. Net profit from programs where Syngenta is an agent is shown as part of sales. Revenue related to programs where Syngenta is a principal is presented as part of sales, and associated costs are presented within cost of goods sold or marketing and distribution expense as appropriate. Syngenta determines whether it is a principal or an agent according to whether it is exposed to the risks and rewards of supplying the third party products or services. Liabilities associated with customer loyalty programs are classified within trade accounts payable.

2. Accounting policies continued

Barter transactions
For certain customers in certain markets, either settlement of trade receivables is secured with proceeds from agricultural commodities sold by Syngenta customers, or customers settle trade receivables directly by delivering commodities to Syngenta. For these arrangements, Syngenta recognizes revenue when it has a legally enforceable receivable, the amount of which is reliably measurable based on an agreed price for the Syngenta products. Where Syngenta has a contract with the customer for physical delivery of a commodity at a fixed price, an embedded derivative is recognized for the fair value of the contract until physical delivery. When it subsequently sells the commodity, Syngenta classifies additional revenue as sales only to the extent that the original contract for the sale of Syngenta products included revenue that was contingent upon the commodity sales proceeds. Any remaining gains or losses on the commodity sale are recorded in Marketing and distribution expense in the consolidated income statement.

Research and development
Research expenses are charged to the consolidated income statement when incurred. Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and is expected to generate future economic benefits and when the cost of such an asset can be measured reliably. Due to regulatory and other uncertainties inherent in the development of its key new products, Syngenta currently has no development costs that meet the criteria for recognition.

Costs of purchasing distribution rights, patent rights and licenses to use or sell products, or technology or registration data are capitalized as intangible assets. Costs of applying for patents for internally developed products, costs of defending existing patents and costs of challenging patents held by third parties where these are considered invalid, are considered part of development expense and expensed as incurred.

Restructuring and impairment
Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

Income taxes
Income taxes for the year comprise current and deferred taxes, calculated using rates enacted or substantively enacted at the balance sheet date.

Current tax is the expected tax payable on taxable income for the year and any adjustments to tax payable in respect of previous years. Deferred tax is recognized using the liability method and thus is calculated on temporary differences between the tax bases of assets and liabilities and their respective carrying amounts in the consolidated balance sheet.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on the initial recognition of goodwill if the carrying amount of goodwill exceeds its tax base. Deferred tax assets, including those related to unused tax losses, are recognized to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Income tax expense, current and deferred, is recognized in profit or loss unless it relates to items recognized in OCI or in equity in which case the tax expense is also recognized in OCI or equity respectively.

Syngenta's policy is to comply fully with applicable tax regulations in all jurisdictions in which Syngenta's operations are subject to income taxes. Syngenta's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by Syngenta's subsidiaries will be subject to review or audit by the relevant tax authorities. Syngenta and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions. Syngenta records provisions for taxes it estimates will ultimately be payable when the reviews or audits have been completed, including allowances for any interest and penalties which may become payable. Syngenta releases these provisions when the tax audit of the applicable year is completed or an Advance Pricing Agreement (APA) settlement is reached that impacts previous years' tax payments, or otherwise when the statute of limitations for the applicable year expires, unless there is evident reason for earlier release.

Deferred tax on share based compensation awards is based on the tax deduction, if any, that would be obtained if the Syngenta AG share price at the period end was the tax base for the award. Deferred tax on unvested awards is recognized ratably over the vesting period. Deferred tax on awards already vested is recognized immediately. Any income tax benefits recorded in the income statement are limited to the tax effect of the related cumulative pre-tax compensation expense recorded. The total tax benefit on an award may exceed this amount in some circumstances. The excess tax benefit is considered by IFRS to be the result of a transaction with shareholders rather than with employees, and is recorded within shareholders' equity.

Cash and cash equivalents
Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and are subject to only an insignificant risk of changes in value.

2. Accounting policies continued

Trade and other accounts receivable
Trade and other accounts receivable include invoiced amounts less adjustments for doubtful receivables which are calculated by taking into account whether receivables are past due based on contractual terms, payment history and other available evidence of collectability. Receivable balances are written off only when there is no realistic prospect of their being collected.

Factoring arrangements transferring substantially all economic risks and rewards associated with accounts receivable to a third party are accounted for by derecognizing the accounts receivable upon receiving the cash proceeds of the factoring arrangement. Factoring arrangements that transfer to a third party some, but not all economic risks and rewards are accounted for by continuing to recognize Syngenta's continuing rights over the receivable and by recognizing any related obligation to the third party factor.

In certain foreign currency sales transactions, Syngenta offers to its customers a written exchange rate option embedded into the sales contract. The resulting trade receivable/option contract is designated as an asset which is measured at fair value through profit or loss as the embedded option derivative meets the conditions of paragraph 11A of IAS 39. The fair value of these trade receivables is determined after:

(a) remeasuring the embedded exchange rate option at fair value;

(b) retranslating the underlying account receivable into the selling entity's functional currency using closing spot exchange rates at the balance sheet date; and

(c) adjusting the resulting carrying amount of the combined receivable contract to reflect changes in customer credit risk. Syngenta includes this adjustment in the provision for doubtful receivables.

Financial and other current assets
Financial and other current assets include financial instruments with positive fair values and remaining contractual maturities of less than 12 months at the balance sheet date. Debt investments are classified as available-for-sale assets in accordance with IAS 39, and are revalued to fair value at each reporting date. Fair value is the quoted market price of the specific investments held. Unrealized revaluation gains are recorded in OCI except to the extent that they reverse impairment losses recorded on debt investments in prior periods. When an investment is sold, revaluation gains and losses are transferred from OCI and recognized in profit or loss. Regular way purchases and sales of marketable securities are recognized at settlement date.

Derivative financial instruments and hedge accounting
Derivative financial instruments are recorded initially at their fair value when Syngenta becomes a party to the instrument. They are revalued to fair value at each reporting date and presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Fair values of publicly traded derivatives are based on quoted market prices of the specific instruments held at the balance sheet date.

Fair values of non-publicly traded derivatives are valued using accepted economic methodologies for pricing these financial instruments, such as discounted cash flow analysis or option pricing models. The valuation models seek to make maximum use of market inputs existing at the balance sheet date. The methods used to determine the fair value of specific types of non-publicly traded derivatives are as follows:

- Interest rate and cross-currency swaps are calculated as the present value of the estimated future cash flows. The future cash flows are determined using relevant market forward interest rates at the balance sheet date and are discounted using the zero-coupon rates with equivalent maturities for AA rated entities at the balance sheet date, as adjusted for the counterparty's credit risk. These discount rates incorporate the impact of net credit risk present in those derivative instruments;
- Forward contracts are determined using relevant market exchange rates at the balance sheet date;
- Currency options are valued using the Black-Scholes-Merton option pricing model, which incorporates spot exchange rates, zero coupon rates with equivalent maturities for entities with credit ratings which approximate Syngenta's counterparty credit risk, and implied volatility in the market forward exchange rates at the balance sheet date;
- Commodity options are valued using the Black-Scholes-Merton option pricing model, which incorporates future commodity price curves with equivalent maturities and implied volatilities in the commodities markets at the balance sheet date, adjusted for counterparty credit risk.

Realized gains and losses, unrealized revaluation gains and losses on derivatives not designated as accounting hedges and the ineffective portion of derivatives designated as accounting hedges are recorded in profit or loss as they arise.

2. Accounting policies continued

Syngenta applies hedge accounting as follows:

Fair value hedges
Both the designated hedging instruments and the underlying hedged items are remeasured to fair value and the resulting remeasured gains or losses are recognized in profit or loss as they occur.

Cash flow hedges
For the effective portion of the hedge, gains and losses on remeasuring designated hedging instruments to fair value are recognized in OCI as part of the cash flow hedge reserve, and are reclassified into profit or loss in the period (or periods) during which the underlying hedged cash flows affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for cash flow hedge accounting, any cumulative unrealized gain or loss on the hedging instrument remains in equity until the underlying hedged item affects profit or loss. However, if a hedged forecasted transaction is no longer expected to occur, the cumulative unrealized gain or loss on the hedging instrument is immediately reclassified into profit or loss.

Net investment hedges
Hedges of net investments in foreign operations, including hedges of monetary items that are accounted for as part of a net investment, are accounted for similarly to cash flow hedges. The accumulated gain or loss arising from such a hedge is reclassified from equity into profit or loss upon disposal of the net investment.

Inventories
Purchased products are recorded at acquisition cost while own-manufactured products are recorded at manufacturing cost including a share of production overheads based on normal capacity. Cost is determined on a first-in-first-out basis. Allowances are made for inventories with a net realizable value less than cost, or which are slow moving. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Costs to sell include direct marketing, selling and distribution costs. Unsalable inventories are fully written off.

Biological assets
Biological assets represent growing plants and cuttings in Syngenta's Flowers business and sugar cane seedlings within its Sugar cane business. They are measured at fair value less costs to sell where fair value is reliably measurable, and at cost less impairment where fair value is not reliably measurable due to the nature of the asset not corresponding to traded assets or products in the market. Syngenta classifies gains and losses from remeasuring biological assets to fair value within cost of goods sold.

Property, plant and equipment
Property, plant and equipment are recorded at acquisition or production cost, less accumulated depreciation and any impairment losses. Eligible borrowing costs are capitalized as part of the asset cost if construction is expected to take more than one year to complete. Capitalization ceases when the asset is ready for its intended use. Depreciation is charged on a straight-line basis to the income statement, starting from the date the asset is ready for use, over the following estimated useful lives:

Buildings	20 to 40 years
Machinery and equipment	10 to 20 years
Furniture and vehicles	5 to 10 years
Computer hardware	3 to 7 years

Land is recorded at acquisition cost and is not subject to depreciation.

Expenditures made for existing property, plant and equipment that will provide future economic benefit are capitalized and depreciated over the revised remaining useful life of the asset. Components of an asset are accounted for as separate assets if their useful lives differ from that of the larger asset of which they are a part. When a component of an asset is replaced, a disposal of the replaced component is accounted for and the new component is capitalized and depreciated over the shorter of its own useful life and that of the asset of which it is a component.

Leases
Property, plant and equipment financed by leases giving rights to use the leased assets as if they were owned by Syngenta are capitalized at the lower of fair value and the present value of minimum lease payments at the inception of the lease. Such leases are also embedded in contracts for goods or services provided by suppliers to Syngenta when the supplier can fulfil their obligations only by using a specific asset to supply Syngenta and the contract price is neither fixed per unit of output nor represents a market price. Finance lease assets and liabilities are recognized at the commencement of the lease, which is when the leased asset is ready for use and Syngenta has the right to use it. Finance lease assets are depreciated over the lesser of the remaining lease term and the estimated useful life of the leased asset.

Sale and leaseback transactions
Property, plant and equipment is generally recorded as having been sold, and profit on disposal recognized, when legal title passes to the purchaser. If Syngenta leases back the sold assets under operating leases, profits on sales are recognized when legal title passes if the leases have at-market rental terms. If the leasebacks are finance leases, profits on sales are recognized over the terms of the leaseback agreements.

2. Accounting policies continued

Intangible assets other than goodwill
Intangible assets, other than goodwill, are recorded at cost less accumulated amortization and any impairment losses. Currently, all such intangible assets are assigned a finite estimated useful life. The cost of acquired intangible assets other than goodwill consists of the purchase price including transaction costs. The cost of internally generated intangible assets consists of direct internal and external design, development, and testing costs incurred to make the asset ready for use in the manner intended by management. Borrowing costs associated with internal software development projects are capitalized if the project is expected to take more than one year to complete. Capitalization ceases when the software is ready for its intended use.

Intangible assets are amortized starting from the date the asset is ready for use. In respect of product rights, this is when regulatory approval has been obtained. Asset lives are reviewed annually. The straight-line method of amortization is used except where another systematic basis better reflects the pattern of consumption of the economic benefits represented by the asset. Amortization is charged within the consolidated income statement to the function responsible for the asset, or to general and administrative.

Useful lives assigned to acquired product rights are based on the period over which Syngenta expects economic benefit from the product rights. Estimated lives assigned to most product rights upon acquisition are between 10 and 20 years and do not exceed 20 years for any asset.

Patents and trademarks are amortized over their estimated economic or legal life, whichever is shorter. Lives assigned are between 3 and 20 years for patents and between 10 and 15 years for trademarks.

Business combinations give Syngenta access to the distribution channels and customer relationships of the acquired business. These relationships normally continue to generate economic benefit to Syngenta following the acquisition. The useful lives of customer relationships are determined from management estimates of customer attrition rates. Estimated lives assigned are between 5 and 30 years.

Acquired In-Process Research & Development (IPR&D), is valued at fair value at acquisition. It is assessed for impairment annually until it has been successfully developed and is available for use at which time it begins being amortized over its estimated useful life. Lives assigned are between 10 and 20 years.

Assets attributable to long-term supply agreements are amortized as part of cost of goods sold over the period of the supply agreements, which are between 5 and 12 years.

Purchased software licenses are amortized over their remaining license terms. Internally developed software is amortized from the date it is ready for use until the sooner of its expected replacement date or the date significant costs are expected to be incurred to upgrade it. Lives assigned are between 3 and 5 years.

Goodwill
Goodwill is the excess of the fair value of an acquired business over the fair value of its identifiable net assets at the acquisition date. Goodwill is recognized as an asset and presented within intangible assets. Goodwill is not amortized, but is tested annually for impairment and reduced by any impairment losses.

Impairment
Property, plant and equipment, intangible assets and investments in associates and joint ventures are tested for impairment (“tested”) in accordance with IAS 36 unless classified as held for sale. Goodwill and intangible assets not yet ready for use are tested annually and are also reviewed at each interim and annual reporting date to determine whether conditions changed since the most recent review or annual test. Individual other non-current assets are reviewed at each reporting date to determine whether events or changes in conditions indicate that the carrying amount of each asset may not be recoverable. If any such indication exists, the asset is tested for impairment. Syngenta estimates an asset’s recoverable amount as the higher of the asset’s fair value less selling costs and value in use, which is the present value of the cash flows expected from the asset’s use and eventual disposal. An impairment loss is recorded in the consolidated income statement to the extent that the carrying amount of the tested asset exceeds its recoverable amount. Impairment losses are not reversed for goodwill, but are reversed for other assets if their recoverable amounts subsequently increase.

Other non-current financial assets
Debt investments maturing in more than twelve months and equity investments in other entities which are not subsidiaries, associates or joint ventures of Syngenta are classified as available-for-sale in accordance with IAS 39. They are accounted for as described above under “Financial and other current assets”. An impairment loss is recorded in the consolidated income statement if there is a significant or prolonged decline in the value of an equity security that is an available-for-sale financial asset below its original cost, as reduced where applicable by cumulative impairment losses recorded in prior periods. Impairment losses on equity securities are not reversed if their fair value increases after an impairment loss is recorded. Loans and receivables are recorded at amortized cost, less impairment losses.

Non-current assets held for sale
Non-current assets and groups of assets are reclassified as held for sale when the assets are available for immediate sale in their present condition and a sale within one year is highly probable. Property, plant and equipment and intangible assets held for sale are remeasured at the lower of fair value less costs to sell or carrying amount at the date they meet the held for sale criteria at which time depreciation and amortization also ceases. Any resulting impairment loss is recognized in profit or loss.

Financial debt
Financial debt is recognized initially at its fair value less transaction costs, which represents the net proceeds from issuing the debt. Subsequently, financial debt is stated at amortized cost using the effective interest method, except where subject to a fair value hedge relationship. Financial debt is classified as current if the debt agreement terms in force at the balance sheet date require repayment within one year of that date. Otherwise, it is classified as non-current.

2. Accounting policies continued

Provisions
A provision is recognized in the balance sheet when Syngenta has a legal or constructive obligation to a third party or parties as a result of a past event the amount of which can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of discounting is material, provisions are discounted to the expected present value of their future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the expected reimbursement is recognized as a separate asset only when virtually certain. Where Syngenta has a joint and several liability for a matter with one or more other parties, no provision is recognized by Syngenta for those parts of the obligation expected to be settled by another party. Syngenta self-insures or uses a combination of insurance and self-insurance for certain risks. Provisions for these risks are estimated in part by considering historical claims experience and other actuarial assumptions and, where necessary, counterparty risk.

Environmental provisions
Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required within ten years (or a longer period if specified by a legal obligation) and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts: technology expected to be available at the time of the clean up; laws and regulations presently or virtually certain to be enacted; and prior experience in remediation of contaminated sites. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date, and are discounted if the impact is material and if cost estimates and timing are considered reasonably certain.

Syngenta's restructuring programs have involved closure of several sites to date. Remediation liabilities recognized when site closures are announced are accounted for as restructuring provisions. In the opinion of Syngenta, it is not possible to estimate reliably the additional costs that would be incurred upon eventual closure of its continuing sites that have no present obligation to remediate because it is neither possible to determine a time limit beyond which the sites will no longer be operated, nor what remediation costs may be required upon their eventual closure.

Legal and product liability settlements
For claims for which, according to Syngenta's assessment, it is not probable that a liability exists or that there will be a future cash outflow or other sacrifice of economic benefits, Syngenta has provided for the costs of defense only. For claims where an outcome unfavorable to Syngenta is assessed as more likely than not, provision has been made for the estimated amount of damages and settlement, including legal costs. No provision is made where the legal procedures are at too early a stage to estimate the outcome with any reliability.

Restructuring provisions and costs
Restructuring costs are accrued (charged to provisions) when Syngenta has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly and they qualify for recognition in accordance with IAS 37.

Provisions for severance payments and related employment termination costs are made in full when employees are given details of the restructuring plan and the termination benefits that will apply to individual employees should their contracts be terminated. Restructuring costs relating to ongoing activities, such as relocation, training and information systems, do not qualify for provisioning under IAS 37 and are expensed when incurred.

Post-employment benefits
For defined benefit plans, plan assets are measured at fair value. The plans' holdings in publicly quoted investments are valued at closing prices at the balance sheet date. The plans' holdings in pooled investment vehicles (PIVs) that are not publicly quoted are valued at the respective investment managers' current estimate of fair value, on a basis consistent with each PIV's most recent audited financial statements. Derivative contracts entered into directly by the pension plans are included within plan assets. Exchange traded derivatives are valued at quoted balance sheet date bid prices for contracts which are assets, or offer prices for contracts which are liabilities, at the balance sheet date. Fair values of over the counter derivatives are measured using independent third party pricing services. The defined benefit obligations are measured at the present value of future benefit payments attributable to employee service rendered up to the balance sheet date. A surplus of plan assets over the benefit obligation is recognized as an asset only to the extent of the economic benefit Syngenta can obtain from the surplus through refunds from, or reductions in the present value of future contributions to, the plan. Benefit expense charged to profit or loss is the cost to Syngenta of the increase in benefits in the period. The benefit obligation and cost are attributed to periods using the projected unit credit actuarial method. The expected return on plan assets in externally funded plans is deducted from the benefit cost. Both the benefit cost and expected asset return are based on long-term economic assumptions. The benefit cost is also based on long-term assumptions about employee service, pay and longevity, and for healthcare plans, medical costs. Assumptions are reviewed annually. Gains and losses arising from variances between assumptions and actual outcomes, and from changes to assumptions, are recognized in OCI in the period in which they arise. Past service cost arising when plan rules are amended is amortized over the vesting period for the revised benefits, or over the remaining expected service period if the benefits do not vest until retirement. If the revised benefits vest immediately, the related past service cost is recognized immediately in profit or loss. If plan membership or benefits are significantly reduced by a restructuring, or an event or transaction results in Syngenta's benefit obligations being settled, the effects are recorded in profit or loss when the restructuring or settlement occurs.

Contributions to defined contribution pension plans are recognized as an expense in profit or loss when they are due.

2. Accounting policies continued

Share based payments
The fair value of equity-settled share and share option awards to employees is recognized as compensation expense, and as a corresponding increase in equity, over the period in which the shares or options vest. An award is granted when it has been approved by the Compensation Committee of Syngenta AG's Board of Directors and its terms have been communicated to share plan members. Grants of Syngenta AG ordinary shares are measured at market value on the grant date, less any cash amount payable by the employee. The fair value of grants of share awards and unvested shares that do not carry dividend rights until vesting, is reduced by the present value of the expected dividends to which the holder will not be entitled. No discount is applied to grant-date market value to reflect vesting conditions. The fair value of grants of options over Syngenta AG ordinary shares is measured using the Black-Scholes-Merton formula. Compensation expense is measured using Syngenta's best estimate of the shares and options expected to vest. Compensation expense is adjusted subsequently, so that final expense is based on the number of shares and options that actually vest. Grants with a cash or equity alternative for plan members are accounted for as liabilities until the members' choice is known. The incremental fair value of members' equity options is zero. A member's choice to receive equity instruments is accounted for by transferring the fair value of the liability to shareholders' equity when the choice is made. For certain share plans, Syngenta has withholding obligations in respect of plan members' personal income tax liabilities on vesting or exercise of awards. Where members have the choice of settling the tax and receiving all the award or selling part of the award to cover the tax and receiving the balance of the award ("sell to cover") the plans are accounted for as fully equity-settled. Where Syngenta requires members to sell to cover, cash-settled share based payment accounting is applied to that part of the award and equity-settled accounting to the remainder.

The fair value of equity settled and cash settled share grants awarded to customers in cash rebate sacrifice arrangements is recognized as a reduction in sales in the same way as the cash rebate.

Dividends and capital distributions
Dividends payable to shareholders of Syngenta AG are recorded as liabilities and as a reduction in shareholders' equity in the period in which they are approved by the shareholders of Syngenta AG.

Treasury shares
Share capital includes the par value of treasury shares held by Syngenta that have not been cancelled. Treasury shares are shown as a separate component of shareholders' equity and stated at the amount paid to acquire them. Differences between this amount and the amount received upon their disposal are recorded as a movement in consolidated shareholders' equity.

Derivative instruments over Syngenta AG shares
Forward contracts and purchased and written call options over Syngenta AG ordinary shares, other than those related to share based compensation plans, are accounted for as equity instruments if they involve the exchange of a fixed number of Syngenta ordinary shares for a fixed cash amount and gross physical settlement is required by the option contract. Equity instruments are recognized in shareholders' equity at fair value at the date the instruments are issued or acquired, and are not subsequently revalued. Any difference between the value recognized at issue or acquisition and the value at settlement is recognized as an increase or decrease in shareholders' equity.

Application of critical accounting policies

Impairment
For the purposes of assessing impairment, assets are grouped at the lowest level at which there are independent cash inflows. This level is described as a cash generating unit (CGU). Each CGU contains tangible assets such as plant and equipment as well as intangible assets such as product and patent rights. The way in which assets are grouped to form CGUs and are related to cash flows may in certain circumstances affect whether an impairment loss is recorded. Generally, the higher the level at which independent cash flows are identified, the less likely it is that an impairment loss will be recorded, as reductions in one cash inflow are more likely to be offset by increases in other cash inflows within the same CGU. If a CGU is impaired, the impairment loss is allocated first to any goodwill in the CGU, and then to reduce the CGU's other assets pro rata.

In the Crop Protection segment, a CGU is generally defined by Syngenta at the product active ingredient level. However, where one active ingredient is sold in mixture with other active ingredients to a significant extent, the active ingredients concerned are grouped together into a single CGU because independent cash inflows only exist at this higher level. Each CGU is generally defined on a global basis reflecting the international nature of the business. Goodwill on major acquisitions, principally Zeneca agrochemicals business goodwill of US$548 million, is held at segment level and tested for impairment by relating it to total segment cash flows.

In the Seeds segment, a CGU is generally defined at the global crop level to reflect the fact that seed germplasm originating in one country can be used in other countries except where license agreements are more geographically restrictive.

In 2011, Syngenta announced that it would implement a single integrated commercial organization for its Crop Protection and Seeds businesses. In order to enable the businesses to focus during 2011 on preparing for the new organization, Syngenta has continued to use the medium term management forecasts prepared in 2010. In its 2011 impairment testing, Syngenta has relied upon its 2010 recoverable amount estimates wherever these exceeded CGU asset carrying amounts by a substantial margin. Impairment testing for CGUs with recoverable amounts close to their carrying amounts has been performed using medium term forecasts updated in 2011.

Pension asset ceiling
IFRSs require Syngenta to estimate the economic benefit it can obtain from a pension surplus if a surplus currently exists or will arise when Syngenta meets an existing minimum funding obligation. Syngenta believes a refund of any surplus in its UK pension plan will be unconditionally available to it when all liabilities are settled. The surplus in its US plan is supported by the economic benefit of future contribution savings. Syngenta cannot derive economic benefit from any surplus in its main Swiss pension plan because there is no refund right and the required future service contributions exceed future service cost. Accordingly, Syngenta restricted its asset carrying amount at December 31, 2010 and reduced OCI for 2010 by US$30 million. At December 31, 2011, no corresponding restriction applied. The surplus disclosed in Note 22 relates to another Swiss plan.

2. Accounting policies continued

Foreign currency translation
Syngenta has to make judgements on whether loans between subsidiaries are likely to be repaid in the foreseeable future in order to allocate foreign currency differences on those items to profit or loss if the loan will be repaid or to OCI if the loan is effectively part of the net investment in the borrowing subsidiary.

Critical accounting estimates

Impairment review
The recoverable amount for goodwill has been determined based on value in use of the relevant CGU or group of CGUs to which the goodwill is allocated. The recoverable amounts of all material intangible assets and property, plant and equipment have also been based on their value in use.

The discount rates used to discount the estimated future cash flows included in the value in use calculations are based on Syngenta's estimated weighted average cost of capital (WACC). This is considered to include market estimates of industry sector risk premium, as Syngenta's Crop Protection and Seeds businesses both operate mainly in the agricultural sector and its non-agricultural Professional Products business is not considered a separate CGU. Because Syngenta's CGUs generally reflect the global nature of its Crop Protection and Seeds businesses, it is also not considered necessary to apply a country risk premium. The pre-tax discount rates used for all significant CGUs ranged from 7.1 percent to 8.5 percent (2010: 7.0 percent to 8.5 percent). The outcomes of the impairment tests are not sensitive to reasonably likely changes in the discount rate in the periods presented for any CGU or group of CGUs for which the carrying amount of goodwill is significant except as described below.

In determining value in use it is necessary to make a series of assumptions to estimate future cash flows. The main assumptions in respect of Crop Protection include future sales prices and volumes, future development expenditures required to maintain products' marketability and registration in the relevant jurisdictions and products' lives. These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These assumptions can be subject to significant adjustment from such factors as changes in crop growing patterns in major markets (for example, as a result of movements in crop prices), changes in product registration, or pressure from competitor products. Estimated cash flows are based on Syngenta management forecasts over a five year horizon and a terminal value, which assumes a 2.0 percent long-term growth rate (2010: 2.0 percent). Management believes, based on recent growth in agricultural markets, that there are long-term prospects for continued growth. US$693 million of goodwill is tested at the Crop Protection total segment level (2010: US$703 million). In the opinion of Syngenta, the recoverable amount is not sensitive to reasonably possible changes in any of the assumptions underlying the cash flow projections used for the impairment test. A reduction in forecasted sales within management's five year forecast horizon compared to the previous year's five year forecast cycle combined with a reduction in latest forecasts of current year sales compared to the current year budget, is considered an indicator of market related impairment for CGUs to which no goodwill is allocated, resulting in the performance of detailed impairment tests. Syngenta also performs detailed impairment tests when there are asset specific indicators of impairment such as withdrawal of, or restrictions placed upon, product registrations, plans to divest products or, for property, plant and equipment, plans to restructure or close a site. Higher discount rates are used to test property, plant and equipment for impairment in the case of restructuring because of the higher risk associated with remaining cash flows when operations are being physically relocated. The value in use calculation takes account of cash flows from the remaining period of operations and decommissioning costs. Property, plant and equipment and intangible asset impairments of US$3 million and US$15 million were recorded because of restructuring in 2011 and 2010 respectively.

In Crop Protection in 2010, one CGU which contained US$46 million of property, plant and equipment and US$36 million of intangible assets, excluding goodwill, and to which US$16 million of goodwill was allocated, had a recoverable amount equal to its carrying amount following recognition of a US$4 million impairment. In 2011, forecast future cash flows for this CGU declined because of increased distribution costs and a significant shortfall in production volumes caused by extreme weather conditions, which is expected to constrain sales in 2012. As a result, a US$38 million impairment loss was recognized for this CGU in 2011. The total carrying amount of its property, plant and equipment and intangible assets at December 31, 2011 is US$49 million. The following key assumptions underlie the value in use estimate on which this impairment loss is based:

- a 3.8 percent compound annual sales growth rate over the five year forecast horizon (2010: 5.0 percent);
- improved gross profit quality for 2012 and future years compared to 2011, consistent with recent price increases and actual levels achieved throughout the period 2008 to 2010;
- the weather-related production problems experienced in 2011 will not recur;
- a 2.0 percent long-term growth rate beyond the end of the 5 year forecast period, which in view of more challenging market conditions is considered more likely than the 3.0 percent long-term growth rate assumed in prior years for this CGU;
- in the medium term, current excess working capital will be eliminated and working capital will reduce to levels normal for the industry sector in which this CGU operates; and
- an 8.2 percent pre-tax discount rate (2010: 8.4 percent).

The sensitivity of the recoverable amount to these assumptions, expressed as impairment losses additional to those recognized in 2011, is as follows (in US$ million):

1 percent increase in post tax discount rate	14
Long-term growth rate reduced to 1 percent	12
Both the above changes together	22

2. Accounting policies continued

Goodwill of US$315 million is allocated to the Seeds North America Corn and Soybean CGU. Syngenta's forecasts assume that new trait introductions by seed companies will increase total market value in both corn and soybean, and that Syngenta's traits will obtain an increased share of those markets. A 2.0 percent long-term annual growth rate (2010: 2.0 percent) is assumed after the end of this period. At the 7.5 percent (2010: 7.0 percent) pre-tax discount rate used, value in use significantly exceeds the CGU's carrying amount. The carrying amount would be sensitive only to significant reductions in income or unidentified product related regulatory, technical or intellectual property issues which Syngenta does not consider reasonably possible at this time.

Adjustments to revenue and trade receivables

Syngenta's products are consumed mainly by growers. The timing and amount of cash inflows received by growers is impacted by a broad range of economic and political risks, including crop yields and prices, the availability of credit, and the cost of agricultural inputs such as the products sold by Syngenta and its competitors. The cash flows of distributors that supply Syngenta's products to growers and represent the majority of Syngenta's customers are also impacted by these factors. These distributors vary in size and nature from large publicly owned entities to small or medium sized owner-managed businesses. Syngenta's customer base reflects the geographical diversity of its operations, which encompass more than 50 countries and all significant agriculture areas. Considerable management effort and judgement is applied to actively manage and mitigate the risks to Syngenta from these factors and to determine the accounting estimates associated with them, which include:

– the estimated cost of incentive programs that provide rebates and discounts dependent upon achievement of sales targets, as well as cash discounts for punctual payment of accounts receivable. Syngenta records the estimated cost of these programs when the related sales are made, based on the programs' terms, market conditions and historical experience. At December 31, 2011, trade accounts payable includes US$1,131 million (2010: US$982 million) of accruals for rebates and returns.

– accruals for estimated product returns, which are based on historical experience of actual returns. Syngenta considers these to be reliable estimates of future returns, except in the case of US$316 million (2010: US$269 million) of sales invoiced to customers. These sales have not been recognized as revenue or as trade receivables, because past experience in those specific markets shows that actual returns can vary significantly as a result of weather conditions after the reporting date, which are unknown.

– allowances for doubtful receivables, which are estimated by critically analyzing individual receivable account balances, taking into account historical levels of recovery, the economic condition of individual customers, and the overall economic and political environment in relevant countries. As shown in Note 9 below, the provision for doubtful receivables at December 31, 2011 amounted to US$246 million, or 8 percent (2010: US$260 million or 9 percent) of total trade receivables. The reduced percentage reflects a lower level of receivables overdue by more than 180 days. In 2010, Syngenta reported a US$43 million credit in profit or loss in respect of bad debts because historical collections achieved were higher than the assumptions used to build the allowances in earlier years. In 2011, Syngenta reported a US$34 million bad debt expense. This reflects business growth, particularly in emerging markets where write-offs have been higher historically than in developed markets.

Syngenta records these estimates as separate allowances, but its estimation process recognizes their interdependency, as the level of credits to accounts receivable for discounts and product returns may affect the probability of receiving full payment of the net receivable balances.

Environmental provisions

Remediation of environmental damage at sites with which Syngenta is associated typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. The assumptions used by Syngenta to estimate its environmental provisions may change significantly before or during the remediation period due to changes in the extent of remediation required or the method used to remediate the damage. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. The major uncertainties which impact the outcome of remediation are:

– the extent of the contaminated land area, which is not always limited to land occupied by the Syngenta site. Ongoing monitoring or remediation work may identify changes in the area believed to be contaminated.

– the nature of the work Syngenta will be obliged to perform or pay for. This depends upon the current or proposed use of contaminated land, substantively enacted legislation, and land zoning by and negotiation with the relevant regulatory authorities. In Switzerland, proposed remediation plans at certain sites may be subject to public referenda.

– sharing of costs with other past and present occupiers of Syngenta's sites. At certain shared sites, Syngenta is responsible for an agreed proportion of remediation costs, which may change following discussions with authorities and the affected third parties. At other sites, third parties have agreed to reimburse Syngenta for some or all of the costs it incurs.

Consequently, environmental provisions can change significantly. Because of the inherent uncertainties in estimating such long-term future obligations, Syngenta periodically supplements its internal expertise with external expertise when determining environmental provisions.

IAS 37 requires reimbursements of provisions to be recognized only when they are virtually certain to be received. No reimbursements are recognized if the third parties are disputing the reimbursement. Details of reimbursements recorded by Syngenta are given in Note 19 below. The litigation associated with reimbursements claimed by Syngenta in relation to environmental costs incurred at its Greens Bayou site was settled during 2008. As a result, Syngenta has recorded a reimbursement asset of US$25 million at December 31, 2011 (2010: US$26 million). The movements in environmental provisions are set out in Note 19 below.

2. Accounting policies continued

In 2011, the total additional charge to environmental provisions was US$14 million (2010: US$37 million). US$4 million (2010: US$30 million) of unutilized provisions were released, including US$nil (2010: US$nil) because expenditures at one site were met directly by a joint venture. In 2011, the most significant change was caused by clarification from the regulator of the remedial work it requires at one site. In addition, proposals have been made suggesting remediation of the existing contamination on certain shared sites in preference to monitoring and containment. Syngenta will negotiate the proposals with the relevant authorities but the final adopted solution is subject to regulatory uncertainty and the ultimate liability may be higher or lower than the amount provided. Taken together, the provisions at December 31, 2011, for these shared sites comprise approximately 20 percent of total environmental provisions of US$371 million (2010: US$394 million). The top ten exposures at the end of 2011 comprise approximately 80 percent of the total environmental provisions. In the opinion of management, reasonably possible increases in the provisions related to these top 10 exposures would not exceed 40 percent of the total environmental provision recognized at December 31, 2011.

At Syngenta's Monthey, Switzerland, production site, the work needed to remediate groundwater and soil contamination that exists under and around the site, including investigation, assessment, control and monitoring activities, is ongoing. The responsibility for these activities lies with Syngenta and one other chemical enterprise. In management's opinion, based on its current knowledge, Syngenta's environmental provisions are adequate to cover Syngenta's share of the expected costs to perform this remediation and no significant change to the provision has been made in 2011. However, the extent of the remediation work required, the cost estimates and their allocation are subject to uncertainty.

Defined benefit post-employment benefits
Significant judgment is required when selecting key assumptions for measuring post-employment benefit expense for a period and the defined benefit obligation at the period end for each defined benefit plan. The specific assumptions used are disclosed in Note 22 below, along with the experience variances between actual and assumed results for the past five years. These variances were caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices affecting the actual return on assets. These factors are outside Syngenta's direct control, and it is reasonably possible that future variances will be at least as great as past variances.

The following information illustrates the sensitivity to a change in certain assumptions, leaving all other assumptions constant, for the three major defined benefit pension plans shown in Note 22 to the financial statements. It should be noted that economic factors and conditions often affect multiple assumptions simultaneously and the effects of changes in key assumptions are not necessarily linear.

(US$ million)	Increase/(reduction) in 2012 pre-tax pension expense	Increase/(reduction) in December 31, 2011 projected benefit obligation
25 basis point decrease in discount rate	4	199
25 basis point increase in discount rate	(4)	(196)
25 basis point decrease in expected return on assets	12	–
25 basis point increase in expected return on assets	(12)	–
One year increase in life expectancy	5	113

To select the discount rate, Syngenta uses yields of AA rated corporate bonds in all major markets. The relevant yield is determined either by analyzing a population of bonds whose cash flows collectively approximate the estimated cash flow profile of benefit payments by a Syngenta plan (UK and USA), or by using the yield of a published bond index and adjusting it in line with the relevant market yield curve to the extent that the average maturity of the bonds in the index is different from that of the relevant Syngenta benefits (Switzerland). Discount rates at December 31, 2011 are as follows:

Switzerland 2.5 percent	(2010: 2.8 percent)
UK 4.9 percent	(2010: 5.4 percent)
USA 4.4 percent	(2010: 5.3 percent)

2. Accounting policies continued

The lower discount rates at the end of 2011 reflect the decrease in yields of these three countries' government bonds, which were in demand from investors during 2011 as prices of other financial assets fell. This effect was only partly offset by an increase in AA corporate bond spreads. The consequent increase in the benefit obligations and reduction in funded status (ratio of plan assets to the defined benefit obligation) of these plans compared to December 31, 2010, was offset by accelerating the payment of US$125 million (2010: US$200 million) of employer pension contributions and, in the UK, by a significant decrease in the assumed long-term inflation rate. Limited price indexation of pensions in payment and deferred pension rights is required both by the Syngenta UK pension plan rules and by UK pension regulations. The Syngenta plan rules and statutory regulations applicable to Syngenta's Swiss and US plans contain no inflation linkage. In valuing the benefit obligation at December 31, 2011, the UK long-term rate of retail price inflation (RPI) is assumed to be 3.0 percent (2010: 3.5 percent). The UK government announced in 2010 that future statutory pension increases would be based on consumer price inflation (CPI), instead of the RPI as in the past. Most Syngenta UK pension plan members have benefits specifically linked to RPI in accordance with the plan rules, but some members will now see increases linked to CPI. A US$20 million actuarial gain and reduction in benefit obligation was recognized in 2010 because of this change. CPI is assumed to be 90 basis points (2010: 50 basis points) below RPI. Syngenta has increased the assumed RPI/CPI differential to align with revised guidance published by the UK Office for Budget Responsibility (OBR) in November 2011.

Actual returns for the UK, Swiss and US pension plan assets were below the expected long-term return assumptions used to calculate 2011 pension expense, but returns in 2010 were above the equivalent assumptions. This reflects the general trend of financial asset market movements in each of those years. Expected return is a weighted average of the various asset classes held by the plans, which are disclosed in Note 22 below.

In recent years, longevity has increased in all major countries in which Syngenta sponsors pension plans. Syngenta sets mortality assumptions after considering the most recent statistics practicable. Syngenta uses generational mortality tables to estimate probable future mortality improvements. These tables assume that the trend of increasing longevity will continue, resulting in pension benefit payments to younger members being likely to be paid for longer than older members' pensions, given that assumed retirement ages are those defined in the rules of each plan. In 2011, Syngenta's mortality assumptions for its UK and US plans are determined on a consistent basis with those in 2010 and 2009.

At December 31, 2011, Syngenta has valued the benefit obligation for its Swiss pension plan using updated mortality data, including generational tables which had not been available in Switzerland in previous years. The use of generational tables increased the benefit obligation by US$66 million (4.4 percent), while the general update of mortality and disability data had no significant impact compared to the tables used in 2010.

Syngenta's major pension plans give members lump sum or annuity benefit payment options. Syngenta values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently. For the US plan, Syngenta has assumed that all current active members will take the lump sum option at retirement date as, under current conditions, this results in a higher liability than the annuity option.

Deferred tax assets

At December 31, 2011, Syngenta's deferred tax assets are US$930 million (2010: US$824 million). Included in this balance are deferred tax assets for unused tax losses of US$34 million (2010: US$46 million). The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. The tax effect of unused tax losses is recognized as a deferred tax asset when it becomes probable that the tax losses will be utilized. In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At December 31, 2011, based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes that it is more likely than not that Syngenta will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable could however be reduced in subsequent years if estimates of future taxable income during their carry forward periods are reduced, or rulings by the tax authorities are unfavorable. Estimates are therefore subject to change due to both market related and government related uncertainties, as well as Syngenta's own future decisions on restructuring and other matters. Syngenta is unable to accurately quantify the future adjustments to deferred income tax expense that may occur as a result of these uncertainties.

The principal jurisdictions where deferred tax assets have not been recognized are Brazil, Argentina, Colombia and Russia. For Argentina, Colombia and Russia, no net deferred tax assets have been recognized at December 31, 2011 or 2010. At December 31, 2011, the carrying amount of deferred tax assets recognized in the consolidated balance sheet of one major Syngenta subsidiary in Brazil is US$152 million (2010: US$84 million) and the amount not recognized is US$10 million (US$38 million). Syngenta has restricted the amount of deferred tax asset recognized for this subsidiary to the amount recoverable from the forecast taxable profits in the five years (2010: three years) following the balance sheet date. Deferred income tax expense for 2011 was reduced by US$40 million (2010: US$77 million) because the continued generation of actual taxable profits by this subsidiary in recent years indicates that an increased proportion of its deferred tax asset is more likely than not to be utilized against its estimated future taxable profits.

2. Accounting policies continued

Uncertain tax positions
Syngenta's Crop Protection supply chain, and to a lesser extent its Seeds supply chain, are international, and intellectual property rights owned by Syngenta are used internationally within the Group. Transfer prices for the delivery of goods and charges for the provision of products and services by one Syngenta subsidiary to another, and arrangements to share research and development costs, may be subject to challenge by the national tax authorities in any of the countries in which Syngenta operates. Interpretation of taxation rules relating to financing arrangements between Syngenta entities and to foreign currency translation differences may also give rise to uncertain tax positions.

Several prior years' tax computations are generally still open for review or audit for most Syngenta subsidiaries at the balance sheet date. Syngenta estimates and accrues taxes that will ultimately be payable when reviews or audits by tax authorities of tax returns are completed.

These estimates include significant management judgments about the eventual outcome of the reviews and audits of all open years based on the latest information available about the positions expected to be taken by each tax authority. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense reported in future years' consolidated income statements. At December 31, 2011, Syngenta's balance sheet includes assets of US$79 million (2010: US$70 million) included within Other accounts receivable, and liabilities of US$547 million (2010: US$406 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include US$274 million in respect of the uncertain tax positions described above (2010: US$225 million), which reflects increased exposures at December 31, 2011 due to underlying business growth and the integration of Syngenta's Crop Protection and Seeds commercial organisations. The liability for uncertain income tax positions which Syngenta expects to be resolved in 2012 is less than 10 percent of total recognized current income tax liabilities.

3. Acquisitions, divestments and other significant transactions

The following significant transactions occurred during 2011 and 2010.

2011
On March 9, 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100 percent of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business, for US$32 million of cash, US$12 million of which is deferred. As a result of the acquisition accounting, an immaterial bargain purchase gain has been recognized within Restructuring and impairment in the consolidated income statement.

The assets, liabilities and acquisition-date fair value of consideration recognized for this 2011 business combination were as follows:

(US$ million)	Fair values
Cash and cash equivalents	2
Trade receivables and other assets	55
Intangible assets	19
Trade payables and other liabilities	(44)
Net assets acquired	32
Purchase price	32
Bargain purchase gain	–

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

Cash flow from this 2011 acquisition was as follows:

(US$ million)	
Total cash paid for shares	20
Net cash acquired	(2)
Net cash outflow	18

On April 13, 2011, Syngenta divested its Materials Protection business to Lanxess AG. The gain on this divestment is included in Restructuring and impairment.

3. Acquisitions, divestments and other significant transactions continued

2010

On March 31, 2010, Syngenta acquired a field station in Chile and the associated contract research business by making a cash payment for the related assets. The primary reason for the acquisition was to support development projects in Syngenta's seeds businesses.

On September 30, 2010, Syngenta acquired 100 percent of the shares of Maribo Seed International ApS and its five European subsidiaries for a cash payment, plus contingent payments if certain sales targets are achieved. Syngenta finalized the acquisition accounting during 2011, resulting in an immaterial bargain purchase gain mainly due to the Maribo consideration being determined based on the economic value of the business at a different date from the date control transferred to Syngenta. The primary reason for the acquisition was to consolidate Syngenta's position in the European sugar beet market.

On November 8, 2010, Syngenta acquired from Pioneer Hi-Bred International Inc., ("Pioneer"), a subsidiary of E.I Du Pont de Nemours and Co. ("DuPont"), the 50 percent equity interest in Greenleaf Genetics LLC ("Greenleaf"), which Syngenta did not already own. This transaction dissolved a joint venture and terminated certain license agreements between Syngenta and Pioneer. Syngenta's existing 50 percent equity interest in Greenleaf has been valued at US$55 million at November 8, 2010, resulting in a US$34 million net gain from remeasurement to fair value. Syngenta finalized the acquisition accounting during 2011, resulting in an immaterial bargain purchase gain. The most important factor contributing to the bargain purchase gain is the tax treatment of the transaction under US tax legislation, which significantly reduces the amount of deferred tax liabilities recognized. The primary reason for the business combination was to allow Syngenta and Pioneer to pursue independent licensing strategies for their respective proprietary corn and soybean genetics and biotechnology traits.

The aggregate amounts of the gains on revaluing Syngenta's former 50 percent interest in Greenleaf, re-acquiring the Greenleaf license rights and the bargain purchase gains on both the above acquisitions have been presented within Restructuring and impairment in the consolidated income statement.

The assets, liabilities and acquisition-date fair value of consideration recognized for these 2010 business combinations were as follows:

(US$ million)	Fair values
Cash and cash equivalents	51
Trade receivables and other current assets	41
Inventories	34
Property, plant and equipment	11
Intangible assets	79
Trade payables and other current liabilities	(43)
Deferred tax liabilities	(24)
Net assets acquired	149
Fair value of consideration	84
Fair value of interest already held by Syngenta	55
Bargain purchase gains	(10)

Fair value of consideration comprises US$68 million cash paid, US$11 million other assets and US$5 million acquisition date fair value of contingent future cash payments.

Cash flow from these 2010 acquisitions was as follows:

(US$ million)	
Cash paid	68
Net cash acquired	(51)
Net cash outflow	17

The gross contractual amounts receivable were not significantly different from the fair value of the acquired receivables.

On June 14 and December 17, 2010 respectively, Syngenta acquired the non-controlling interests in its Golden Harvest and Garst seed businesses in the USA. The total cash paid was US$48 million, presented within cash flow used for financing activities, which was substantially equal to the total of the equity attributable to the non-controlling interests and the liability recognized for the options granted over those interests as part of the various acquisition agreements in 2004.

4. Segmental breakdown of key figures for the years ended December 31, 2011 and 2010

During 2011 and in prior years, Syngenta was organized on a worldwide basis into three reporting segments, which are reflected in internal management reporting.

Crop Protection
The Crop Protection segment principally manufactures, distributes and sells herbicides, insecticides and fungicides to both agricultural and non-agricultural customers.

Seeds
The Seeds segment sells seeds for growing corn, soybeans, sunflower, sugarbeet, other diverse field crops and oilseeds, vegetables and flowers.

Business Development
Syngenta's Business Development segment is an incubator of several development stage activities. These activities include development of technology based on research into enzymes and traits with the potential to enhance the agronomic, nutritional or biofuel properties of plants. Syngenta has not generated material on-going revenues from these activities to date and the route to market for certain of these technologies is not yet clear. The Syngenta Executive Committee reviews aggregated financial information relating to these activities.

General
Syngenta has historically managed its three segments separately because their sources of income derive from distinct types of products or technologies requiring different manufacturing, distribution and marketing strategies. Segment performance is managed based on segment operating income, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income, except that inter-segment sales and inter-segment unrealized profit in inventories are eliminated only at the consolidated level.

Transactions between segments are generally priced based on the third party selling prices achieved by the purchasing segment less an allowance for selling and distribution profit margins for the purchasing segment.

2011 (US$ million)	Crop Protection	Seeds	Business Development	Elimination[1]	Total
Product sales – to third parties	10,077	3,010	–	–	13,087
Royalty income – from third parties	5	175	1	–	181
Product sales – other segments	80	–	–	(80)	–
Total segment sales	10,162	3,185	1	(80)	13,268
Cost of goods sold	(5,226)	(1,578)	–	67	(6,737)
Gross profit	4,936	1,607	1	(13)	6,531
Marketing and distribution	(1,521)	(608)	(16)	–	(2,145)
Research and development	(624)	(423)	(80)	–	(1,127)
General and administrative	(733)	(225)	(19)	–	(977)
Restructuring and impairment	(152)	(78)	(1)	–	(231)
Operating income/(loss) – continuing operations	1,906	273	(115)	(13)	2,051
Included in the above operating income from continuing operations are:					
Personnel costs	(1,878)	(762)	(21)	–	(2,661)
Depreciation of property, plant and equipment	(249)	(77)	(5)	–	(331)
Amortization of intangible assets	(157)	(113)	(6)	–	(276)
Impairment of property, plant and equipment, intangible and financial assets	(38)	(4)	(1)	–	(43)
Other non-cash items including charges in respect of provisions	(157)	34	(11)	–	(134)
Gains on hedges reported in operating income	164	23	–	–	187

1 Inter-segment elimination

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

2011 (US$ million)	
Segment operating income after inter-segment elimination	2,051
Income from associates and joint ventures	15
Financial expense, net	(165)
Income before taxes	1,901

4. Segmental breakdown of key figures for the years ended December 31, 2011 and 2010 continued

2010 (US$ million)	Crop Protection	Seeds	Business Development	Elimination[1]	Total
Product sales – to third parties	8,779	2,667	11	–	11,457
Royalty income – from third parties	34	138	12	–	184
Product sales – other segments	65	–	–	(65)	–
Total segment sales	8,878	2,805	23	(65)	11,641
Cost of goods sold	(4,496)	(1,450)	(11)	91	(5,866)
Gross profit	4,382	1,355	12	26	5,775
Marketing and distribution	(1,321)	(559)	(12)	–	(1,892)
Research and development	(555)	(410)	(67)	–	(1,032)
General and administrative	(667)	(217)	(15)	–	(899)
Restructuring and impairment	(101)	(49)	(9)	–	(159)
Operating income/(loss) – continuing operations	1,738	120	(91)	26	1,793
Included in the above operating income from continuing operations are:					
Personnel costs	(1,562)	(718)	(25)	–	(2,305)
Depreciation of property, plant and equipment	(194)	(74)	(5)	–	(273)
Amortization of intangible assets	(154)	(76)	(5)	–	(235)
Impairment of property, plant and equipment, intangible and financial assets	(31)	(1)	(9)	–	(41)
Other non-cash items including charges in respect of provisions	(89)	(19)	11	–	(97)
Gains on hedges reported in operating income	18	5	–	–	23

1 Inter-segment elimination

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

2010 (US$ million)	
Segment operating income after inter-segment elimination	1,793
Income from associates and joint ventures	25
Financial expense, net	(141)
Income before taxes	1,677

Summarized additional information on the nature of expenses for the years ended December 31, 2011 and 2010 is as follows:

(US$ million)	2011	2010
Salaries, short-term employee benefits and other personnel expense	2,480	2,130
Pension and other post-employment benefit expense	112	109
Share based payment expense	69	66
Total personnel costs	2,661	2,305
Depreciation of property, plant and equipment	331	273
Impairment of property, plant and equipment	18	5
Amortization of intangible assets	276	235
Impairment of intangible assets	24	15

5. Regional breakdown of key figures for the years ended December 31, 2011 and 2010

In 2011, Syngenta reorganized its regional structure resulting in certain countries moving from one region to another and the former region "NAFTA" becoming region "North America". 2010 regional disclosures have been adjusted as follows to reflect the new regional structure:

– 2010 sales of US$229 million, previously included in NAFTA, and US$11 million, previously included in Europe, Africa and the Middle East, are now included in Latin America;

– 2010 non-current assets of US$25 million, previously included in NAFTA, are now included in Latin America.

2011 (US$ million)	North America	Europe & AME[2]	Latin America	Asia Pacific	Total
Sales[1]	3,669	4,242	3,355	2,002	13,268
Total non-current assets[3]	1,658	3,675	435	530	6,298

2010 (US$ million)	North America	Europe & AME[2]	Latin America	Asia Pacific	Total
Sales[1]	3,368	3,661	2,807	1,805	11,641
Total non-current assets[3]	1,687	3,874	350	511	6,422

1 Sales by location of third party customer
2 AME – Africa and the Middle East
3 Excluding deferred tax assets, defined benefit pension assets and derivative financial assets

The following countries individually accounted for more than 5 percent of one or more of the respective Syngenta totals for the years ended December 31, 2011 and 2010 or at December 31, 2011 and 2010.

(US$ million, except %)	Sales[1]				Total non-current assets[2]			
Country	2011	%	2010	%	2011	%	2010	%
Brazil	2,152	16	1,778	15	279	5	223	4
France	649	5	585	5	140	2	144	2
Germany	548	4	484	4	20	–	23	–
Switzerland	74	1	100	1	2,728	43	2,902	45
UK	202	2	189	2	501	8	503	8
USA	3,209	24	2,802	24	1,596	25	1,622	25
Others	6,434	48	5,703	49	1,034	17	1,005	16
Total	13,268	100	11,641	100	6,298	100	6,422	100

1 Sales by location of third party customer
2 Excluding deferred tax assets, defined benefit pension assets and derivative financial assets

No single customer accounted for 10 percent or more of Syngenta's total sales.

6. Restructuring and impairment

Restructuring and impairment for the years ended December 31, 2011 and 2010, broken down into the main restructuring initiatives, consists of the following:

(US$ million)	2011	2010
Operational efficiency programs:		
Cash costs		
Charged to provisions	29	48
Expensed as incurred	69	53
Non-cash costs		
Fixed asset impairments	3	17
Integrated crop strategy programs:		
Cash costs		
Charged to provisions	86	3
Expensed as incurred	63	11
Acquisition and related integration costs:		
Cash costs		
Charged to provisions	2	–
Expensed as incurred	12	19
Non-cash items		
Reversal of inventory step-ups	14	18
Reacquired rights	14	–
Divestment gains	(76)	(19)
Bargain purchase gains	(10)	–
Other non-cash restructuring and impairment:		
Financial asset impairment	1	9
Other fixed asset impairment	38	4
Other non-cash costs	–	15
Total restructuring and impairment	245	178

Restructuring and impairment for the years ended December 31, 2011 and 2010 is presented within the consolidated income statement as follows:

(US$ million)	2011	2010
Included within:		
Cost of goods sold	14	18
Restructuring and impairment excluding divestment gains	307	178
Divestment gains	(76)	(19)
Income/(loss) from associates and joint ventures	–	1
Total restructuring and impairment	245	178

6. Restructuring and impairment continued

2011

Operational efficiency programs

During 2011, cash costs under the Operational Efficiency restructuring programs include US$59 million for the continuing standardization and consolidation of global back office operations across Crop Protection and Seeds and US$12 million for further outsourcing of information systems. Further operational efficiency cash costs consist of US$6 million of onerous contract charges in the UK, US$5 million relating to the reorganization of a Crop Protection site in Switzerland, US$4 million of restructuring costs in the European Seeds business and US$12 million for various other restructuring projects. Impairment costs relate mainly to the closure of a Seeds site in Germany.

Integrated crop strategy programs

During 2011, cash costs for launching and initiating the implementation of the global integrated crop strategy included US$143 million for integration of commercial operations of sales and marketing teams and US$6 million for support function projects. These charges consist of US$76 million for severance and pension payments and US$73 million of other project-related costs, including those for developing and supporting the strategic transition; process re-design; consultancy and advisory services; retention, relocation, and re-training of employees; and project management.

Acquisition and related integration costs

Acquisition and related integration cash costs relate mainly to the Agrosan, Maribo Seeds and Greenleaf acquisitions. Reversal of inventory step-ups relate to the acquisitions of Agrosan, Maribo Seeds and the Pybas and Synergene lettuce companies.

As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, these reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the Syngenta/Greenleaf license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2011 charge of US$14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

Divestment gains of US$76 million include the gain on the disposal of Syngenta's Materials Protection business to Lanxess AG, gains on the disposal of certain assets acquired as part of Monsanto's sunflower business in 2009, as agreed with the European Commission in connection with their approval of that acquisition, and the gain arising on revaluing Syngenta's 50 percent equity interest in Greenleaf to fair value at the date it acquired the remaining 50 percent interest from Pioneer. Bargain purchase gains are recognized on completion of the acquisition accounting for the Maribo Seeds and Greenleaf acquisitions.

Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs consist of the impairment of an available-for-sale financial asset and a write-down in the Professional Products business within Crop Protection.

2010

Operational efficiency programs

During 2010, cash costs under the Operational Efficiency restructuring projects included US$54 million for the continuing standardization and consolidation of global back office operations across Crop Protection and Seeds and US$12 million for further outsourcing of information systems. Further operational efficiency charges included US$14 million largely to recognize synergies across the Flowers sites in the Seeds business, US$10 million for reorganizations in the Crop Protection businesses in Western Europe, US$8 million for restructuring at production and distribution sites in France and the US and US$3 million of other costs. Impairment costs included US$10 million for the impairment of a Crop Protection supply agreement, US$4 million of impairment of a site in the UK and other impairments totalling US$3 million.

Integrated crop strategy programs

Restructuring costs of US$14 million were incurred largely for preliminary costs relating to the project to integrate the global commercial operations of Crop Protection and Seeds.

Acquisition and related integration costs

Acquisition and related integration cash costs of US$19 million were charged in relation to the 2010 acquisition of Maribo Seeds and for continuing integration relating to the earlier acquisitions of the Monsanto sunflower business, Goldsmith, Yoder and Pybas and Synergene. Reversal of inventory step-ups related to the acquisitions of Goldsmith in the US and Europe, the Monsanto sunflower business and the Pybas and Synergene lettuce companies. Divestment gains of US$19 million were recognized on derecognition of the investment in the Greenleaf joint venture; Syngenta acquired the remaining 50 percent equity interest in Greenleaf during 2010.

Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs included US$9 million of impairments of available-for-sale financial assets, US$4 million of impairment in the Professional Products business within Crop Protection, US$12 million of impairment of a site disposal receivable due to a decrease in expected proceeds from redevelopment and US$3 million of other costs.

7. Income taxes

Income before taxes from continuing operations for the years ended December 31, 2011 and 2010 consists of the following:

(US$ million)	2011	2010
Switzerland	779	587
Foreign	1,122	1,090
Total income before taxes	1,901	1,677

Income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2011 and 2010 consists of the following:

(US$ million)	2011	2010
Current income tax (expense):		
Switzerland	(138)	(87)
Foreign	(347)	(200)
Total current income tax (expense)	(485)	(287)
Deferred income tax (expense)/benefit:		
Switzerland	1	(38)
Foreign	183	50
Total deferred income tax (expense)/benefit	184	12
Total income tax (expense):		
Switzerland	(137)	(125)
Foreign	(164)	(150)
Total income tax (expense)	(301)	(275)

The components of current income tax (expense) on income from continuing operations for the years ended December 31, 2011 and 2010 are:

(US$ million)	2011	2010
Current tax (expense) relating to current years	(491)	(275)
Adjustments to current tax for prior periods	2	(19)
Benefit of previously unrecognized tax losses	4	7
Total current income tax (expense)	(485)	(287)

The components of deferred income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2011, and 2010 are:

(US$ million)	2011	2010
Origination and reversal of temporary differences	130	(67)
Changes in tax rates or legislation	21	20
Benefit of previously unrecognized deferred tax assets	43	88
Non recognition of deferred tax assets	(10)	(29)
Total deferred income tax (expense)/benefit	184	12

Income tax expense for 2011 includes US$61 million resulting from a change in prior year estimates related to the taxation of certain licensing transactions.

7. Income taxes continued

Income tax relating to OCI for the years ended December 31, 2011 and 2010 is as follows:

	2011			2010		
(US$ million)	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Items that will not be reclassified to profit or loss:						
Actuarial gains/(losses)	(252)	71	(181)	50	(17)	33
Items that may be reclassified to profit or loss:						
Available-for-sale financial assets	3	–	3	4	(1)	3
Cash flow and net investment hedges	(150)	34	(116)	120	(46)	74
Foreign currency translation effects	(186)	(48)	(234)	146	27	173
Total	(585)	57	(528)	320	(37)	283

The following tax was (charged)/credited to shareholders' equity for the years ended December 31, 2011and 2010:

(US$ million)	2011	2010
Current tax [1]	7	–
Deferred tax [1]	3	(1)
Total income tax (charged)/credited to equity	10	(1)

1 Current and deferred tax related to share based payments

Analysis of tax rate

The table below represents the main elements causing Syngenta's effective tax rate to differ from the statutory tax rate for the years ended December 31, 2011 and 2010. Syngenta's statutory rate consists of the domestic Swiss tax rate. Syngenta applies the domestic Swiss tax rate as it is more meaningful than using the weighted average tax rate. The domestic Swiss tax rate consists of the Swiss federal income tax rate (8.50 percent) and the income tax rate of the canton Basel (21.00 percent). Federal and canton tax rates are deductible from the tax basis, therefore the Swiss domestic tax rate is 22.78 percent.

	2011 %	2010 %
Statutory tax rate	23	23
Effect of income taxed at different rates	(5)	(3)
Tax on share based payments	–	1
Effect of other disallowed expenditures and income not subject to tax	(2)	(1)
Effect of changes in tax rates and laws on previously recognized deferred tax assets	(1)	(1)
Effect of recognition of previously unrecognized tax losses	–	(1)
Effect of recognition of other previously unrecognized deferred tax assets	(2)	(5)
Effect of non-recognition of deferred tax assets on tax losses in current year	1	–
Changes in prior year estimates and other items	2	2
Effect of non-recognition of deferred tax assets	–	1
Effective tax rate	16	16

7. Income taxes continued

The movements in deferred tax assets and liabilities during the year ended December 31, 2011 are as follows:

2011 (US$ million)	January 1	Recognized in net income	Recognized in equity & OCI	Currency translation effects	Other movements & acquisitions	December 31
Assets associated with:						
Inventories	449	22	(31)	(3)	(3)	434
Accounts receivable	146	58	–	(20)	–	184
Pensions and employee costs	127	(22)	73	(2)	(1)	175
Provisions	234	85	–	(10)	–	309
Unused tax losses	46	(8)	–	(1)	(4)	33
Financial instruments, including derivatives	19	1	4	(1)	(3)	20
Other	74	16	(19)	3	4	78
Deferred tax assets	1,095	152	27	(34)	(7)	1,233
Liabilities associated with:						
Property, plant and equipment	(302)	(9)	–	3	1	(307)
Intangible assets	(266)	(23)	–	1	(17)	(305)
Inventories	(133)	34	–	11	–	(88)
Financial instruments, including derivatives	(56)	(2)	(5)	–	3	(60)
Other provisions and accruals	(255)	31	–	1	–	(223)
Other	(72)	1	–	(2)	–	(73)
Deferred tax liabilities	(1,084)	32	(5)	14	(13)	(1,056)
Net deferred tax asset/(liability)	11	184	22	(20)	(20)	177

The movements in deferred tax assets and liabilities during the year ended December 31, 2010 were as follows:

2010 (US$ million)	January 1	Recognized in net income	Recognized in equity & OCI	Currency translation effects	Other movements & acquisitions	December 31
Assets associated with:						
Inventories	375	45	2	–	27	449
Accounts receivable	107	(10)	–	5	44	146
Pensions and employee costs	202	(55)	(15)	(5)	–	127
Provisions	221	(13)	–	2	24	234
Unused tax losses	42	(7)	–	3	8	46
Financial instruments, including derivatives	33	(7)	(12)	–	5	19
Other	59	7	–	3	5	74
Deferred tax assets	1,039	(40)	(25)	8	113	1,095
Liabilities associated with:						
Property, plant and equipment	(284)	(13)	–	(4)	(1)	(302)
Intangible assets	(262)	(8)	–	(11)	15	(266)
Inventories	(141)	18	–	(9)	(1)	(133)
Financial instruments, including derivatives	(64)	17	(3)	(2)	(4)	(56)
Other provisions and accruals	(188)	(13)	–	(16)	(38)	(255)
Other	(41)	51	13	–	(95)	(72)
Deferred tax liabilities	(980)	52	10	(42)	(124)	(1,084)
Net deferred tax asset/(liability)	59	12	(15)	(34)	(11)	11

7. Income taxes continued

The deferred tax assets and liabilities at December 31, 2011 and 2010 reconcile to the amounts presented in the consolidated balance sheet as follows:

(US$ million)	2011	2010
Deferred tax assets	1,233	1,095
Adjustment to offset deferred tax assets and liabilities[1]	(303)	(271)
Adjusted deferred tax assets	930	824
Deferred tax liabilities	(1,056)	(1,084)
Adjustment to offset deferred tax assets and liabilities[1]	303	271
Adjusted deferred tax liabilities	(753)	(813)

1 Deferred tax assets and liabilities relating to income taxes levied by the same taxation authority on the same taxable entity or on entities which intend to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously are offset for presentation on the face of the consolidated balance sheet where a legal right of set-off exists

The gross value at December 31, 2011 and 2010 of unused tax loss carry forwards for which no deferred tax asset has been recognized, by expiration date, is as follows:

(US$ million)	2011	2010
One year	6	7
Two years	–	–
Three years	7	2
Four years	2	14
Five years	11	23
More than five years	481	407
No expiry	3	8
Total	510	461

The above losses consist mainly of US state tax loss carry forwards. The applicable tax rate for these US state tax carry forwards is 5.00 percent of the gross amounts.

Deferred tax assets, other than those related to unused tax losses, are not subject to expiry.

A deferred tax asset or liability has not been recognized at December 31, 2011 and 2010 on the following items:

(US$ million)	2011	2010
Temporary differences for which no deferred tax assets have been recognized	259	238
Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized	612	620

There are no income tax consequences for Syngenta of paying a dividend to its shareholders.

8. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary shareholders of Syngenta AG by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary shareholders of Syngenta AG by the sum of the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

8. Earnings per share continued

The calculation of diluted earnings per share for the year ended December 31, 2011 excluded 558,727 (2010: 373,365) of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

(US$ million, except number of shares)	2011	2010
Net income attributable to Syngenta AG shareholders	1,599	1,397
Weighted average number of shares		
Weighted average number of shares – basic	91,892,275	92,687,903
Adjustments for dilutive potential ordinary shares:		
Grants of options over Syngenta AG shares under employee share participation plans	261,100	328,437
Grants of Syngenta AG shares under employee share participation plans	230,236	208,963
Weighted average number of shares – diluted	92,383,611	93,225,303

9. Trade and other accounts receivable

Trade receivables at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Trade receivables, gross	2,982	2,814
Provision for doubtful trade receivables	(246)	(260)
Trade receivables, net	2,736	2,554

Movements in the provision for doubtful trade receivables for the years ended December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
January 1	(260)	(351)
Amounts (charged)/credited to income	(34)	43
Amounts written off	34	54
Currency translation effects and other	14	(6)
December 31	(246)	(260)

The ages of trade and other receivables at December 31, 2011 and 2010 that were past due, but not impaired, are as follows:

2011(US$ million)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	510	261	63	186
Provision for doubtful trade receivables	(177)	(11)	(14)	(152)
Other receivables	275	187	52	36
Total	608	437	101	70

2010 (US$ million)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	405	149	43	213
Provision for doubtful trade receivables	(194)	(17)	(14)	(163)
Other receivables	230	91	46	93
Total	441	223	75	143

At the reporting date there are no indications that debtors whose accounts are neither overdue nor impaired will not meet their payment obligations.

The amount of trade receivables transferred in full recourse factoring arrangements, but not derecognized is US$125 million (2010: US$98 million). The related liabilities are disclosed in Note 16.

The fair value of trade receivables containing embedded exchange rate options that Syngenta has designated as at fair value through profit or loss at December 31, 2011 was US$62 million (2010: US$57 million). These amounts represent Syngenta's maximum exposure to credit risk relating to these types of trade receivables. Amounts charged to profit or loss in relation to these trade receivables for the years ended December 31, 2011 and 2010 were not material.

Other receivables of US$690 million (2010: US$626 million) include income taxes recoverable of US$79 million (2010: US$70 million) and are net of immaterial provisions for doubtful accounts.

10. Other current assets

Other current assets at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Prepaid expenses	163	175
Other	36	48
Total	199	223

11. Inventories

Inventories at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Raw materials and consumables	927	710
Biological assets	32	34
Work in progress	789	828
Finished products	2,442	2,272
Total	4,190	3,844

Movements in inventory write-downs for the years ended December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
January 1	(344)	(298)
Additions charged to income	(159)	(245)
Reversals of inventory write-downs	47	30
Amounts utilized on disposal of related inventories	152	105
Currency translation effects and other	(9)	64
December 31	(313)	(344)

Reversals of inventory write-downs arise in the normal course of business when actual outcomes are more favorable than assumptions made in prior periods about Syngenta’s future ability to sell inventories that are subject to risks of degradation and obsolescence, such as germination of seeds.

Movements in biological assets for the years ended December 31, 2011 and 2010 are as follows. These include amounts classified as other non-current assets.

(US$ million)	2011	2010
January 1	37	36
Changes in fair value	200	180
Sales	(182)	(178)
Currency translation effects and other	(4)	(1)
December 31	51	37

Quantities of biological assets in inventories at December 31, 2011 and 2010 are:

	2011	2010
(Millions of plants)		
Plants	64	84
Cuttings	574	591
(Thousands of hectares cultivated)		
Growing crops	4.7	0.1

12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2011 are as follows:

2011 (US$ million)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	153	1,740	4,057	309	6,259
Additions	2	39	166	283	490
Disposals	(1)	(3)	(48)	(3)	(55)
Transfers between categories	1	42	211	(254)	–
Currency translation effects and other	(2)	(33)	(86)	(2)	(123)
December 31	153	1,785	4,300	333	6,571
Accumulated depreciation and impairment losses					
January 1	–	(932)	(2,363)	–	(3,295)
Depreciation charge	–	(64)	(267)	–	(331)
Impairment losses	–	(10)	(8)	–	(18)
Depreciation on disposals	–	1	35	–	36
Currency translation effects and other	–	6	56	–	62
December 31	–	(999)	(2,547)	–	(3,546)
Net book value – December 31	153	786	1,753	333	3,025
Insured value – December 31					7,632

Additions to property, plant and equipment of US$490 million (2010: US$447 million) comprise US$479 million (2010: US$396 million) of cash purchases and US$11 million (2010: US$51 million) of other additions, including business combinations, initial recognition of finance leases and capitalized borrowing costs.

The net book value of property, plant and equipment accounted for as finance lease assets at December 31, 2011 was US$127 million (2010: US$160 million) classified as Machinery and equipment.

Movements in property, plant and equipment for the year ended December 31, 2010 were as follows:

2010 (US$ million)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	133	1,646	3,532	477	5,788
Additions	3	30	202	212	447
Disposals	–	(24)	(70)	–	(94)
Transfers between categories	11	50	332	(393)	–
Currency translation effects and other	6	38	61	13	118
December 31	153	1,740	4,057	309	6,259
Accumulated depreciation and impairment losses					
January 1	–	(871)	(2,179)	–	(3,050)
Depreciation charge	–	(57)	(216)	–	(273)
Impairment losses	–	(4)	(1)	–	(5)
Depreciation on disposals	–	20	60	–	80
Currency translation effects and other	–	(20)	(27)	–	(47)
December 31	–	(932)	(2,363)	–	(3,295)
Net book value – December 31	153	808	1,694	309	2,964
Insured value – December 31					7,530

13. Intangible assets

Movements in intangible assets for the year ended December 31, 2011 are as follows:

2011 (US$ million)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,677	3,197	96	91	384	438	5,883
Additions from business combinations	–	38	5	–	–	4	47
Other additions	–	11	–	3	35	–	49
Retirements	(60)	(483)	–	(28)	(83)	(123)	(777)
Currency translation effects	(19)	30	(1)	2	(2)	3	13
December 31	1,598	2,793	100	68	334	322	5,215
Accumulated amortization and impairment losses							
January 1	(329)	(1,933)	(33)	(50)	(240)	(211)	(2,796)
Amortization charge	–	(191)	(6)	(4)	(48)	(27)	(276)
Impairment losses	(13)	–	(2)	–	(1)	(8)	(24)
Retirements	60	483	–	28	83	123	777
Currency translation effects	3	(29)	–	(1)	2	(2)	(27)
December 31	(279)	(1,670)	(41)	(27)	(204)	(125)	(2,346)
Net book value – December 31	1,319	1,123	59	41	130	197	2,869

Other additions in 2011 and 2010 include intangible assets arising from license agreements involving non-monetary exchanges or where the cash flows related to the acquisition of the asset are payable over several years. Cash paid to acquire intangible assets was US$62 million (2010: US$118 million).

Amortization is included partly within cost of goods sold and partly within general and administrative expenses.

Other intangibles consist principally of values assigned to leases, supply contracts and customer relationships acquired in business combinations.

Movements in intangible assets for the year ended December 31, 2010 were as follows:

2010 (US$ million)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,617	3,082	82	84	313	497	5,675
Additions from business combinations	51	–	11	–	–	29	91
Other additions	–	44	–	2	39	4	89
Retirements	(4)	(29)	–	–	–	(102)	(135)
Currency translation effects	13	100	3	5	32	10	163
December 31	1,677	3,197	96	91	384	438	5,883
Accumulated amortization and impairment losses							
January 1	(322)	(1,730)	(27)	(43)	(187)	(264)	(2,573)
Amortization charge	–	(160)	(5)	(4)	(34)	(32)	(235)
Impairment losses	(5)	1	–	–	(1)	(10)	(15)
Disposals	2	23	–	–	–	99	124
Currency translation effects	(4)	(67)	(1)	(3)	(18)	(4)	(97)
December 31	(329)	(1,933)	(33)	(50)	(240)	(211)	(2,796)
Net book value – December 31	1,348	1,264	63	41	144	227	3,087

14. Other non-current financial assets

Other non-current financial assets at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Equity securities available-for-sale (Note 28)	59	43
Other non-current receivables	214	204
Defined benefit pension asset (Note 22)	145	147
Investments in associates and joint ventures	131	124
Total	549	518

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2011, these investments consist mainly of US$61 million (2010: US$59 million) for a 50 percent ownership of CIMO Compagnie Industrielle de Monthey SA, Switzerland, US$38 million (2010: US$35 million) for the 49 percent ownership of Sanbei Seeds Co. Ltd., China and US$27 million (2010: US$25 million) for a 40 percent ownership of Maisadour Semences SA, France. Income statement effects are not significant for the above associates and joint ventures. Syngenta's 2010 share of income from associates and joint ventures relates mainly to Greenleaf Genetics LLC, which became a Syngenta subsidiary on November 8, 2010.

15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2011 and 2010 are as follows:

(US$ million)	Total	0–90 days	90–180 days	180 days–1 year
2011	2,881	1,868	156	857
2010	2,590	1,645	274	671

16. Current financial debt

Current financial debt at December 31, 2011 and 2010 is as follows:

(US$ million)	2011	2010
Bank and other financial debt	209	218
Receivables factored with recourse	125	98
Current portion of financial debt (Note 18)	409	676
Total	743	992

The following table presents additional information related to short-term borrowing at December 31, 2011:

2011 (US$ million)	Amount outstanding at December 31	Weighted average interest rate on outstanding balance	Average amount outstanding for the year	Weighted average interest rate on average outstanding balance	Maximum month-end amount during the year
Bank and other financial debt	209	3.3%	199	3.3%	338
Receivables factored with recourse	125	6.8%	92	6.8%	125
Current portion of financial debt (Note 18)	409	3.5%	516	4.1%	750
Total	743	4.0%	807	4.2%	
2010	992	3.9%	547	3.3%	

Syngenta has a committed, revolving, multi-currency, syndicated credit facility of US$1,200 million (the "Credit Facility"), which matures in 2013. As of December 31, 2011, Syngenta has no borrowings outstanding under this facility. The Credit Facility provides for interest on amounts borrowed at a rate based on either LIBOR or EURIBOR, depending upon the currency of the borrowing, plus a margin and mandatory costs. Syngenta is also obligated to pay commitment fees on the unused portion of the Credit Facility. These fees vary from 0.03 percent to 0.06 percent per annum depending upon Syngenta's long-term credit rating.

The contractual maturities of current financial debt at December 31, 2011 and 2010 are as follows:

(US$ million)	Total	0–90 days	90–180 days	180 days–1 year
2011	743	224	8	511
2010	992	207	11	774

17. Other current liabilities

Other current liabilities at December 31, 2011 and 2010 consist of the following:

(US$ million)	2011	2010
Accrued short-term employee benefits	428	288
Taxes other than income taxes	95	72
Accrued interest payable	46	55
Accrued utility costs	71	48
Social security and pension contributions	70	57
Other payables	172	165
Other accrued expenses	146	161
Total	1,028	846

The maturities of other current liabilities are as follows. For liabilities without a contractual maturity date, the analysis represents the estimated timing of cash outflows.

(US$ million)	Total	0–90 days	90–180 days	180 days–1 year
2011	1,028	510	230	288
2010	846	589	157	100

18. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
4.125% Eurobond 2011	–	667
4.000% Eurobond 2014	679	673
4.125% Eurobond 2015	665	669
US private placement notes	268	270
3.375% CHF domestic bond 2013	530	531
3.500% CHF domestic bond 2012	398	399
Unsecured bond issues and US private placement notes	2,540	3,209
Liabilities to banks and other financial institutions	2	4
Finance lease obligations	45	48
Total financial debt (including current portion)	2,587	3,261
Less: current portion of financial debt (Note 16)	(409)	(676)
Non-current derivative financial liabilities	86	76
Other non-current liabilities and deferred income	110	125
Total	2,374	2,786

Other non-current liabilities and deferred income relates to license agreements with several counterparties. Related cash flows of US$21 million (2010: US$9 million) are payable between one and four years and US$89 million of deferred income at December 31, 2011 (2010: US$116 million) will be recognized in income as related licensed product sales occur.

The weighted average interest rate on non-current bank and other financial debt is 3.9 percent per annum (2010: 4.1 percent per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt is 4.3 percent per annum (2010: 4.0 percent per annum). The weighted average interest rates include the cost of financing emerging market borrowings.

Interest paid on non-current financial debt is US$134 million (2010: US$121 million). All non-current debt ranks equally.

Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance NV, which is an indirect, wholly-owned finance subsidiary. The guarantees will rank equally with all of Syngenta's other unsecured and unsubordinated debt. No other subsidiary of Syngenta guarantees such debt securities.

19. Provisions

Provisions at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Restructuring provisions	98	57
Employee benefits:		
Pensions (Note 22)	288	203
Other post-retirement benefits (Note 22)	101	97
Other long-term employee benefits	57	60
Environmental provisions (Note 25)	369	393
Provisions for legal and product liability settlements (Note 25)	189	193
Other provisions	98	109
Total	1,200	1,112

(US$ million)	2011	2010
Current portion of:		
Restructuring provisions	58	40
Employee benefits	17	24
Environmental provisions	74	63
Provisions for legal and product liability settlements	13	25
Other provisions	70	76
Total current provisions	232	228
Total non-current provisions	968	884
Total	1,200	1,112

The timing of payment in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty. Key assumptions and sources of estimation uncertainty are discussed in Note 2.

At December 31, 2011, Syngenta recognized US$39 million (2010: US$38 million) in Other non-current financial assets in respect of virtually certain reimbursements.

Significant legal proceedings are discussed in Note 25 below. With regards to those proceedings other than those settled in 2011, and where Syngenta is defendant in the case and subject to potential financial damages, there has been no material change in Syngenta's view of the probable outcome during 2011. There can, however, be no guarantee that the ultimate outcome will be in line with Syngenta's current view.

Movements in provisions during the year ended December 31, 2011 are as follows:

(US$ million)	January 1	Charged to income	Release of provisions credited to income	Payments	Actuarial (gains)/losses	Currency translation effects/other	December 31
Restructuring provisions:							
Employee termination costs	39	96	(4)	(51)	–	(5)	75
Other third party costs	18	26	(1)	(20)	–	–	23
Employee benefits:							
Pensions	203	65	–	(198)	236	(18)	288
Other post-retirement benefits	97	8	–	(9)	7	(2)	101
Other long-term employee benefits	60	7	–	(11)	–	1	57
Environmental provisions	393	12	(3)	(33)	–	–	369
Provisions for legal and product liability settlements	193	53	(9)	(47)	–	(1)	189
Other provisions	109	9	(6)	(16)	–	2	98
Total	1,112	276	(23)	(385)	243	(23)	1,200

Provisions for employee termination costs include severance, pension and other costs directly related to these employees.

Provisions for other third party costs principally include payments for early termination of contracts with third parties related to redundant activities.

Other provisions mainly comprise provisions for long-term contractual obligations under license agreements.

20. Share capital

Each Syngenta ordinary share carries one vote at the shareholders' meetings of Syngenta. Voting rights may be exercised only after a shareholder has been registered in Syngenta's share register. Registration as a shareholder with voting rights is subject to certain declarations on the ownership of Syngenta shares. The number of ordinary shares of par value CHF 0.10 that were authorized, issued and outstanding at, and the movements during the years ended December 31, 2011 and 2010, are presented in the table below. The Board of Directors of Syngenta AG is authorized to increase the share capital through issuance of a maximum of 9,459,985 ordinary shares. This authority expires on April 20, 2012.

	2011		2010	
(Millions of shares)	Shares in issue	Treasury shares held	Shares in issue	Treasury shares held
January 1	94.6	(2.4)	94.6	(1.6)
Cancellation of treasury shares	(0.8)	0.8	–	–
Share repurchases	–	(1.3)	–	(1.3)
Issue of ordinary shares under employee share purchase and option plans	–	0.4	–	0.5
December 31	93.8	(2.5)	94.6	(2.4)

At December 31, 2011 and 2010 Syngenta had no open options accounted for as equity instruments.

21. Non-cash items included in income before taxes

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2011 and 2010:

(US$ million)	2011	2010
Depreciation, amortization and impairment of:		
Property, plant and equipment (Note 12)	349	278
Intangible assets (Note 13)	300	250
Financial assets	1	21
Deferred revenue and gains	(41)	(36)
Gains on disposal of non-current assets	(78)	(20)
Charges in respect of equity-settled share based compensation	54	66
Charges in respect of provisions (Note 19)	253	153
Income in respect of reimbursements of provisions	–	–
Financial expense, net	165	141
Gains on hedges reported in operating income	(187)	(23)
Share of net loss/(gain) from associates	(15)	(25)
Total	801	805

22. Post-employment benefits

Syngenta has, apart from legally required social security arrangements, numerous independent pension plans, which are either "defined contribution" plans where company contributions and resulting benefit costs are a set percentage of employees' pay or "defined benefit" plans where benefits are based on employees' length of service and pensionable pay. Syngenta's contributions to defined contribution plans were US$32 million for the year ended December 31, 2011 (2010: US$26 million). A receivable of US$12 million (2010: US$20 million) has been recognized, representing Syngenta's share of excess contributions paid in prior years to its defined contribution plan in Brazil, following regulatory changes in 2009 that confirmed Syngenta's right to reduce its future contributions to the plan by this amount. Approximately 40 percent of employees are members of defined benefit plans and a significant proportion of these are members of both defined benefit and defined contribution plans. All of the major defined benefit plans are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Syngenta's main defined benefit pension plans are in the UK, Switzerland and the USA.

The defined benefit section of Syngenta's UK pension fund has been closed to new members since 2002, but the majority of members still have defined benefit rights based on their final pensionable pay. At retirement date, members have the right to take up to 25 percent of the value of their benefits as a lump sum. The balance is paid as an annuity. The trustee of the fund is required by UK law and the fund rules to increase pensions in payment and accrued deferred pension rights each year by the lower of 5 percent and price inflation, as measured by the UK Retail Price Index (RPI) or Consumer Price Index (CPI), as applicable. Employer contributions must be agreed between Syngenta and the trustee at each statutory valuation date, which is at least every three years, and remain binding until re-assessed in the following valuation. The solvency of the fund, defined as its ability to pay benefits as they fall due, is guaranteed by the sponsoring subsidiary, Syngenta Ltd. Syngenta AG has irrevocably and unconditionally undertaken to ensure Syngenta Ltd will honor that guarantee.

22. Post-employment benefits continued

Syngenta's Swiss pension plan contains a cash balance benefit formula, accounted for as a defined benefit plan. Employer contributions are defined in the pension fund rules in terms of an age related sliding scale of percentages of pay. Under Swiss law, Syngenta AG guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may increase the annuity at their discretion subject to the plan's funded status including sufficient free funds as determined according to Swiss statutory valuation rules.

Syngenta's main US defined benefit pension plan was closed to new members effective January 1, 2009. Employees joining Syngenta after that date participate in a defined contribution pension plan. The defined benefits of existing members of the defined benefit plan were not affected by this change. The defined benefit plan offers members the choice of taking their retirement benefits, which are based on their average pay over their final ten years' service, as a full lump sum at retirement date or as a fixed annuity. Syngenta's contributions to the defined benefit plan are made based on US pension funding regulations, in the form of lump sums. In these financial statements, the benefit obligation has been valued assuming that current employees will take the lump sum option at normal retirement or leaving date. Under current market conditions, this values the benefit obligation at a higher amount than would result assuming the annuity option is taken.

The status of Syngenta's defined benefit plans at December 31, 2011 and 2010 using actuarial assumptions determined in accordance with IAS 19 is summarized below. The following tables provide reconciliations of benefit obligations, plan assets and funded status of the defined benefit pension plans to the amounts recognized in the consolidated balance sheet at December 31, 2011 and 2010:

(US$ million)	2011	2010
Benefit obligations		
January 1	5,116	4,714
Current service cost	113	87
Employee contributions	39	32
Interest cost	224	211
Actuarial (gains)/losses	193	191
Benefit payments	(204)	(201)
Other movements	(252)	–
Currency translation effects	(24)	82
December 31	5,205	5,116
Of which arising from:		
Funded plans	5,071	4,969
Wholly unfunded plans	134	147

(US$ million)	2011	2010
Plan assets at fair value		
At January 1	5,113	4,340
Actual return on plan assets	185	513
Employer contributions	205	342
Employee contributions	39	32
Benefit payments	(204)	(201)
Other movements	(260)	–
Currency translation effects	(3)	87
December 31	5,075	5,113

22. Post-employment benefits continued

Actual return on plan assets can be analyzed as follows:

(US$ million)	2011	2010
Expected return on plan assets	261	221
Actuarial gains/(losses)	(76)	292
Total	185	513

(US$ million)	2011	2010
Funded status	(130)	(3)
Unrecognized past service gain	(16)	(21)
Limitation on recognition of surplus due to uncertainty of obtaining future benefits	(4)	(38)
Net accrued benefit liability	(150)	(62)

Amounts recognized in the balance sheet:	2011	2010
Prepaid benefit costs (Note 14)	145	147
Accrued benefit liability	(295)	(209)
Net amount recognized	(150)	(62)

Of the accrued benefit liability for pensions of US$295 million at December 31, 2011, US$288 million is included in Note 19 as pension provisions and US$7 million as restructuring provisions (2010: US$203 million as pension; US$6 million as restructuring).

The following table shows estimated future defined benefit payments. Actual payments may differ from those shown because of uncertain future events, including members' choice of benefit options as described above.

(US$ million)	
2012	209
2013	219
2014	239
2015	247
2016	259
Years 2017–2021	1,447
Total 2012–2021	2,620

Syngenta determines the expected long-term rate of return on pension plan assets separately for each asset category held within each of the major defined benefit pension funds that it sponsors. The rate of return assumption for each fund is determined after taking into account the investment performance benchmarks set by the governing body of the pension fund. Both historical rates of return and future investment outlook are considered.

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2012 is US$80 million. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to business and market conditions, which may result in Syngenta prepaying contributions. Additional contributions, the about and timing of which are uncertain, may also be required as Syngenta's restructuring programs are implemented.

In accordance with UK pension regulations, deficit recovery contributions of US$31 million per year to 2019 were agreed with the UK pension plan Trustee during the 2009 valuation. In 2010, US$100 million of these contributions was prepaid, and as a result no further payments towards this commitment were required to be made during 2011. Additional contributions of up to US$16 million per year are also required to be paid until the next full actuarial valuation and deficit recovery contribution agreement in 2012 if the actual percentage return on plan assets is less than the agreed assumption. No such additional contributions were required to be made in 2011 and 2010 as the actual percentage return on plan assets during these years exceeded the agreed assumption.

22. Post-employment benefits continued

The expected long-term rates of return on assets, the fair values of assets and the liabilities of the major defined benefit pension plans, together with aggregated data for other defined benefit plans are as follows:

	Expected rate of return used for income statement (%)			Fair value at December 31 (US$ million)					
2011	Switzerland	UK	USA	Switzerland	UK	USA	Other plans	Total	%
Equities	5.5	7.1	8.0	327	778	175	46	1,326	26
Real estate	3.3	–	7.5	174	–	–	–	174	3
Bonds	2.0	5.1	5.5	796	781	302	44	1,923	38
Other assets	5.0	6.1	6.5	291	779	185	136	1,391	28
Cash and cash equivalents	0.3	0.5	3.0	148	36	76	1	261	5
Fair value of assets	3.3	6.2	6.5	1,736	2,374	738	227	5,075	100
Benefit obligation				(1,726)	(2,368)	(740)	(371)	(5,205)	
Discount rate (%)				2.5	4.9	4.4		4.0	
Funded status				10	6	(2)	(144)	(130)	

	Expected rate of return used for income statement (%)			Fair value at December 31 (US$ million)					
2010	Switzerland	UK	USA	Switzerland	UK	USA	Other plans	Total	%
Equities	6.0	7.1	8.5	343	833	197	44	1,417	28
Real estate	3.5	–	8.0	174	–	–	–	174	3
Bonds	2.5	5.3	6.0	886	632	276	42	1,836	36
Other assets	5.5	6.2	7.0	386	714	178	137	1,415	28
Cash and cash equivalents	0.3	0.5	3.0	47	167	55	2	271	5
Fair value of assets	3.8	6.3	7.0	1,836	2,346	706	225	5,113	100
Benefit obligation				(1,736)	(2,328)	(666)	(386)	(5,116)	
Discount rate (%)				2.8	5.4	5.3		4.4	
Funded status				100	18	40	(161)	(3)	

The following table provides an analysis of the benefit costs recorded in the consolidated income statement for the defined benefit pension plans for the years ended December 31, 2011 and 2010:

(US$ million)	2011	2010
Current service cost	113	87
Interest cost	224	211
Expected return on plan assets	(261)	(221)
Net periodic benefit cost	76	77

Amounts recognized in OCI were as follows for the years ended December 31, 2011 and 2010:

(US$ million)	2011	2010
Amounts recognized during the period:		
Actuarial (gains)/losses	269	(101)
Funded surplus (recognized)/not recognized as an asset	(33)	35
Cumulative actuarial (gains)/losses recognized at December 31	1,255	1,019

22. Post-employment benefits continued

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments resulting from comparisons to actuarial assumptions for the years ended December 31, 2007 to 2011 for pensions are as follows:

(US$ million)	2011	2010	2009	2008	2007
Benefit obligation	(5,205)	(5,116)	(4,714)	(3,882)	(4,713)
Plan assets	5,075	5,113	4,340	3,556	4,669
Funded deficit	(130)	(3)	(374)	(326)	(44)
Changes in actuarial assumptions	(173)	(201)	(537)	412	200
Experience adjustments (increasing)/reducing plan liabilities	(20)	11	68	(58)	(82)
Experience adjustments on plan assets: actual returns greater/(less) than expected	(76)	292	358	(678)	64
Total	(269)	102	(111)	(324)	182

The following tables give the weighted-average assumptions used to calculate the benefit cost and benefit obligation for defined benefit plans:

Weighted-average assumptions: benefit cost for the year ended December 31	2011 %	2010 %
Discount rate	4.4	4.8
Rate of increase in pensionable pay	3.0	2.8
Expected return on plan assets	5.1	5.4

Weighted-average assumptions: benefit obligation as at December 31	2011 %	2010 %
Discount rate	4.0	4.4
Rate of increase in pensionable pay	2.9	3.0

Mortality assumptions are discussed in Note 2 under “critical accounting estimates”.

Other post-retirement benefits
Syngenta’s net liability for other post-retirement benefits at December 31, 2011 was US$101 million (December 31, 2010: US$97 million) which comprised a defined benefit obligation of US$215 million (2010: US$211 million), plan assets of US$114 million (2010: US$114 million) and immaterial amounts of unrecognized past service cost. Cumulative actuarial losses recognized in OCI were US$124 million (2010: US$117 million) and amounts recognized in OCI for the period were losses of US$7 million (2010: US$16 million loss). Expense recognized in the consolidated income statement, contributions to the other post-retirement benefit plans and benefit payments by the plans were not material for 2011 and 2010.

The assumed healthcare cost trend rate at December 31, 2011 was 8.0 percent, decreasing in each successive year from 2012 onwards, to reach an ultimate rate of 5.0 percent in 2020 (December 31, 2010: 7.5 percent decreasing to 5.0 percent in 2017).

23. Employee share participation plans

Employee and management share participation plans exist as follows. All plans are equity-settled except where stated.

Syngenta Long-Term Incentive Plan (LTI)
The Syngenta Long-Term Incentive Plan provides selected executives and key employees of Syngenta with the opportunity to obtain the right to purchase shares of Syngenta. The grant of options for Syngenta shares is at the discretion of the Compensation Committee, whose members are appointed by the Board of Directors of Syngenta.

23. Employee share participation plans continued

The following table sets out share option activity under this plan during 2010 and 2011, including the equivalent American Depositary Shares (ADS) that are offered to Syngenta employees in the USA, and summarizes information about share options outstanding at December 31, 2010 and 2011.

	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)			(thousands of options)				(years)
Year ended December 31, 2010								
Awarded in 2001	76.5	9.2	–	(9.2)	–	–	–	–
Awarded in 2002	83.7	2.2	–	(0.8)	–	1.4	1.4	0.25
Awarded in 2002	98.0	23.6	–	(7.8)	–	15.8	15.8	1.25
Awarded in 2002	98.0	17.5	–	(8.2)	–	9.3	9.3	2.25
Awarded in 2003	59.7	54.5	–	(16.4)	(0.5)	37.6	37.6	2.25
Awarded in 2003	59.7	41.1	–	(13.4)	–	27.7	27.7	3.25
Awarded in 2004	89.3	110.7	–	(26.9)	(0.9)	82.9	82.9	3.25
Awarded in 2004	89.3	58.1	–	(8.5)	–	49.6	49.6	4.25
Awarded in 2005	127.4	135.2	–	(43.6)	(0.8)	90.8	90.8	4.25
Awarded in 2006	185.0	180.5	–	(54.5)	(1.0)	125.0	125.0	5.25
Awarded in 2007	226.7	215.3	–	(66.3)	(2.4)	146.6	146.6	6.25
Awarded in 2008	301.5	224.8	–	(1.2)	(16.6)	207.0	12.9	7.25
Awarded in 2009	233.4	377.4	–	(3.1)	(21.0)	353.3	11.4	8.25
Awarded in 2010	283.7	–	167.3	–	(2.7)	164.6	2.2	9.25
Total for year ended December 31, 2010		1,450.1	167.3	(259.9)	(45.9)	1,311.6	613.2	
Year ended December 31, 2011								
Awarded in 2002	83.7	1.4	–	(1.4)	–	–	–	–
Awarded in 2002	98.0	15.8	–	(7.4)	–	8.4	8.4	0.25
Awarded in 2002	98.0	9.3	–	–	–	9.3	9.3	1.25
Awarded in 2003	59.7	37.6	–	(15.7)	0.5	22.4	22.4	2.25
Awarded in 2003	59.7	27.7	–	(7.1)	–	20.6	20.6	2.25
Awarded in 2004	89.3	82.9	–	(27.8)	0.9	56.0	56.0	3.25
Awarded in 2004	89.3	49.6	–	(3.4)	–	46.2	46.2	3.25
Awarded in 2005	127.4	90.8	–	(20.7)	0.4	70.5	70.5	4.25
Awarded in 2006	185.0	125.0	–	(32.3)	0.2	92.9	92.9	4.25
Awarded in 2007	226.7	146.6	–	(32.5)	(0.4)	113.7	113.7	5.25
Awarded in 2008	301.5	207.0	–	(25.8)	(2.3)	178.9	178.9	6.25
Awarded in 2009	233.4	353.3	–	(6.8)	(7.4)	339.1	11.2	7.25
Awarded in 2010	283.7	164.6	–	(0.4)	(2.5)	161.7	4.1	8.25
Awarded in 2011	308.7	–	189.0	–	(2.3)	186.7	0.3	9.25
Total for year ended December 31, 2011		1,311.6	189.0	(181.3)	(12.9)	1,306.4	634.5	

All fully vested options are exercisable.

The exercise prices are equal to either the weighted average share price on the SIX Swiss Exchange ("SIX") for the five business days preceding the grant date, or the share price on the SIX at the grant date. The Compensation Committee determines which of the two exercise prices are used for each grant year. Options over ADSs are priced at one-fifth of the exercise price of a Swiss option, converted to US dollars at the exchange rate at the grant date, which may vary from the exchange rate at the exercise date. Standard options vest in full and are exercisable after completion of three years service and terminate after 10 or 11 years from the grant date. Vesting can occur after less than three years in particular circumstances including redundancy and retirement. None of the options vest on a pro rata basis during the vesting period.

The Long-Term Incentive Plan also grants selected executives and key employees of Syngenta restricted share units (RSUs) (or equivalent restricted ADSs for relevant Syngenta employees in the USA). RSUs (or equivalent restricted ADSs) are rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three-year vesting period. RSUs do not carry rights to dividends. None of the RSUs or equivalent ADSs vest on a pro rata basis during the vesting period.

23. Employee share participation plans continued

The following table sets out RSU activity under this plan during 2010 and 2011 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2010 and 2011.

RSUs	Grant date fair value	Outstanding at January 1	Granted	Distributed	Forfeited/ other	Outstanding at December 31	Remaining life
	(CHF)		(thousands of shares)				(years)
Year ended December 31, 2010							
Awarded in 2007	211.1	48.8	–	(48.8)	–	–	–
Awarded in 2008	283.9	52.2	–	(1.7)	(3.0)	47.5	0.25
Awarded in 2009	218.1	86.1	–	(2.5)	(4.8)	78.8	1.25
Awarded in 2010	265.0	–	106.2	(3.1)	(3.3)	99.8	2.25
Total for year ended December 31, 2010		187.1	106.2	(56.1)	(11.1)	226.1	
Year ended December 31, 2011							
Awarded in 2008	283.9	47.5	–	(47.5)	–	–	–
Awarded in 2009	218.1	78.8	–	(4.9)	(1.3)	72.6	0.25
Awarded in 2010	265.0	99.8	–	(1.5)	(2.4)	95.9	1.25
Awarded in 2011	287.4	–	89.5	(0.8)	(1.4)	87.3	2.25
Total for year ended December 31, 2011		226.1	89.5	(54.7)	(5.1)	255.8	

Share option valuation assumptions
The fair value of options granted was measured using the Black-Scholes-Merton formula. The effect of early exercise has been incorporated into the model by using an estimate of the option's expected life rather than its contractual life. The measurement of fair value was not adjusted for any other feature of the option grant and no option grant was subject to a market condition.

The weighted average assumptions used in determining the fair value of options granted were as follows:

	2011	2010
Dividend yield	2.3%	2.2%
Volatility	23.1%	23.6%
Risk-free interest rate	1.9%	2.0%
Expected life	7 years	7 years
Exercise price (CHF per share)	308.7	283.7

The dividend yield and volatility are management estimates for the life of the option, as no warrants or options over Syngenta shares for this period are widely traded. Both actual dividend yield and volatility may vary from the assumptions used above. The estimate of volatility takes into account the historical volatility of the Syngenta share price, and the implied volatilities of such longer dated warrants that have been traded in the market. The volatility assumption for 2011, as measured at the grant date, was based on the 120-month historical volatility of Syngenta AG shares on the SIX.

Syngenta Deferred Share Plan
The Syngenta Deferred Share Plan provides selected senior executives with an opportunity to obtain shares of Syngenta. The plan entitles participants to defer part of their annual short-term incentive awards in favor of Syngenta shares and to receive matching shares according to the rules of the plan. The grant date value of a deferred share and the corresponding matching share is the Syngenta share price on the grant date adjusted for the absence of dividend entitlement during the deferral period. Shares are deferred for a period of three years starting on the grant date. At the end of the deferral period, Syngenta matches the deferred shares on a one-for-one basis. A mandatory part of the short-term incentive is allocated as deferred shares. Additional voluntary deferrals within the limits of the plan can be made at the discretion of the participants. Vesting can occur after less than three years in particular circumstances including retirement. None of the shares vest on a pro rata basis during the vesting period.

23. Employee share participation plans continued

The following table sets out activity under this plan during 2010 and 2011 including the equivalent ADSs that are offered to Syngenta employees in the USA:

	Outstanding at January 1	Granted	Distributed	Outstanding at December 31	Remaining life
		(thousands of shares)			(years)
Year ended December 31, 2010					
Awarded in 2007	23.0	–	(23.0)	–	–
Awarded in 2008	29.0	–	(2.6)	26.4	0.25
Awarded in 2009	57.5	–	(4.0)	53.5	1.25
Awarded in 2010	–	22.4	(0.7)	21.7	2.25
Total for year ended December 31, 2010	109.5	22.4	(30.3)	101.6	
Year ended December 31, 2011					
Awarded in 2008	26.4	–	(26.4)	–	–
Awarded in 2009	53.5	–	(3.4)	50.1	0.25
Awarded in 2010	21.7	–	(0.6)	21.1	1.25
Awarded in 2011	–	28.8	(0.6)	28.2	2.25
Total for year ended December 31, 2011	101.6	28.8	(31.0)	99.4	

At the end of the deferral period, employees would be entitled to the following additional shares:

	Grant date fair value (CHF)	Thousands of shares
Awarded in 2009	218.1	50.1
Awarded in 2010	265.0	21.1
Awarded in 2011	287.4	28.2
Total		99.4

None of these shares are vested as at December 31, 2011.

Employee share purchase plans

Syngenta has employee share purchase plans in various countries, which entitle employees to subscribe for shares in Syngenta AG at discounts from market value varying between 25 percent and 50 percent. Shares issued under the plans vest immediately and are subject to blocking periods of between two and three years, with the exception of the UK and Singapore plans, for which completion of three years service is required before vesting. Maximum annual subscription amounts per employee vary between US$600 and US$5,000. In 2011, a total of 89,875 (2010: 88,995) shares were subscribed under these plans and settled through a release of treasury shares.

Compensation expense

The compensation expense associated with employee share participation plans, which is measured indirectly by reference to the fair value of the equity instruments granted, is as follows for the years ended December 31, 2011 and 2010:

(US$ million)	2011	2010
Long-Term Incentive Plan	33	36
Deferred Share Plan	22	19
Employee Share Purchase Plans	14	11
Total	69	66

During 2011, Syngenta modified the LTI plan rules related to vesting of RSUs and the DSP plan vesting rules to require plan members to sell part of their share award upon vesting to cover withholding tax. As a result of this change, Syngenta has recognized a US$11 million share based payment liability and reduction in equity.

23. Employee share participation plans continued

Other information regarding the plans is as follows:

	2011	2010
Weighted average fair value of options granted during year (CHF per option)	61.9	59.8
Weighted average share price at exercise date for options exercised during year (CHF per option)	301.3	274.2
Fair value of shares granted during year:		
Deferred Share Plan (CHF per unit) –combined value of basic and matching share award	574.8	530.0
Employee Share Purchase Plans (CHF per share)	140.2	138.1
Employee Share Purchase Plan (US$ per ADS)	19.9	19.0
Cash received from exercise of options and subscription for shares (US$ million)	45	49

Syngenta has a policy of utilizing treasury shares to satisfy share option exercises and to meet share subscriptions and entitlements.

24. Transactions and agreements with related parties

Key management personnel are considered to be the members of the Syngenta Executive Committee and the Board of Directors ("Board"). Their compensation is as follows for the years ended December 31, 2011 and 2010:

(US$ million)	2011	2010
Fees, salaries and other short-term benefits	14	10
Post-employment benefits	2	2
Share based compensation	11	9
Total	27	21

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs. The compensation amounts presented above have been converted into US dollars using the average currency exchange rate in effect during each year reported. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2011 is 0.88 (2010: 1.05).

The amount disclosed for share based compensation is the expense for the period calculated in accordance with IFRS 2, "Share Based Payment" and as described in Note 2, relating to key management personnel. The cost of a share based compensation award is spread over the vesting period of the award. Therefore the charge for each year comprises parts of that year's awards and those of preceding years that had not already vested at the start of the year.

Members of the Board, excluding the Chairman and the Chief Executive Officer, are eligible for the share plan for non-executive Directors. Eligible Directors define a percentage of their annual fee for compensation in shares and, in addition, choose between blocked shares or freely tradable shares. The Chairman receives a fixed part of his compensation in the form of blocked shares. The grant price of a share equals the weighted average market price of the Syngenta share during the five business days prior to the grant date. Under these plans, members of the Board were allocated a total of 4,168 shares in lieu of cash compensation. These shares vest immediately and had a combined fair value at grant of US$1 million (2010: US$1 million).

Detailed disclosures regarding executive remuneration required by Swiss Company Law are included in the Syngenta AG statutory financial statements.

Transactions and balances between Syngenta and its employee post-retirement benefit plans are disclosed in Note 22.

Transactions between Syngenta and its associates and joint ventures during the year ended December 31, 2011 are as follows:

Goods and services provided by Syngenta to its associates and joint ventures US$7 million (2010: US$11 million).

Goods and services provided by associates and joint ventures to Syngenta US$86 million (2010: US$55 million).

A bank overdraft guarantee of US$33 million (2010: US$15 million) has been provided to an associate.

At December 31, 2011 Syngenta has accounts receivable and accrued income from associates and joint ventures of US$24 million (2010: US$29 million) and accrued liabilities to associates and joint ventures of US$11 million (2010: US$nil).

25. Commitments and contingencies

Commitments
Minimum future lease payments at December 31, 2011 for finance leases are US$46 million (2010: US$48 million), of which US$12 million is due within one year (2010: US$8 million), and US$34 million after more than one but less than five years (2010: US$40 million).

Fixed-term, non-cancellable operating lease commitments total US$120 million at December 31, 2011 (2010: US$119 million) of which US$31 million is due within one year (2010: US$22 million), US$61 million after more than one and less than five years (2010: US$76 million) and US$28 million thereafter (2010: US$21 million). Operating lease payments relate to leases of buildings and office equipment. Operating lease expense in 2011 is US$42 million (2010: US$35 million).

Commitments for the purchase of property, plant and equipment at December 31, 2011 are US$131 million (2010: US$50 million).

At December 31, 2011 and 2010, Syngenta has entered into long-term commitments to purchase minimum quantities of certain raw materials, long-term research agreements with various institutions to fund various research projects, and other commitments. The estimated timing of minimum future committed payments is as follows:

	2011		2010	
(US$ million)	Materials purchases	Other	Materials purchases	Other
Within one year	615	101	746	119
From one to two years	314	76	304	104
From two to three years	189	70	150	67
From three to four years	118	73	125	66
From four to five years	26	76	87	66
After more than five years	–	84	–	70
Total	1,262	480	1,412	492

Syngenta has no material contingent liabilities related to associates and joint ventures.

Syngenta's sales are made subject to normal warranties, which cover product technical specifications and, in some cases, products' performance effect on grower crop yields. Certain license agreements indemnify the other party against liabilities arising from claims related to the intellectual property licensed to or by Syngenta. Leases may require indemnification for liabilities Syngenta's actions may create for the lessor or lessee. Syngenta has also issued warranties to purchasers of businesses or product lines relating to events that arose before the sales. It is not possible to predict the maximum future

Payments possible under these or similar provisions because it is not possible to predict whether any of these contingencies will occur.

Syngenta has obtained licenses from others for the rights to sell certain products, or products containing certain technology, under agreements which require Syngenta to pay royalties based on its future sales of those products or that technology.

Contingencies
In addition to the legal proceedings described below, Syngenta is involved from time to time in a number of legal proceedings incidental to the normal conduct of its business, including proceedings involving product liability claims, commercial claims, employment and wrongful termination claims, patent infringement claims, competition law claims, tax assessment claims, regulatory compliance claims, waste disposal claims and tort claims relating to the release of chemicals into the environment. Syngenta maintains general liability insurance, including product liability insurance, covering claims on a worldwide basis with coverage limits and retention amounts which management believes to be adequate and appropriate in relation to Syngenta's businesses and the risks to which it is subject.

Litigation matters
Holiday Shores. The Holiday Shores Sanitary District in Madison County, Illinois filed a class action complaint against Syngenta Crop Protection, Inc. ("SCPI") and its distributor Growmark, Inc. in July 2004 purportedly on behalf of a class consisting of all Illinois community water systems ("CWS") who have, allegedly, suffered contamination of their water sources on account of the presence at any measurable level of the product atrazine, a herbicide manufactured since the late 1950s by SCPI and its predecessors in interest, Novartis Crop Protection, Inc., Ciba-Geigy and Geigy Chemical Corporation. The name of SCPI is now Syngenta Crop Protection, LLC, but the former name of the company continues to be used in this litigation and in other proceedings referred to herein. The Holiday Shores Complaint alleges that the product atrazine and/or its degradant chemicals are harmful to humans as consumed through dietary water, and that run-off from the soil where atrazine has been applied has damaged the CWS' property and contaminated its surface waters, used as a source of drinking water for Illinois. It alleges claims of trespass, nuisance, negligence, strict liability and violation of the Illinois Environmental Protection Act and seeks monetary damages, including the past and future costs of purchase, installation, maintenance and operation of granular activated carbon ("GAC") filtration systems, costs of testing and monitoring for atrazine, punitive damages and attorneys' fees. SCPI filed a Motion to Dismiss which in July 2008 was denied by the court (except as regards those parts of the Motion which sought dismissal of the punitive damage and remediation claims – those claims have been dismissed although plaintiff may attempt to re-assert the punitive damage claim at a later date). Since the denial of that Motion, Holiday Shores amended its Complaint to add seven additional CWS as named plaintiffs and has stipulated that its purported class will consist of no more than ninety-nine CWS.

25. Commitments and contingencies continued

Shortly before the hearing in February 2010 of SCPI's Motion to Transfer the claims of those plaintiffs not located in Madison County to their home counties, plaintiffs' counsel filed a voluntary dismissal of all of plaintiffs' property damage-related claims, and based primarily on this action the judge in April 2010 entered an Order denying the Motion to Transfer. The hearing was held in June 2010, of a further Motion to Dismiss filed by SCPI, as well as a Motion to have the lawsuit stayed or dismissed without prejudice in the light of the filing of the parallel federal City of Greenville lawsuit described below. In August 2010, the judge issued an Order denying both of those Motions. The Plaintiffs filed a series of subpoenas against third parties, including growers' associations, academic institutions and external advisers to SCPI, and SCPI, and a number of the recipients filed Motions to Quash those subpoenas. In September 2010, the judge issued an Order denying in part the Motions to Quash and ruling that information concerning SCPI and its relationship to those third parties, and communications between SCPI and those third parties were relevant and discoverable. An application for leave to appeal against this Order was filed with the judge, and in October 2010, the judge entered a further Order certifying certain questions for interlocutory appeal to the Illinois Fifth District Appellate Court and staying discovery on the issues which were the subject of the September 2010 Order pending resolution of any appeal. The application for leave to appeal was denied by the Appellate Court on January 13, 2011. SCPI then filed a writ regarding the matter with the Illinois Supreme Court which has also been denied. The case is now in the discovery phase and SCPI has filed answers to interrogatories as well as produced many pages of documents; depositions are sought to be scheduled by plaintiff's counsel with seventeen current or former SCPI employees. No trial timetable has yet been defined for the lawsuit.

City of Greenville. In March 2010 plaintiffs' counsel in Holiday Shores filed a new federal lawsuit in the US District Court for the Southern District of Illinois (City of Greenville et al. v. Syngenta Crop Protection, Inc. and Syngenta AG) on behalf of seventeen CWS located in six mid-Western states; an Amended Complaint filed late in March 2010 adds seven new plaintiffs, five of which are subsidiaries of American Water Company, a large private utility, in five of the six states implicated in the litigation. The claims in this lawsuit essentially repeat those causes of action which have survived motion practice in Holiday Shores and seek compensatory and punitive damages for all past and future costs incurred by the plaintiffs in the removal of atrazine from raw water supplies, and certification of a class of all public water providers in the six states which use surface water as their water source and which have had consistently detectable levels of atrazine in their raw drinking water. SCPI in May 2010 filed a Motion to Dismiss the lawsuit on grounds including lack of standing and of cause of action and Syngenta AG on May 18, 2010 filed a Motion to Dismiss plaintiffs' claims for lack of personal jurisdiction, in response to which plaintiffs in June 2010 filed a Motion for Leave to Conduct Jurisdictional Discovery to which the Court agreed. At a hearing held in July 2010 this Order was modified, the period for limited discovery was extended to October 26, 2010 and the deadline for plaintiffs' responses to Syngenta AG's Motion to Dismiss for lack of jurisdiction set to November 15, 2010. In September 2010 the Magistrate Judge issued an Order further amending the scope of jurisdictional discovery. In November 2010, the federal court judge issued a Memorandum and Order denying the Motion to Dismiss filed by SCPI save as to the claims in the Complaint of strict liability for manufacturing, marketing and selling an unreasonably dangerous product to the extent that those claims were asserted by two Indiana-based plaintiffs. In December 2010, plaintiffs filed their Opposition to Syngenta AG's Motion to Dismiss for Lack of Personal Jurisdiction and a Motion to Strike parts of the Affidavits filed by Syngenta AG in support of its Motion, to which Syngenta AG filed its Reply on January 17, 2011. The Magistrate Judge ordered the parties to the lawsuit to take part in a settlement conference held on April 11, 2011 but this was unproductive. The oral argument on the Motion to Dismiss for lack of Personal Jurisdiction was held before the federal course judge on July 27, 2011. On November 23, 2011, the court denied Syngenta AG's motion and on December 15, 2011, Syngenta AG filed a motion to reconsider, which is pending. Plaintiffs have also recently filed a Motion to Amend their Complaint in the lawsuit to add counts for Declaratory Judgment relief specifying that atrazine is harmful to human health, that atrazine is a defective product, and that Syngenta is responsible for reimbursing plaintiffs for all future costs that plaintiffs incur in testing for and removing atrazine from their water, and SCPI on October 10, 2011 filed a Motion to Dismiss the claims for declaratory relief. SCPI is in process of taking deposition evidence from representatives of the plaintiff CWS. On November 30, 2011, Syngenta filed motions for summary judgment on the claims of plaintiffs City of Greenville, Illinois and City of Marion, Kansas. In response on December 9, 2011, plaintiffs filed a motion to extend the time for them to respond to summary judgment motions until after they disclose on July 16, 2012 their experts on the merits of the case.

Depositions of fact witnesses for class certification must be completed by April 2, 2012. Plaintiffs' class expert disclosures are due April 2, 2012 while defendants' class expert disclosures are due May 2, 2012. Plaintiffs' motion to class certification is due June 15, 2012. Plaintiffs' trial expert disclosures are due July 16, 2012 while defendants' trial expert disclosures are due August 15, 2012. All discovery must be completed by October 8, 2012. The previously set trial date of December 3, 2012 has been vacated and no new trial date has been set.

As the plaintiffs in the above cases have not quantified their claims, nor has the number of plaintiffs in the actions been determined, it is not possible to estimate individually or in total the amounts in dispute nor to quantify the likely outcome. However, Syngenta intends to vigorously defend these cases. Atrazine is a long-standing successful product of the Company and its predecessors, which has been repeatedly scrutinized for safety over the years by government agencies. No amounts have been provided for a settlement.

In a related lawsuit (Syngenta Crop Protection, Inc. v. Insurance Company of North America et al.) filed by SCPI in September 2008, in the State of New Jersey, and amended in November 2008, July 2009 and April 2010, SCPI is seeking a declaratory judgment under the Ciba-Geigy legacy insurance policies that the defense costs and potential damages in the Holiday Shores case and the City of Greenville case, as well as any other product liability claims against SCPI alleging harm in connection with the use of or exposure to atrazine or atrazine-containing products, are covered under said policies and that the insurers are obligated to defend SCPI. Certain of the insurer defendants in the litigation, comprising the Insurance Company of North America, Century Indemnity Company and ACE Property & Casualty Insurance Company (the "INA Claimants") initiated an arbitration proceeding against SCPI, Novartis Corporation and Ciba Corporation (the "Respondents") under the commercial arbitration rules of the American Arbitration Association, seeking a determination as to whether insurance claims that SCPI is pursuing against them in the litigation were previously released pursuant to a Settlement Agreement dated January 13, 1999 between the INA Claimants, on the one hand, and Novartis Corporation and Ciba Specialty Chemicals Corporation (now Ciba Corporation) on the other hand (the "INA Settlement Agreement"). The arbitration proceeding, purportedly brought pursuant to the arbitration provision of the INA Settlement Agreement, was commenced in March 2009 and the hearing of the arbitration took place on June 14 and 15, 2011. The Arbitrator ordered the filing of post-hearing briefs by the parties the last of which was submitted by the INA Claimants

25. Commitments and contingencies continued

on August 26, 2011. On October 7, 2011 the Arbitrator issued a Final Award in favor of the INA Claimants. Everest Reinsurance Company, Mt. McKinley Insurance Company and eight other insurers have filed Motions for Summary Judgments also claiming to have been released from coverage with respect to the insurance claims which SCPI is pursuing against them in the litigation, under Environmental Settlement Agreements with Novartis and/or Ciba-Geigy and SCPI has filed Cross-Motions for Summary Judgment dismissing the striking insurers' affirmative defenses and on December 16, 2011 filed a surreply in further opposition to the Summary Judgment Motions and in support of the Cross-Motions. Oral argument on the Motions is scheduled for February 9, 2012. Discovery is proceeding in the declaratory action lawsuit.

While SCPI intends to pursue its claims vigorously against the insurers for any costs and losses associated with the Holiday Shores or City of Greenville litigation or any other atrazine-related claims, the amount that is or may ultimately be recoverable from the insurers with respect to such claims cannot be predicted with certainty at this time.

Sprague. During 2011 the lawsuit in the United States District Court for the Southern District of Illinois, Ted Sprague v. Syngenta Crop Protection Inc., Syngenta AG and Syngenta Corporation, which had been reported as a contingency in 2010, was settled.

Tax litigation

Syngenta is also subject to certain tax claims pending before the judiciary. Only one such claim is considered to be significant and is described below.

Atrazine. In 1996, the Brazilian Federal Revenue drew Novartis' legal entity in Brazil, now Syngenta Proteção de Cultivos Ltda ("SPCL") into administrative proceedings, regarding the import tax classification of the active ingredient atrazine. The issue is whether, under applicable law, atrazine is to be qualified as raw material (SPCL's position) or as intermediate chemicals (Federal Revenue's position). So far, there have been 20 administrative rulings against SPCL which have given rise to a corresponding number of lawsuits. Of these, 15 are awaiting first level court decision, and 5 are awaiting second level court decision. Syngenta issued a letter of guarantee for part of the amount involved, BRL16 million. In the aggregate, the maximum contingency in the event of an unfavorable outcome for Syngenta could amount to approximately BRL34 million (equalling approximately US$18 million at a rate of BRL1.87 per US$) consisting of BRL22 million plus interest.

Litigation summary

Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. Syngenta believes that its provisions for legal and product liability matters are adequate based on currently available information, but it is reasonably possible that the final resolution of some of these matters could require Syngenta to make expenditures in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Such expenditure in excess of established reserves could have a material effect on Syngenta's consolidated operating results and cash flows for a particular reporting period, but management does not believe they will have a materially adverse effect on Syngenta's consolidated financial position or liquidity, although there can be no assurances in this regard.

Environmental matters

Syngenta has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. These provisions are estimates of amounts payable or expected to become payable and take into consideration the number of other potentially responsible parties ("PRP") at each site and the identity and financial positions of such parties in light of the joint and several nature of certain of the liabilities.

In the USA, Syngenta and/or its indemnitors or indemnitees, have been named under federal legislation (the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) as a PRP in respect of several sites. Syngenta expects to be indemnified against a proportion of the liabilities associated with a number of these sites by the sellers of the businesses associated with such sites and, where appropriate, actively participates in or monitors the clean-up activities at the sites in respect of which it is a PRP.

The material components of Syngenta's environmental provisions consist of a risk assessment based on investigation of the various sites. The nature and timing of future remediation expenditures are affected by a number of uncertainties which include, but are not limited to, the method and extent of remediation, the percentage of material attributable to Syngenta at the remediation sites relative to that attributable to other parties, and the financial capabilities of the other PRPs. As a result, it is inherently difficult to estimate the amount of environmental liabilities that will ultimately become payable. It is also often not possible to estimate the amounts expected to be recovered via reimbursement, indemnification or insurance due to the uncertainty inherent in this area.

Syngenta believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in this area, due to uncertainty concerning both the amount and timing of future expenditures, it cannot be guaranteed that additional costs will not be incurred materially beyond the amounts accrued.

Other matters

Syngenta has been asked to provide information to US regulatory authorities concerning possible violations of applicable anti-corruption laws in Russia. Syngenta is cooperating and responding to requests. The investigation is on-going and it is not possible at this time to predict the nature, scope or outcome of the investigation, including the extent to which, if at all, it will result in any liability to Syngenta.

26. Principal currency translation rates

Year end rates used for the consolidated balance sheets at December 31, to translate the following currencies into US$, are:

	2011 per US$	2010 per US$
Swiss franc	0.94	0.94
British pound sterling	0.65	0.65
Euro	0.77	0.75
Brazilian real	1.87	1.66

Average rates during the years ended December 31, used for the consolidated income and cash flow statements ended December 31, to translate the following currencies into US$, are:

	2011 per US$	2010 per US$
Swiss franc	0.88	1.05
British pound sterling	0.62	0.65
Euro	0.71	0.75
Brazilian real	1.66	1.77

27. Risk management of financial risks

27.1 Risk management framework
The nature of Syngenta's business and its global presence exposes it to a range of financial risks. These risks include (i) market risks, which include potential unfavorable changes in foreign exchange rates, interest rates, commodity prices and other market prices (equities, credit spreads etc.), (ii) counterparty risk and (iii) liquidity and refinancing risk.

A financial risk management framework is in place in the form of a Treasury policy, approved by the Board of Directors. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures in place across Syngenta. In accordance with its Treasury policy, Syngenta actively monitors and manages financial risk with the objectives of reducing fluctuations in reported earnings and cash flows from these risks and providing economic protection against cost increases. These objectives are achieved through (a) monthly assessment of the impact of market risks against defined risk limits (see section 27.2), which take into account the risk appetite of Syngenta and (b) the use of a variety of derivative and non-derivative financial instruments.

Financial instruments available for use to mitigate these risks are selected by Syngenta according to the nature of the underlying risk. These instruments are designed to economically hedge underlying risks arising from operational activities and from funding and investment positions. Syngenta does not enter into any speculative financial transactions.

Syngenta seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. Derivative financial instruments for which hedge accounting is not adopted either (a) do not meet the requirements for hedge accounting treatment under IFRS or (b) when combined with the accounting for the underlying hedged items, impact the financial statements in a manner aligned with the economic purpose of the hedging transaction, without the need to adopt hedge accounting treatment.

27.2 Assessment of the impact of market risks
The impact of market risks is assessed using a variety of Value-at-Risk (VaR) methods, including Earnings-at-Risk (EaR) methods. The exact method selected depends on the nature of the underlying risk. The specific methods used to assess the impact of financial risks are described below:

Risk	Method	Exposure (financial statement item)	Time horizon (months)
Foreign exchange risk			
Transaction – committed	VaR	Monetary asset and liability carrying amounts	1
Transaction – uncommitted	EaR	Operating income	12
Translation	VaR	Cumulative translation adjustment in OCI	1
Interest rate risk	EaR	Interest expense	12
Commodity price risk	EaR	Operating income	12

VaR and EaR calculations are risk management tools designed to statistically estimate with a pre-set probability the maximum amount of potential losses in value (VaR) or earnings (EaR) over a specific (holding) time period given current positions and possible movements in market prices. The VaR and EaR methods used by Syngenta estimate the gross impact on the consolidated financial statements if the underlying items were not hedged and the net impact of the combined underlying hedged items and the related hedging instruments.

27. Risk management of financial risks continued

VaR and EaR calculations attempt to recognize that holding different assets and liabilities or incurring different future cash flow exposures may reduce portfolio risk through diversification. Such diversification effects are captured within the calculations, which aim to present the risk to the whole portfolio of the individual market risks. Using historical data, the VaR and EaR calculations are designed to predict possible changes in the markets in the future at a 99 percent confidence level, with a 1 percent probability that actual results will be worse than calculated.

The assessment of the impact of market risks is performed monthly and the results are compared against annually defined risk limits. In cases where the net impact is higher than a risk limit, Syngenta enters into derivative financial instrument transactions to be in line with the risk limits. Breaches of risk limits, should they occur, are immediately reported to senior management.

Syngenta cannot accurately predict future movements in risk variables, therefore calculations of the impact of market risks neither represent actual losses nor consider the effects of potential favorable movements in underlying risk variables. Accordingly, these calculations may only be an indication of future movements to the extent the historic market patterns repeat in the future.

27.3 Foreign exchange risk

Operating worldwide in over 80 countries exposes Syngenta to foreign exchange transaction and translation risk at both the Group and subsidiary level. Syngenta's policy is to not hedge foreign exchange translation risk. However, certain exceptions to this policy have been approved in the past by senior management.

Foreign exchange transaction risk – committed

Syngenta's individual subsidiaries predominantly transact their operational activities in their respective functional currencies. However, the globally integrated nature of Syngenta's business results in its subsidiaries bearing some amount of transactional balance sheet risk, because some monetary items (including financial liabilities) are denominated in foreign currencies.

Such committed foreign currency exposures are largely generated by the routing of products from Syngenta's central manufacturing sites to its foreign locations. These committed exposures are normally fully hedged, unless otherwise approved by Group Treasury, for example where not deemed cost-effective or where there is no forward market for a specific currency. The committed exposures are hedged using foreign exchange forward contracts and cross-currency swaps.

Net committed transactional currency exposures are identified and reported on a monthly basis by business units. VaR calculations for committed exposures relate to the revaluation of exposures relative to spot rates over a monthly period. The impact of interest differentials and other factors is not included in these calculations.

(US$ million)	December 31, 2011 Value-at-Risk			December 31, 2010 Value-at-Risk		
Underlying currency (1-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	71	9	87%	72	7	90%
Euro	24	1	96%	25	–	100%
British pound sterling	18	1	94%	9	6	33%
Other core currencies[1]	20	4	80%	12	–	100%
Rest of world	75	24	68%	44	14	68%
Total undiversified	208	39	81%	162	27	83%
Diversification	(138)	(27)	80%	(106)	(18)	83%
Net VaR	70	12	83%	56	9	84%

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2011, the Value-at-Risk for a one month holding period, after hedges, at a 99 percent confidence level was US$12 million (December 31, 2010: US$9 million). The average Value-at-Risk, after hedges, at a 99 percent confidence level, for the year ending December 31, 2011 was US$8 million (December 31, 2010: US$6 million), and before hedges was US$77 million (December 31, 2010: US$69 million).

The net resulting Value-at-Risk as of December 31, 2011 remained at a similar level compared to December 31, 2010. The largest gross exposures arise in Swiss franc, British pound sterling and Euro. Switzerland and Great Britain house large research and manufacturing sites, whereas the Euro zone represents a large sales market.

Foreign exchange transaction risk – uncommitted

Syngenta also manages transactional risk by protecting future uncommitted cash flows with foreign exchange forward and currency option contracts. Uncommitted cash flows are highly probable future cash flows from expected future transactions for which Syngenta does not yet have a contractual right or obligation. The objective is to minimize the impact of changes in foreign exchange rates on the cash flows and operating income forecasted to result from these transactions.

The US dollar represents the biggest single currency for both sales and costs. However, currency mismatches arise from Syngenta having a centralized cost base, denominated mainly in Swiss francs, British pounds and US dollars, against a local selling base, denominated mainly in US dollars, Euros and various other currencies, including those in emerging markets. In addition, due to the seasonality of Syngenta's business, the majority of sales occur during the first half of the year whereas costs tend to occur more linearly throughout the year. Syngenta collects information about anticipated cash flows over a twelve-month future period for major currencies at Group level and hedges significant mismatches in currency flows within clearly defined risk limits.

27. Risk management of financial risks continued

The Earnings-at-Risk calculation is performed for anticipated net transactional currency flows for the following year taking into account related currency hedges.

(US$ million)	December 31, 2011 Earnings-at-Risk			December 31, 2010 Earnings-at-Risk		
Underlying currency (12-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	229	99	57%	285	72	75%
Brazilian real	183	40	78%	89	54	39%
Euro	54	53	2%	62	80	(29)%
British pound sterling	37	4	89%	52	9	83%
Other core currencies[1]	67	36	46%	53	11	79%
Rest of world	145	143	1%	94	97	3%
Total undiversified	715	375	48%	635	323	49%
Diversification	(372)	(252)	32%	(309)	(191)	38%
Net EaR	343	123	64%	326	132	60%

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2011, the total potential adverse movement for 2012 net transactional flows after hedges relative to year-end at spot levels, at a 99 percent confidence level, was US$123 million (December 31, 2010: US$132 million). In line with the objective of the hedging program, Syngenta aims to minimize the potential adverse movement for the entire portfolio of the net transactional flows, rather than on an individual currency basis. As a result, negative risk reduction for a single currency could occur, as was the case for the Euro currency in 2010.

The net resulting Earnings-at-Risk figures as of December 31, 2011 remained at a similar level compared to December 31, 2010. Earnings-at-Risk exposure is greatest for the Swiss franc as Syngenta has a significant cost base in Switzerland with no material offsetting sales.

Foreign exchange translation risk
Translation exposure arises from consolidation of foreign currency denominated financial statements of Syngenta's subsidiaries. This is reported as the currency translation effects in OCI.

Translation risk can be significant; however, Syngenta regards its equity base to be of sufficient magnitude generally to absorb the short- to medium-term impact of exchange rate movements.

Syngenta uses both foreign currency denominated debt and also net investment hedging to manage this exposure. The latter incorporates specific actions to protect the value of temporary excess foreign currency denominated cash positions. At December 31, 2011, there were no positions requiring the use of hedges and no hedges were in place.

The table below presents the 1-month translation Value-at-Risk:

(US$ million)	December 31, 2011 Value-at-Risk			December 31, 2010 Value-at-Risk		
Currency of net investment in subsidiary (1-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Brazilian real	151	151	–	80	80	–
Swiss franc	133	133	–	124	124	–
Euro	47	47	–	32	32	–
British pound sterling	29	29	–	23	23	–
Other core currencies[1]	38	38	–	28	28	–
Rest of world	144	144	–	91	91	–
Total undiversified	542	542	–	378	378	–
Diversification	(172)	(172)	–	(123)	(123)	–
Net VaR	370	370	–	255	255	–

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

27. Risk management of financial risks continued

At December 31, 2011, the Value-at-Risk for a one month holding period at a 99 percent confidence level was US$370 million (December 31, 2010: US$255 million). There are no translation risk hedges in place at December 31, 2011.The increase in Value-at-Risk as of December 31, 2011 compared to December 31, 2010 is mainly due to increased volatility in emerging market currencies.

The average Value-at-Risk after hedges, at a 99 percent confidence level, for the year ending December 31, 2011 was US$303 million (December 31, 2010: US$276 million).

27.4 Interest rate risk

Syngenta is exposed to fluctuations in interest rates on its borrowings (including forecasted borrowings) and excess cash. While the majority of Syngenta's borrowings have fixed interest rates, portions of Syngenta's net borrowings, including its short-term commercial paper program and local borrowings, are subject to changes in short-term interest rates. The main objective of managing interest rate risk is to optimize interest expense within clearly stated risk limits.

Syngenta monitors its interest rate exposures, analyzes the potential impact of interest rate movements on net interest expense and enters into derivative transactions to manage its interest rate risk within approved risk limits. At December 31, 2011, the net amount of Earnings-at-Risk on floating rate debt due to potential changes in interest rates (a parallel shift of 100 bps was applied) was US$13 million (2010: US$14 million). The net amount of Earnings at Risk on net debt, as defined in Note 27.7, due to potential changes in interest rates was immaterial at December 31, 2011 and 2010.

27.5 Commodity price risks

Operating in the agribusiness sector, changes in certain commodity prices affect Syngenta's reported operating results and cash flows. On a limited basis, Syngenta enters into derivative transactions to hedge the exposure of its cost base to commodity prices. This comprises oil and natural gas hedging in the UK and USA, as well as soft commodity hedging for corn and soybean purchases by the Seeds business in the USA, Canada, Brazil and Argentina, where Syngenta contracts to purchase various seed crops from growers and hedges the cost of the purchases. In barter arrangements where Syngenta sells products in exchange for receiving a certain amount of a commodity crop, Syngenta hedges the value of the crop.

Syngenta has indirect exposure to oil price fluctuations mainly through the impact of oil prices on the cost of both raw materials, especially chemical intermediates in the Crop Protection business, and distribution activities. Natural gas exposure occurs in Syngenta's primary manufacturing sites.

The main objective of managing commodity price risk is to reduce the impact of commodity price changes on operating income and to provide economic protection against future cost increases. Syngenta uses fixed price contracts and derivatives (both Over-the-Counter (OTC) and exchange traded instruments, including commodity option and futures contracts) to achieve this objective.

At December 31, 2011, there was no hedge protection in place for oil for 2012 (December 31, 2010: 1.0 million barrels of hedge protection in place for oil for 2011). As the exposure to oil is indirect, Syngenta does not calculate the Earnings-at-Risk due to potential changes in oil prices.

Earnings-at-Risk due to potential changes in natural gas and soft commodity prices assuming a 12-month holding period are presented below.

	December 31, 2011 Earnings-at-Risk			December 31, 2010 Earnings-at-Risk		
Natural gas (US$ million)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	12	4	67%	12	5	58%
Diversification	(4)	(1)	75%	(4)	(1)	75%
Net EaR	8	3	63%	8	4	50%

	December 31, 2011 Earnings-at-Risk			December 31, 2010 Earnings-at-Risk		
Soft commodities (US$ million)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	96	42	56%	76	55	28%
Diversification	(11)	(4)	64%	(13)	(2)	85%
Net EaR	85	38	55%	63	53	16%

The Earnings-at-Risk of soft commodities is driven by their high price volatility compared to other asset classes. The hedging program reduces overall 12-month Earnings-at-Risk at December 31, 2011 to US$38 million (December 31, 2010: US$53 million).

27. Risk management of financial risks continued

27.6 Credit risk
Credit risk arises from the possibility that counterparties involved in transactions with Syngenta may default on their obligation, resulting in financial losses to Syngenta. Credit risk relates both to financial assets (including derivatives, marketable securities and money market contracts) as well as to operational assets managed by Syngenta's businesses (such as trade receivables).

Syngenta's maximum exposure to credit risk is the carrying values of its financial assets and receivables, including derivatives with positive market values. These amounts are disclosed in Note 28.

Syngenta has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high credit quality banks and financial institutions. These include limits in respect of counterparties to ensure that there are no significant concentrations of credit risk. Syngenta continuously monitors the creditworthiness of its counterparties based on credit ratings and credit default swap data.

At December 31, 2011, Syngenta had no treasury or derivative transactions representing a significant concentration of credit risk. No credit losses have been incurred from investments in derivative financial instruments during the years ended December 31, 2011 and 2010.

To minimize its exposure to derivative positions, Syngenta enters into netting agreements under an International Swaps and Derivatives Association (ISDA) master agreement with its respective counterparties. In addition, for certain derivative positions, Syngenta has entered into Credit Support Annex contracts (CSAs) under which, when the combined market value of the derivatives exceeds US$15 million, cash is exchanged as collateral. Each CSA effectively limits either Syngenta's or the counterparty's aggregate credit risk exposure to no more than US$15 million. At December 31, 2011 an asset amounting to US$43 million (2010: US$64 million) was recorded representing cash paid by Syngenta as collateral under these CSAs.

The impact of credit risk on the fair value of derivatives is considered through market observable credit default swap spreads for Syngenta and its counterparties. The impact on the fair value of Syngenta's derivative positions at December 31, 2011 and 2010 of the risk of default by financial counterparties was not material.

The credit risk to operational assets is partially mitigated through commercial activities, which include barter operations and cash sales incentives.

27.7 Liquidity risk and refinancing risk
Within Syngenta's risk management framework, liquidity risk is defined as the risk of being unable to raise funds to meet payment obligations when they fall due.

Refinancing or funding risk is defined as the risk of being unable, on an ongoing basis, to borrow in the market to fund actual or proposed commitments. Syngenta mitigates its liquidity and refinancing risk by maintaining: a limit system; a committed unsecured funding facility; ongoing discussions with its core banks to best monitor its funding capacity; simulations; and diversification of its debt portfolio.

Syngenta's liquidity risk policy is to maintain at all times sufficient liquidity reserves both at Group and subsidiary level in order to meet payment obligations as they become due and also to maintain an adequate liquidity margin. The planning and supervision of liquidity is the responsibility of the subsidiaries and Group Treasury. Liquidity requirements are forecasted on a weekly basis. Syngenta operates regional or country cash pools to allow efficient use of its liquidity reserves.

Short-term liquidity
Although Syngenta operates globally, its two largest markets are Europe, Africa and the Middle East (EAME) and North America. Both sales and operating profit in these two regions are seasonal and are weighted towards the first half of the calendar year, reflecting the northern hemisphere planting and growing cycle. This results in a seasonal working capital requirement.

Syngenta's principal source of liquidity consists of cash generated from operations. Working capital fluctuations due to the seasonality of the business are supported by short-term funding available from a US$2.5 billion Global Commercial Paper program supported by a US$1.2 billion committed, revolving, multi-currency, syndicated credit facility with high credit quality banks expiring in July 2013. There were no amounts drawn under the Global Commercial Paper program as of December 31, 2011 (2010: US$nil). The average outstanding balance under the Global Commercial Paper program for the year 2011 was US$10 million (2010: US$38 million).

The maturity analyses for Syngenta's current financial liabilities other than short-term derivative liabilities are presented in Notes 15 to 17.

The maturities of short term derivative liabilities are as follows:

(US$ million)	Total	0–90 days	90–180 days	180 days–1 year
2011	212	105	49	58
2010	291	210	35	46

27. Risk management of financial risks continued

Long-term financing

Long-term capital employed is currently partly financed through four unsecured bonds and through unsecured notes issued under the Note Purchase Agreement in the US Private Placement market. During 2011, the Eurobond 2011 with the principal of EUR 500 million matured.

The following table shows Syngenta's contractually agreed (undiscounted) interest and principal repayments on long-term financing-related non-derivative financial liabilities and the related derivatives held at December 31, 2011 and 2010. Non-derivative financial liabilities are recorded at amortized cost (less related issuance costs) unless subject to fair value hedge accounting, in which case the liability is adjusted for the change in fair value of the hedged risk to the extent the hedge relationship is effective. Derivative financial liabilities are recorded at fair value. The table therefore shows the total carrying amount of Syngenta's financial debt adjusted for the effect, if any, of applying fair value hedge accounting.

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
2011 (US$ million)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment	Total
Less than 1 year	98	399	497	12	–	12
1-3 years	124	1,178	1,302	26	53	79
3-5 years	35	646	681	6	–	6
5-10 years	63	75	138	–	–	–
More than 10 years	94	175	269	–	–	–
Total payments	414	2,473	2,887	44	53	97
Net carrying amount			2,540			861

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
2010 (US$ million)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment	Total
Less than 1 year	120	668	788	46	–	46
1-3 years	172	934	1,106	28	–	28
3-5 years	76	1,336	1,412	4	5	9
5-10 years	67	75	142	–	–	–
More than 10 years	103	175	278	–	–	–
Total payments	538	3,188	3,726	78	5	83
Net carrying amount			3,209			107[1]

1 The repayments above (and the net carrying amount of the derivative financial liabilities) do not include the amounts paid as collateral, as described in Note 27.6

Forecast data for liabilities that may be incurred in the future is not included in the table above. Amounts in foreign currency were translated to US dollars at the closing rate at the reporting date. Variable payments at each year end arising from financial instruments were calculated based on the forward interest rate yield curve and the spread that Syngenta pays on its outstanding debt and open derivatives at December 31, 2011 and 2010, respectively. Non-derivative financial liabilities, repayment of which can be demanded by the counterparty at any time, have been assigned to the earliest possible time period.

Capital structure

Absent major acquisitions, Syngenta targets maintaining a solid investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. Syngenta manages capital by monitoring levels of net debt, as calculated below, and equity against targets. Capital is returned to shareholders primarily through dividend payments, with the aim of continuous dividend growth, complemented by tactical share repurchases.

The net debt to equity ratio was 15 percent at December 31, 2011 (20 percent at December 31, 2010).

The components of net debt at December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Current financial debt	743	992
Non-current financial debt	2,178	2,585
Cash and cash equivalents	(1,666)	(1,967)
Marketable securities[1]	(3)	(16)
Financing-related derivatives[2]	(117)	(121)
Net debt at December 31	1,135	1,473

1 Included within 'Derivative and other financial assets' and 'Other non-current financial assets'
2 Included within 'Derivative and other financial assets' and 'Derivative financial assets' or 'Derivative financial liabilities' and 'Financial debt and other non-current liabilities'

28. Financial assets and liabilities

28.1 The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to where they are presented in the balance sheet at December 31, 2011 and 2010. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

	Carrying amount (based on measurement basis)				
2011 (US$ million)	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
Trade receivables, net:					
Loans and receivables	2,674	–	–	2,674	2,674[1]
Designated as at fair value through profit or loss	–	–	62	62	62
Total				2,736	2,736
Other accounts receivable:					
Loans and receivables	303	–	–	303	303[1]
Non-financial assets	–	–	–	387	–[2]
Total				690	
Derivative and other financial assets:					
Derivative financial assets	–	15	211	226	226
Loans and receivables	43	–	–	43	43
Total				269	269
Derivative financial assets – non-current	–	–	118	118	118
Other non-current financial assets:					
Loans and receivables	161	–	–	161	161
Available-for-sale financial assets	–	–	62	62	62
Other, not carried at fair value	–	–	–	326	–[2]
Total				549	
Trade accounts payable:					
Measured at amortized cost	2,881	–	–	2,881	2,881[1]
Current financial debt:					
Measured at amortized cost	743	–	–	743	744[1]
Derivative financial liabilities – current	–	–	212	212	212
Other current liabilities:					
Measured at amortized cost	182	–	–	182	182[1]
Non-financial liabilities	–	–	–	846	–[2]
Total				1,028	
Financial debt and other non-current liabilities:					
Measured at amortized cost	2,189	–	–	2,189	2,303
Derivative financial liabilities – non-current	–	–	86	86	86
Non-financial liabilities	–	–	–	99	–[2]
Total				2,374	

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including investments in associates and joint ventures and defined benefit pension assets

28. Financial assets and liabilities continued

2010 (US$ million)	Carrying amount (based on measurement basis) Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
Trade receivables, net:					
Loans and receivables	2,497	–	–	2,497	2,497[1]
Designated as at fair value through profit or loss	–	–	57	57	57
Total				2,554	2,554
Other accounts receivable:					
Loans and receivables	294	–	–	294	294[1]
Non-financial assets	–	–	–	332	–[2]
Total				626	
Derivative and other financial assets:					
Derivative financial assets	–	8	417	425	425
Loans and receivables	64	–	–	64	64
Available-for-sale financial assets	–	–	13	13	13
Total				502	502
Derivative financial assets – non-current	–	–	176	176	176
Other non-current financial assets:					
Loans and receivables	175	–	–	175	175
Available-for-sale financial assets	–	–	43	43	43
Other, not carried at fair value	–	–	–	300	–[2]
Total				518	
Trade accounts payable:					
Measured at amortized cost	2,590	–	–	2,590	2,590[1]
Current financial debt:					
Measured at amortized cost	992	–	–	992	1,007[1]
Derivative financial liabilities – current	–	–	291	291	291
Other current liabilities:					
Measured at amortized cost	161	–	–	161	161[1]
Non-financial liabilities	–	–	–	685	–[2]
Total				846	
Financial debt and other non-current liabilities:					
Measured at amortized cost	2,590	–	–	2,590	2,744
Derivative financial liabilities – non-current	–	–	76	76	76
Non-financial liabilities	–	–	–	120	–[2]
Total				2,786	

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including investments in associates and joint ventures and defined benefit pension assets

The levels of fair value hierarchy used above are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of unquoted equity securities is not material. There were no transfers during the years ended December 31, 2011 and 2010 between level 1 and level 2 of the fair value hierarchy or between the fair value and amortized cost categories. There were no transfers during the years ended December 31, 2011 and 2010 into or out of level 3 of the fair value hierarchy.

28. Financial assets and liabilities continued

28.2 Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the years ended December 31, 2011 and 2010 are as follows:

2011 (US$ million)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	93	–	–	–	93
Interest expense	(5)	–	23	(170)	(152)
Currency gains/(losses), net	–	–	(86)	–	(86)
Recognized within Operating income:					
Impairment charges	(34)	(1)	–	–	(35)
Total	54	(1)	(63)	(170)	(180)

2010 (US$ million)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	90	–	–	–	90
Interest expense	(5)	–	–	(167)	(172)
Currency gains/(losses), net	–	–	(37)	–	(37)
Recognized within Operating income:					
Impairment charges	(12)	(9)	–	–	(21)
Reversal of impairment charges	43	–	–	–	43
Total	116	(9)	(37)	(167)	(97)

1 Includes immaterial amounts relating to financial assets designated as at fair value through profit or loss
2 Financial expense, net also includes US$20 million of bank charges (2010: US$22 million)

28.3 Reported gains and losses on revaluation of available-for-sale financial assets for the years ended December 31, 2011 and 2010 were as follows:

(US$ million)	2011	2010
Impairment losses reported in profit or loss	(1)	(9)
Unrealized gains/(losses) reported in OCI	3	4

29. Derivatives and hedge accounting

The following table shows fair values, notional amounts and maturities of Syngenta's derivative financial instruments held at December 31, 2011 and 2010, classified by the individual risks being hedged and the applied accounting treatment:

	Fair value		Notional amounts				
2011 (US$ million)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	Total
Foreign exchange and interest rate risk:							
Cash flow hedges	161	(92)	667	536	1,309	825	3,337
Fair value hedges	67	(67)	–	–	–	2,000	2,000
Undesignated	77	(137)	3,972	2,239	695	–	6,906
Total foreign exchange and interest rate risk	305	(296)	4,639	2,775	2,004	2,825	12,243
Commodity price risk:							
Cash flow hedges	6	(2)	42	3	27	–	72
Undesignated	33	–	69	4	68	–	141
Total commodity price risk	39	(2)	111	7	95	–	213

	Fair value		Notional amounts				
2010 (US$ million)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	Total
Foreign exchange and interest rate risk:							
Cash flow hedges	318	(74)	544	610	3,168	1,141	5,463
Fair value hedges	52	(73)	–	–	–	2,000	2,000
Undesignated	190	(219)	6,993	845	251	–	8,089
Total foreign exchange and interest rate risk	560	(366)	7,537	1,455	3,419	3,141	15,552
Commodity price risk:							
Cash flow hedges	1	(1)	8	1	15	1	25
Undesignated	40	–	185	16	46	–	247
Total commodity price risk	41	(1)	193	17	61	1	272

For cash flow hedges, the periods when the cash flows for the underlying hedged items are expected to occur and affect profit or loss are not significantly different from those of the hedging instruments as presented in the table above.

29.1 Fair value hedges

Syngenta maintains a combination of interest rate swaps and cross currency swaps that qualify for hedge accounting as designated fair value hedges relating to bond liabilities.

Hedge effectiveness for these hedges is measured on a quarterly basis by comparing the changes in fair value of the bond liabilities (with respect to the hedged risks) to the changes in fair value of the associated swaps. There is an immaterial amount of hedge ineffectiveness on these swaps.

Gains/(losses) on fair value hedges recognized in profit or loss for the years ended December 31, 2011 and 2010 are as follows:

(US$ million)	2011	2010
Hedging instruments:		
Interest rate swaps	10	54
Cross currency swaps	32	(32)
Total gains/(losses) from hedging instruments	42	22
Underlying hedged items	(42)	(22)

29. Derivatives and hedge accounting continued

29.2 Cash flow hedges and hedges of net investment in foreign operations
Syngenta maintains the following derivatives that qualify for cash flow hedge accounting:

- Cross currency swaps (or a combination of cross currency swaps and interest rate swaps) designated as hedges of foreign exchange risk (or both foreign exchange risk and interest rate risk) of future interest and principal payments on bond liabilities.
- Interest rate swaps designated as hedges of interest rate risk of future interest payments on forecasted bond liabilities.
- Foreign exchange forward contracts and net purchased currency options designated as hedges of foreign exchange risk of forecast foreign currency cash flows (uncommitted foreign exchange transaction risk) arising from (i) forecast sales and purchases between Syngenta subsidiaries and (ii) forecast transactions with third parties.
- Commodity forwards, futures and purchased options designated as hedges of commodity price risks of anticipated and committed future purchases.

Syngenta maintained the following derivatives that qualified as hedges of net investment in foreign operations:

- During 2011 and 2010, in line with the risk management strategy, no new positions were taken to hedge any of the existing or new net investments in foreign operations. Gains/(losses) relating to hedges entered into during previous reporting periods continue to be presented in OCI.

Hedge effectiveness for these hedges is measured on a quarterly or semi-annual basis. Syngenta uses the forward rate methodology to measure the effectiveness of the foreign exchange or commodity forward contracts. Hedge effectiveness for the swaps is measured by comparing the movement in the present value of future coupon bond payments to the movement in the present value of forecast future cash flows of the associated swaps. There is an immaterial amount of hedge ineffectiveness related to these hedges.

Gains/(losses) on derivative instruments recognized as cash flow hedges and hedges of net investments in foreign operations during the years ended December 31, 2011 and 2010 were as follows:

	2011			2010		
(US$ million)	Foreign exchange and interest rate	Commodity risk	Net investment hedges	Foreign exchange and interest rate	Commodity risk	Net Investment hedges
Opening balance of gains/(losses) recognized in OCI	21	10	(72)	(38)	(10)	(67)
Income taxes	29	5	–	(50)	4	–
Gains/(losses) recognized in OCI	59	(7)	–	113	1	(5)
(Gains)/losses removed from OCI and recognized in profit or loss:						
Cost of goods sold	–	(5)	–	–	15	–
General and administrative	(160)	–	–	(26)	–	–
Financial expense, net	(37)	–	–	22	–	–
Closing balance of gains/(losses) recognized in OCI	(88)	3	(72)	21	10	(72)

29.3 Undesignated hedges
Gains and losses on hedging instruments that were not designated for hedge accounting purposes are as follows:

- Foreign currency forward contracts that are effective economic hedges of balance sheet exposures as part of Syngenta's committed exposure program. The fair value movements of the hedges and the retranslation of the underlying exposures are recorded in profit or loss and largely offset.
- Foreign currency forward contracts that are effective economic hedges of forecast cash flows arising from anticipated sales and purchases between Syngenta affiliates and third parties. The amount recorded in profit or loss in 2011 is a gain of US$16 million (2010: gain of US$3 million).
- Purchased foreign currency options are effective economic hedges of the exposure arising from written foreign currency options offered to customers as part of a sales contract. The fair values of both the purchased and written foreign currency options are recorded in profit or loss and largely offset.
- Commodity derivative contracts that are effective economic hedges of the anticipated purchases of raw materials or purchases and sales of crops in barter arrangements. The amount recorded in profit or loss in respect of these derivatives in 2011 is a gain of US$4 million (2010: gain of US$7 million). The corresponding forecasted transactions offsetting the above amounts in profit or loss may occur in the following periods.

30. Subsequent events

No events occurred between the balance sheet date and the date on which these consolidated financial statements were approved by the Board of Directors that would require adjustments to or disclosure in the consolidated financial statements.

Approval of the Consolidated Financial Statements
These consolidated financial statements were approved by the Board of Directors on February 7, 2012.

ANNEX III: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PER 30 JUNE 2012

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2012 Half Year Results

Syngenta Group

Interim Condensed Consolidated Financial Statements

The following condensed consolidated financial statements and notes thereto have been prepared in accordance with IAS 34, "Interim Financial Reporting", as disclosed in Note 1 below. They do not contain all of the information which IFRS would require for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements.

Condensed Consolidated Income Statement

For the six months ended June 30, (US$ million, except share and per share amounts)	**2012**	**2011(1)**
Sales	**8,265**	**7,702**
Cost of goods sold	(4,066)	(3,809)
Gross profit	**4,199**	**3,893**
Marketing and distribution	(1,154)	(1,172)
Research and development	(611)	(592)
General and administrative	(478)	(280)
Restructuring and impairment excluding divestment gains/(losses)	*(102)*	*(85)*
Divestment gains/(losses)	*(15)*	*66*
Restructuring and impairment	(117)	(19)
Operating income	**1,839**	**1,830**
Income from associates and joint ventures	2	-
Financial expense, net	(84)	(67)
Income before taxes	**1,757**	**1,763**
Income tax expense	(257)	(335)
Net income	**1,500**	**1,428**
Attributable to:		
Non-controlling interests	-	1
Syngenta AG shareholders	1,500	1,427
Net income	**1,500**	**1,428**
Earnings per share (US$):		
Basic	**16.39**	**15.47**
Diluted	**16.31**	**15.38**
Weighted average number of shares:		
Basic	91,532,049	92,270,329
Diluted	91,989,343	92,807,786

(1) After effect of reclassifications described in Note 3 below.

All amounts relate to continuing operations.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, (US$ million)	2012	2011
Net income	**1,500**	**1,428**
Components of other comprehensive income (OCI):		
Items that will not be reclassified to profit or loss:		
Actuarial gains	5	57
Income tax relating to items that will not be reclassified to profit or loss	6	(23)
	11	34
Items that may be reclassified subsequently to profit or loss:		
Unrealized gains/(losses) on derivatives designated as cash flow and net investment hedges and other	(14)	48
Currency translation effects	(116)	421
Income tax relating to items that may be reclassified subsequently to profit or loss	8	(2)
	(122)	467
Total comprehensive income	**1,389**	**1,929**
Attributable to:		
Syngenta AG shareholders	1,389	1,928
Non-controlling interests	-	1
Total comprehensive income	**1,389**	**1,929**

All amounts relate to continuing operations.

Condensed Consolidated Balance Sheet

(US$ million)	June 30, 2012	June 30, 2011	December 31, 2011
Assets			
Current assets:			
Cash and cash equivalents	1,664	1,261	1,666
Trade receivables	5,277	5,339	2,736
Other accounts receivable	721	668	690
Inventories	3,759	3,679	4,190
Derivative and other financial assets	352	519	269
Other current assets	266	227	199
Total current assets	**12,039**	**11,693**	**9,750**
Non-current assets:			
Property, plant and equipment	2,973	3,119	3,025
Intangible assets	2,736	3,053	2,869
Deferred tax assets	905	843	930
Derivative financial assets	-	322	118
Other non-current financial assets	750	611	549
Total non-current assets	**7,364**	**7,948**	**7,491**
Total assets	**19,403**	**19,641**	**17,241**
Liabilities and equity			
Current liabilities:			
Trade accounts payable	(3,688)	(3,456)	(2,881)
Current financial debt	(1,260)	(989)	(743)
Income taxes payable	(588)	(614)	(547)
Derivative financial liabilities	(188)	(212)	(212)
Other current liabilities	(924)	(905)	(1,028)
Provisions	(344)	(232)	(232)
Total current liabilities	**(6,992)**	**(6,408)**	**(5,643)**
Non-current liabilities:			
Financial debt and other non-current liabilities	(2,565)	(2,947)	(2,374)
Deferred tax liabilities	(726)	(857)	(753)
Provisions	(914)	(886)	(968)
Total non-current liabilities	**(4,205)**	**(4,690)**	**(4,095)**
Total liabilities	**(11,197)**	**(11,098)**	**(9,738)**
Equity:			
Shareholders' equity	(8,197)	(8,532)	(7,494)
Non-controlling interests	(9)	(11)	(9)
Total equity	**(8,206)**	**(8,543)**	**(7,503)**
Total liabilities and equity	**(19,403)**	**(19,641)**	**(17,241)**

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, (US$ million)	2012	2011
Income before taxes	**1,757**	**1,763**
Reversal of non-cash items	585	274
Cash (paid)/received in respect of:		
Interest and other financial receipts	176	109
Interest and other financial payments	(131)	(133)
Income taxes	(175)	(143)
Restructuring costs	(28)	(27)
Contributions to pension plans, excluding restructuring costs	(32)	(34)
Other provisions	(45)	(46)
Cash flow before change in net working capital	**2,107**	**1,763**
Change in net working capital:		
Change in inventories	357	381
Change in trade and other working capital assets	(3,040)	(2,599)
Change in trade and other working capital liabilities	753	753
Cash flow from operating activities	**177**	**298**
Additions to property, plant and equipment	(191)	(150)
Proceeds from disposals of property, plant and equipment	22	11
Purchases of intangible assets	(35)	(26)
Purchases of investments in associates and other financial assets	(13)	(17)
Proceeds from disposals of intangible and financial assets	9	15
Cash flow from (purchases)/disposals of marketable securities, net	(16)	(1)
Acquisitions and divestments, net	46	51
Cash flow used for investing activities	**(178)**	**(117)**
Increases in third party interest-bearing debt	934	80
Repayments of third party interest-bearing debt	(190)	(109)
(Purchases)/sales of treasury shares and options over own shares, net	54	(172)
Distributions paid to shareholders	(791)	(705)
Cash flow from/(used for) financing activities	**7**	**(906)**
Net effect of currency translation on cash and cash equivalents	(8)	19
Net change in cash and cash equivalents	**(2)**	**(706)**
Cash and cash equivalents at the beginning of the period	1,666	1,967
Cash and cash equivalents at the end of the period	**1,664**	**1,261**

Condensed Consolidated Statement of Changes in Equity

(US$ million)	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total share-holders' equity	Non-controlling interests	Total equity
	Attributable to Syngenta AG shareholders								
January 1, 2011	**6**	**3,491**	**(489)**	**(36)**	**658**	**3,809**	**7,439**	**10**	**7,449**
Net income						1,427	1,427	1	1,428
OCI				34	433	34	501		501
Total comprehensive income				**34**	**433**	**1,461**	**1,928**	**1**	**1,929**
Share-based payments and income tax thereon			19			53	72		72
Distributions paid to shareholders						(705)	(705)		(705)
Share repurchases			(203)				(203)		(203)
Other						1	1		1
June 30, 2011	**6**	**3,491**	**(673)**	**(2)**	**1,091**	**4,619**	**8,532**	**11**	**8,543**
January 1, 2012	**6**	**3,460**	**(682)**	**(149)**	**425**	**4,434**	**7,494**	**9**	**7,503**
Net income						1,500	1,500		1,500
OCI				6	(130)	13	(111)		(111)
Total comprehensive income	**-**	**-**	**-**	**6**	**(130)**	**1,513**	**1,389**	**-**	**1,389**
Share-based payments and income tax thereon			97			12	109		109
Distributions paid to shareholders						(791)	(791)		(791)
Share repurchases			(4)				(4)		(4)
June 30, 2012	**6**	**3,460**	**(589)**	**(143)**	**295**	**5,168**	**8,197**	**9**	**8,206**

A dividend of CHF 8.00 (US$8.82) (2011: CHF 7.00 (US$7.64)) per share was paid to Syngenta AG shareholders during the period. The 2011 dividend was paid out of reserves from capital contributions.

Syngenta Group

Notes to Interim Condensed Consolidated Financial Statements

Note 1: Basis of preparation

Nature of operations: Syngenta AG ("Syngenta") is a global crop protection and seeds business engaged in the discovery, development, manufacture and marketing of a range of agricultural products designed to improve crop yields and food quality. The Lawn and Garden business provides professional growers and consumers with quality flowers, turf and landscape products.

Basis of presentation and accounting policies: The condensed consolidated financial statements for the six months ended June 30, 2012 and 2011 incorporate the financial statements of Syngenta AG and of all of its subsidiaries ("Syngenta Group"). They have been prepared in accordance with IAS 34, "Interim Financial Reporting", and, except as disclosed in Note 3 below, with the accounting policies described in Note 2 to Syngenta's 2011 annual consolidated financial statements. Syngenta prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The condensed consolidated financial statements were authorized for issue by the Board of Directors on July 24, 2012.

The condensed consolidated financial statements are presented in United States dollars (US$) as this is the major currency in which revenues are denominated.

Impairment losses recognized on goodwill and available-for-sale equity securities in interim financial statements are not reversed in the annual financial statements even if the decline in value which caused the impairment loss to be recognized has reversed by the end of the annual reporting period.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Seasonality of operations

The timing of Syngenta's sales, profit and cash flows throughout the year is significantly influenced by seasonal factors. Operating in the agriculture sector, sales of Syngenta's products principally occur before and during the growing season. Because many of Syngenta's largest markets are in the Northern Hemisphere, which has a spring growing season, significantly more sales occur and profit is earned during the first half of the year than in the second half. Collections of trade accounts receivable from customers in these Northern Hemisphere markets largely occur during the second half of the year. As a result, operating cash flow typically is significantly lower during the first half of the year than during the second half.

Note 3: Changes in accounting policies

Adoption of new IFRSs

Syngenta has early adopted the amendments to IAS 1, “Presentation of Financial Statements” and IAS 34 “Interim Financial Reporting” contained in the Annual Improvements to IFRSs 2009-2011 cycle, published in May 2012. These amendments clarify certain financial statement presentation issues, with no effect on Syngenta’s condensed consolidated financial statements.

New segment reporting

In 2012, Syngenta adopted new segment reporting to reflect the company’s integrated strategy and align reporting with previously announced changes in management structure. Segment reporting is now based on the four geographic regions, representing the integrated Crop Protection and Seeds business, and a separate global Lawn and Garden segment.

Income and expense transactions in the integrated business have been attributed to the geographic regions based on the market destination to which they relate, rather than on the region in which they originated. Some costs of the integrated organization do not relate to a geographic destination and are reported as non-regional. These include global marketing teams, research and development, and corporate headquarter functions. In addition, regional gross profit performance is based on standard product costs: variances to the standard are reported as non-regional in order to align the reported results with organizational accountability.

Lawn and Garden is composed of the Professional Products and Flowers product lines, which were formerly reported in Crop Protection and Seeds, respectively, except that the supply of chemical active ingredient to Lanxess AG for the materials protection market, previously reported as part of Professional Products, has been integrated into the geographic segments.

The segment information presented in Note 5 below for the six months ended June 30, 2011 has been restated in accordance with the new structure.

Reclassification of expenses

In connection with the changes in management structure described above, Syngenta has reclassified certain expenses in the Condensed Consolidated Income Statement as follows:

- The boundary between Marketing and distribution and Research and development expenses has been redefined. Syngenta’s global Research and Development organization now manages all field trial sites and activities worldwide, including those related to maintaining product registrations.
- In order to maximize service and cost efficiency, the provision of support services in Finance, Information Systems, Human Resources and Indirect Procurement has been centralized through Syngenta Business Services. The allocation of these costs by expense line has changed to reflect the usage of the services. The allocation of costs for these services at a regional level is based on the level of transactional activity in revenues and costs, with revenue related charges included in Marketing and distribution.

These reclassifications have no impact on consolidated operating income or on consolidated income before taxes.

The following table presents the effect of the reclassifications on the Condensed Consolidated Income Statement for the six month period ended June 30, 2011:

For the six months ended June 30, (US$ million)	2011 as reported	Research and development	Syngenta Business Services	2011 reclassified
Sales	**7,702**			**7,702**
Cost of goods sold	(3,785)		(24)	(3,809)
Gross profit	**3,917**	**-**	**(24)**	**3,893**
Marketing and distribution	(1,052)	39	(159)	(1,172)
Research and development	(559)	(39)	6	(592)
General and administrative	(457)		177	(280)
Restructuring and impairment	(19)			(19)
Operating income	**1,830**	**-**	**-**	**1,830**

Note 4: Business combinations, divestments and other significant transactions

Six months ended June 30, 2012

During the six month period ended June 30, 2012, Pioneer Hi-Bred International Inc. (Pioneer) received U.S. EPA approval for a seed stack containing the MIR604 trait licensed by Syngenta to Pioneer. As a result, Syngenta is now virtually certain to receive contractual minimum consideration with a present value of US$200 million, which amount has been recognized as royalty revenue in the six month period ended June 30, 2012 and is receivable in cash over the period to October 2016. Prior to the U.S. EPA approval, Syngenta had recognized as royalty revenue in the six month period ended June 30, 2012, the non-refundable upfront payments from Pioneer of US$50 million (2011: US$50 million).

On June 11, 2012, Syngenta divested the Fafard peat unit of its Lawn and Garden business to Sun Gro Horticulture Ltd. The income statement and cash flow effects of the transaction have been reported within Restructuring and impairment and Acquisitions and divestments, net, respectively.

Acquisition payments of US$15 million in the six months ended June 30, 2012 comprise contingent and deferred consideration related to several acquisitions completed in prior periods.

Six months ended June 30, 2011

On March 9, 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100% of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business. As a result of the acquisition accounting, an immaterial bargain purchase gain was recognized within Restructuring and impairment in the condensed consolidated income statement.

The assets and liabilities recognized for this 2011 business combination were as follows:

(US$ million)	Fair values
Cash and cash equivalents	2
Trade receivables and other assets	55
Intangible assets	19
Trade payables and other liabilities	(44)
Net assets acquired	**32**

Acquisition date fair value of consideration comprised US$32 million of cash, US$12 million of which was deferred.

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

During 2011, Syngenta finalized the acquisition accounting for Maribo Seed International Aps, acquired in September 2010, resulting in an immaterial bargain purchase gain mainly due to the Maribo consideration being determined based on the economic value of the business at a different date from the date control transferred to Syngenta.

Movements in goodwill

For the six months ended June 30, (US$ million)	2012	2011
Cost:		
January 1	1,598	1,677
Additions from business combinations	11	-
Reductions from business divestments	(4)	-
Retirements	-	(47)
Currency translation effects	(6)	21
June 30	**1,599**	**1,651**
Accumulated amortization and impairment losses:		
January 1	279	329
Impairment	-	13
Reductions from business divestments	(4)	-
Retirements	-	(47)
Currency translation effects	-	7
June 30	**275**	**302**
Net book value, June 30	**1,324**	**1,349**

Note 5: Segmental information

As described in Note 3 above, Syngenta has adopted new segment reporting in 2012. Segment reporting for 2011 has been restated accordingly.

Syngenta is organized on a worldwide basis into five reportable segments: the four geographic regions, comprising the integrated Crop Protection and Seeds business, and the global Lawn and Garden business. Some costs of the integrated organization do not relate to a geographic destination and are reported as non-regional.

No operating segments have been aggregated to form the above reportable operating segments.

For the six months ended June 30, 2012 (US$ million)	**EAME[1]**	**North America**	**Latin America**	**Asia Pacific**	**Non-regional**	**Total**	**Lawn and Garden**	**Total group**
Segment sales	**3,008**	**2,781**	**1,043**	**997**	**-**	**7,829**	**436**	**8,265**
Cost of goods sold	(1,400)	(1,264)	(586)	(524)	(64)	(3,838)	(228)	(4,066)
Gross profit	**1,608**	**1,517**	**457**	**473**	**(64)**	**3,991**	**208**	**4,199**
Marketing and distribution	(325)	(298)	(233)	(148)	(42)	(1,046)	(108)	(1,154)
Research and development	-	-	-	-	(582)	(582)	(29)	(611)
General and administrative	(77)	(126)	(59)	(23)	(168)	(453)	(25)	(478)
Restructuring and impairment	(14)	(7)	(9)	(7)	(71)	(108)	(9)	(117)
Operating income/(loss)	**1,192**	**1,086**	**156**	**295**	**(927)**	**1,802**	**37**	**1,839**
Income from associates and joint ventures								2
Financial expense, net								(84)
Income before taxes								**1,757**

For the six months ended June 30, 2011 (US$ million)	**EAME[1]**	**North America**	**Latin America**	**Asia Pacific**	**Non-regional**	**Total**	**Lawn and Garden**	**Total group**
Segment sales	**2,924**	**2,251**	**1,032**	**1,026**	**-**	**7,233**	**469**	**7,702**
Cost of goods sold	(1,309)	(1,145)	(557)	(537)	(19)	(3,567)	(242)	(3,809)
Gross profit	**1,615**	**1,106**	**475**	**489**	**(19)**	**3,666**	**227**	**3,893**
Marketing and distribution	(349)	(287)	(229)	(147)	(45)	(1,057)	(115)	(1,172)
Research and development	-	-	-	-	(564)	(564)	(28)	(592)
General and administrative	(78)	(49)	(45)	(25)	(50)	(247)	(33)	(280)
Restructuring and impairment	(10)	(11)	(5)	(3)	34	5	(24)	(19)
Operating income/(loss)	**1,178**	**759**	**196**	**314**	**(644)**	**1,803**	**27**	**1,830**
Financial expense, net								(67)
Income before taxes								**1,763**

(1) EAME: Europe, Africa and Middle East

All amounts relate to continuing operations.

Note 6: General and administrative

As a result of the settlement of litigation related to the herbicide atrazine described in Note 13 below, a net expense of US$80 million was recognized within General and administrative during the six month period ended June 30, 2012.

General and administrative includes losses of US$12 million (2011: gains of US$94 million) on hedges of forecast transactions, which were recognized during the period.

Note 7: Restructuring and impairment before taxes

For the six months ended June 30, (US$ million)	**2012**	**2011**
Operational efficiency programs:		
Cash costs	32	44
Non-cash impairment costs	1	2
Integrated crop strategy programs:		
Cash costs	51	22
Acquisition and related integration costs:		
Cash costs	6	9
Non-cash items		
Reversal of inventory step-ups	4	6
Reacquired rights	7	-
Divestment (gains)/losses	15	(66)
Bargain purchase gains	-	(9)
Other non-cash restructuring and impairment:		
Other fixed asset impairments	5	17
Total restructuring and impairment before taxes(1)	**121**	**25**

(1) US$4 million (2011: US$6 million) is included within Cost of goods sold.

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

The incidence of these business changes may be periodic and the effect on reported performance of initiating them will vary from period to period. Because each such business change is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding items affecting comparability.

Syngenta's definition of restructuring and impairment may not be comparable to similarly titled line items in financial statements of other companies.

Six months ended June 30, 2012

Operational efficiency programs

Operational efficiency cash costs of US$26 million were incurred in the regions for the standardization and consolidation of back office operations, which continued in 2012. US$6 million of other operational efficiency charges included charges for project management, standard process design and restructuring in the corporate headquarters.

Integrated crop strategy programs

Cash costs of US$18 million were incurred for the continuing integration of commercial operations of sales and marketing teams in the regions. US$30 million were charged to the regions for support function projects, including US$13 million for severance and pension costs and US$17 million of charges for developing and supporting the strategic transition; process re-design; consultancy and advisory services; retention, relocation, and re-training of employees; and project management. US$3 million of costs related to restructuring the organization of the global Research and Development function.

Acquisition and related integration costs

Acquisition and integration cash costs related mainly to uncompleted transactions. Reversal of inventory step-up related to the acquisitions of Maribo Seeds, the Pybas and Synergene lettuce companies and the buy-out of the Greenleaf non-controlling interest. As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the original license contract, 3 years.

Divestment losses were incurred on the divestment of the Fafard peat unit described in Note 4 above.

Other non-cash restructuring and impairment

Impairment charges of US$5 million consist of the write-down of land in the USA that was acquired as part of a business combination.

Six months ended June 30, 2011

Operational efficiency programs

Operational efficiency cash costs of US$33 million were incurred in the regions for the standardization and consolidation of back office operations, including US$7 million of charges for further outsourcing of information systems. US$11 million of other operational efficiency cash costs were incurred mainly for the reorganization of a site in Switzerland and to realize further synergies in Flowers following the acquisitions made during 2007 to 2009. Impairment costs related mainly to the closure of a Flowers site in Germany.

Integrated crop strategy programs

Cash costs were incurred in the regions for launching and initiating the implementation of the global integrated crop strategy and included US$11 million for integration of commercial operations of sales and marketing teams and US$11 million for support function projects. These charges consisted of US$6 million for severance and pension payments and US$16 million of other costs including global project management.

Acquisition and related integration costs

Acquisition and integration cash costs included US$6 million of costs related mainly to the continuing integration of the Goldsmith and Yoder acquisitions in Flowers, and the Monsanto sunflower business. Other costs of US$3 million were for the restructuring of warehousing and distribution in France. Reversal of inventory step-up related to the acquisitions of Maribo Seeds and the Pybas and Synergene lettuce companies.

Divestment gains included gains on the disposal of Syngenta's Materials Protection business to Lanxess AG, and on the disposal of certain assets acquired as part of Monsanto's sunflower business in 2009, as agreed with the European Commission in connection with their approval of that acquisition. The bargain purchase gain resulted from the Maribo Seeds acquisition accounting.

Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs consisted of a write-down in the Professional Products business.

Note 8: Non-cash items included in income before taxes

For the six months ended June 30, (US$ million)	2012	2011
Depreciation, amortization and impairment of:		
Property, plant and equipment	170	163
Intangible assets	149	151
Losses/(gains) on disposal of non-current assets	2	(70)
Deferred revenue and other gains	(22)	(32)
Charges in respect of equity-settled share based compensation	40	31
Charges in respect of provisions	157	66
Financial expense, net	84	67
Losses/(gains) on hedges reported in operating income	7	(102)
Share of income from associates	(2)	-
Total	**585**	**274**

Note 9: Income tax expense

Income tax expense was increased in the first six months of 2011 by US$61 million resulting from a change in prior year estimates related to the taxation of certain licensing transactions. This was offset by recognition of previously unrecognized deferred tax assets in Argentina and Brazil resulting from an increase in expected future taxable profits in these countries.

Note 10: Principal currency translation rates

As an international business selling in over 100 countries and having major manufacturing and Research and Development facilities in Switzerland, the UK, the USA and India, movements in currencies impact Syngenta's business performance. The principal currencies and exchange rates against the US dollar used in preparing the condensed consolidated financial statements were as follows:

		Average six months ended June 30,		June 30,	June 30,	December 31,
Per US$		**2012**	**2011**	**2012**	**2011**	**2011**
Swiss franc	CHF	0.92	0.91	0.96	0.83	0.94
British pound	GBP	0.63	0.62	0.64	0.62	0.65
Euro	EUR	0.76	0.71	0.80	0.69	0.77
Brazilian real	BRL	1.84	1.63	2.02	1.57	1.87

The average rates presented above are an average of the monthly rates used to prepare the condensed consolidated income and cash flow statements. The period end rates were used for the preparation of the condensed consolidated balance sheet.

Note 11: Issuances, repurchases and repayments of debt and equity securities

Six months ended June 30, 2012

During the six months ended June 30, 2012, Syngenta repurchased 13,500 of its own shares at a cost of US$4 million, relating to the share repurchase program announced in February 2012. No treasury shares were reissued except in accordance with Syngenta's share based payment plans disclosed in Note 23 to the 2011 annual consolidated financial statements.

During the six months ended June 30, 2012, Syngenta issued US$750 million in US dollar denominated bonds, comprising a US$500 million bond with a coupon rate of 3.125% and a ten year maturity, and a US$250 million bond with a coupon rate of 4.375% and a thirty year maturity.

Six months ended June 30, 2011

During the six months ended June 30, 2011, Syngenta repurchased 615,500 of its own shares at a cost of US$203 million, of which 309,000 shares are to meet the requirements of share-based payment plans and 306,500 shares related to the share repurchase program announced in February 2011. No treasury shares were reissued except in accordance with Syngenta's share based payment plans.

Note 12: Financial instruments

There were no changes in the classification of financial assets nor any transfers of financial instruments between levels of the fair value hierarchy during the period presented.

Note 13: Commitments and contingencies

Syngenta and attorneys for several community water systems have agreed to settle litigation related to the herbicide atrazine, in order to end the business uncertainty and expense of protracted legal proceedings. The litigation was disclosed under the headings 'Holiday Shores' and 'City of Greenville' in Note 25 to Syngenta's 2011 consolidated financial statements. Syngenta expressly denies any liability and Plaintiffs have acknowledged that they are not aware of any new scientific studies relating to atrazine not already in the public domain. The proposed settlement agreement, which requires court approval, was filed with the United States District Court for the Southern District of Illinois on May 24, 2012. The court's order granting the parties' Joint Motion for Preliminary Approval of the Settlement was issued on May 30, 2012. Water systems joining the class will be eligible for payments from a US$105 million settlement funded by Syngenta. This amount is inclusive of settlement administration costs, escrow and plaintiffs' attorneys' fees and costs. To date, Syngenta has paid US$5 million of the amount into escrow.

Note 14: Subsequent events

No events occurred between the balance sheet date and the date on which these condensed consolidated financial statements were approved by the Board of Directors that would require adjustment to or disclosure in the condensed consolidated financial statements.

ANNEX IV: CONSOLIDATED ANNUAL ACCOUNTS OF DEVGEN PER 31 DECEMBER 2011

deVGen

ANNUAL REPORT 2011

Shaping the field of hybrid rice

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Risk factors

The risks that Devgen believes to be material are described below. However, these risks and uncertainties may not be the only ones faced by Devgen. Additional risks, including those currently unknown or deemed immaterial, may also impair the company's business operations. The risks listed below are not intended to be presented in any assumed order of priority.

Early stage of development

- Devgen's trait research (RNAi technology to achieve in planta resistance against major crops pests and diseases and other non-RNAi based herbicide tolerance, biotic and a-biotic stress) is in pre-field trial stage. The risks at this stage include potential lack of field efficacy and the risk of performance below commercial threshold.

- Devgen's hybrid seed products pipeline carries risks in respect of up-scaling of seed production and upon broad cultivation. Some products may reveal defects typically only noticeable during up-scaling or post-market launch.

- Devgen's nematicide technology has entered the market in the U.S. and in Turkey for respectively peanuts and tomatoes, cucurbits, peppers and eggplant. Additionally, Devgen is working towards regulatory approvals in Southern European countries, the Middle East and Africa for launching its products in these markets for selected crops. Risks remain with respect to efficacy under certain environmental conditions such as soil types and temperature and obtaining the regulatory approval which is not solely dependent on elements controlled by the company (e.g. total use limitations of the active ingredient in the market).

Successful products based on Devgen's technologies will require significant development and investment, including testing, to demonstrate their safety and (cost-) effectiveness prior to their commercialization. Problems frequently encountered in connection with the safety, development and utilization of new and unproven technologies and the competitive environment in which Devgen operates, might limit the ability to develop commercially successful products.

Highly competitive business environment

The agro-biotech industry is characterized by high competition, a changing competitive landscape, rapid technological change and complexity. Devgen's success, as well as the success of any of the companies in the industry, depends on the ability to establish a competitive position with respect to factors as technology, product offering, intellectual property, crop pests and diseases, geographic area, and time to market. There are many established biotechnology and agro-chemical companies with resources greater than Devgen's, as well as research and academic institutions that are actively working in similar areas. Competitors may succeed in reaching the market first or in developing technologies and products that are less costly, more effective or more successful than those which are currently being developed by Devgen.

Seed manufacturers, such as Devgen, compete on the basis of availability of product, product range, product traits, including disease resistance, plant quality and other factors as well as based on price, reputation, availability of marketing and distribution channels, customer service and customer convenience. Seed manufacturers compete for production inputs, such as arable land and contract growers. Further, the introduction of biotechnology has resulted in the entry of various agrochemical companies into the seed industry, thus increasing the competition in the industry. In most segments of the market, the number of products available to the grower is steadily increasing as new products are introduced. As a result, the sector will continuously be faced with new and different competitive challenges. The supply of competing products on the market as well as changes in their pricing can result in reduced sales, in competitive price pressure and in reduced profit margins, which may negatively impact the company's business. Some of Devgen's competitors may have, or are subsidiaries of large international corporations that have, significantly greater resources than those available to Devgen. If a company is unable to compete effectively, including in terms of pricing or providing quality products, its market share may decline, which could have a material adverse effect on its financial condition and results of operations.

Important competitors today are multinational companies like Bayer Crop Science, Pioneer (DuPont), Syngenta, but also local players (India) like Advanta and Nath Seeds. Devgen is not in a position to elaborate on the current status of their pipelines with new products to be launched in the near, medium and / or long term.

The seed business is subject to agricultural risks that could affect the results of operations

– Weather factors, diseases and pests, make operational results relatively unpredictable and can have a material adverse effect on Devgen's business and operating results in any year.

– High seasonality of sales; Devgen continues to incur operating expenses while its revenues may be delayed or reduced.

– The need to accurately forecast and manage seed inventory, the failure of which may result in a shortfall or surplus of seeds, which could harm respectively the growth and the operational result of the business.

– The risk of further intervention by regulatory authorities and governments, who can block or cause delay or extra costs in the sale or import of Devgen's products, can regulate pricing of seeds (both towards the farmers producing the seed for Devgen as well to farmers purchasing the final seed products), order recalls, prohibit the planting of seeds, or review their agricultural policies (e.g. with regard to subsidies).

– Dependency on the stability of a good distribution network and the need to attract additional high-quality dealers.

– Transportation risks.

– Dependency on third parties for growing and processing seeds, which is currently almost entirely outsourced by Devgen, and Devgen's dependency on the commercial rates applied by Devgen's subcontractors for such services.

– Risk of theft of parental lines of seeds, resulting in illegal sales of copycats.

– Risk of product defects in the seeds, which may expose Devgen to a large number of claims by farmers, and this during the same growing season.

– The risk that growers attribute poor crop yields or crop failure to perceived seed defects that may not exist, which could still result in claims against Devgen, negative publicity and a decrease in sales.

– The risk that Devgen's customers are unable to pay their debts to Devgen due to local or other economic conditions.

– The risk that commercial or parental seed stored in one or more of Devgen's seed inventory locations might get damaged and/or become obsolete by reasons out of Devgen's control such as fungal infections, quality loss due to climatic conditions, power shortage at storage locations and so on. Devgen mitigates risks as much as possible with respect to parental seed by storing similar seed at multiple locations. Slow moving inventory items might also become obsolete. Devgen is mitigating this risk as much as possible through appropriate inventory management. Quantities returning from the market (standard practice in the Indian seed market) could be affected by improper storage during this period and result in obsolete material. Proper provision are taken for such risks and strict controls are exercised on the quality of the material which is returned from market. Losses of commercial or parental seed could nevertheless harm the company in the short term without jeopardizing long term plans.

- The risk of Devgen's inability to charge through price increases affecting its production costs into the price charged to the final customer.

The inability to effectively implement growth strategies or manage growth in the agricultural business could adversely affect operation results

As a part of the growth strategy, Devgen is planning to make investments designed to increase sales of its products. In India for example, Devgen is seeking to expand sales of its hybrid rice, sunflower, sorghum and pearl millet seeds. Devgen further envisages expanding its business into other areas of Southeast Asia. This growth strategy involves risks and difficulties, many of which are beyond Devgen's control but which are also applicable to all companies within the sector such as:

- The market for hybrids in these countries does not develop as expected and farmers continue to use inbred varieties.

- Competition is bringing to market new and effective products at a much higher rate resulting in loss of market share for Devgen.

- Multiple years of abnormal weather conditions impacting as well production as sales and resulting in negative cash flows for Devgen.

- Government intervention with respect to banning the introduction of hybrid rice and the pricing of hybrid rice compared to inbred varieties.

- The position countries and governments are taking with the introduction of biotech products in the human food chain.

In addition there can be no assurance that Devgen will be able to complete its plans on schedule or at all, or without incurring additional unforeseen material (capital) expenditures. Any inability on Devgen's part to manage its growth effectively or to ensure the continued adequacy of its current systems to support its growth strategy could have a material adverse effect on its business, results of operations, financial condition and cash flows. Furthermore, if market conditions change or for any other reasons, Devgen may decide to delay, modify or forgo some aspects of its growth strategy.

Dependence on research and development

Devgen is heavily dependent on the success of its research and development and the failure to develop new and improved products could adversely affect its business. While Devgen is at present marketing and selling certain hybrid seed products in India, Indonesia and the Philippines, the continuation and growth of its business in these countries and other regions will to a large extent depend on its ability to regularly increase the quality of its existing products and to enlarge the scope of its product portfolio. Devgen intends to make significant investments in research and development in order to enable it to identify and develop new seeds to meet consumer demands and keep pace with new product introductions by Devgen's competitors. The development process for new varieties of seeds is lengthy and costly. On average, it takes five to eight years for a proprietary seed variety to reach commercial viability. Despite investments in this area, Devgen's research and development efforts may not result in the discovery or successful development of new products. The success of new product offerings will depend on several factors, including Devgen's ability to:

- accurately anticipate and properly identify Devgen's customers' needs and industry trends;

- innovate, develop and commercialize new products and applications in a timely manner;

- differentiate Devgen's products from its competitors' products;

- use its research and development budget efficiently;

- launch new varieties/products on a timely basis; and

- price its products competitively.

Devgen's financial condition could deteriorate if it is unable to successfully develop and commercialize new products.

Negative reaction to the use of genetic technology

Research and development of trait technology by Devgen and commercialization of any potential product resulting from these technologies may depend in part on market acceptance of the use of genetically engineered products and product candidates, including plants and plant products. Furthermore, the use of genetic technology in some of its research and development could generate negative publicity for Devgen and public expressions of concern with respect to genetic technology in general could result in greater governmental regulation. Any of these factors could delay or even prevent the successful development of potential products for which substantial investments have been made by Devgen and may have substantial adverse effect on Devgen.

Devgen relies on intellectual property and failure to protect this property may affect its ability to compete

Devgen generally protects its technology and products (including its germplasm) through a combination of intellectual property rights, including patents, plant variety protection rights and trademarks, where available in each of the countries in which it operates.

Devgen's intellectual property position might be challenged and involve complex legal and factual questions. Devgen will be able to protect its proprietary rights from unauthorized use by third parties only to the extent that its proprietary technologies are covered by valid and enforceable intellectual property rights, in particular patents. Devgen intends to continue to consider to apply for patents covering its technologies where deemed appropriate. However, applications for patent protection may be challenged by the patent office(s) and may not result in issued patents. In addition, others may challenge or invalidate Devgen's patents or may independently develop similar or alternative technologies or products not covered by Devgen's patent rights or design around Devgen's patented technologies. Existing patents and any future patents of Devgen may therefore not be sufficiently broad to prevent others from practicing these technologies or from developing competing products. No consistent policy regarding the breadth of claims allowed in patents covering Devgen's technology and its products relating to plant biotech products has emerged to date. Accordingly, Devgen cannot predict the breadth of claims allowed in its or other companies' patents in this field.

Devgen also relies on trade secrets to protect technology where it believes patent protection is not appropriate or obtainable. However, trade secrets are difficult to protect. While Devgen generally requires employees, collaborators and consultants to enter into confidentiality agreements, it may not be able to adequately protect its trade secrets or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information.

The laws of some of the countries in which Devgen operates may not protect Devgen's intellectual property rights to the same extent as the laws of other countries, or at all. Devgen cannot be certain that the steps it has taken or will take to protect its intellectual property will adequately protect its proprietary rights or that others will not independently develop or otherwise acquire equivalent or superior technology. Furthermore, licensors of intellectual property that Devgen uses may not be able to adequately protect and maintain the value of their intellectual property rights licensed to Devgen. Attempting to protect Devgen's intellectual property, through litigation or otherwise, can be time consuming and expensive, have uncertain results and, in some countries, be ineffective. If Devgen is not ultimately successful in protecting and enforcing its intellectual property rights for any reason, it may experience a material adverse effect on its competitive position and its business.

The lack of available intellectual property protection or a change in law protecting plant patents or plant varieties that could remove any protection for Devgen's patented seeds or protected plant varieties could have a material adverse effect on Devgen's business, results of operations and financial condition, and increase competition or reduce the value of its research and development efforts.

Devgen's success will also depend, in part, on its ability to operate without infringing on or misappropriating the proprietary rights of others. There are many issued patents and patent applications filed by third parties relating to technology, products or processes that are similar or identical to Devgen's or its licensors, and others may be filed in the future. There can be no assurance that Devgen's activities, or those of its licensors, will not infringe patents owned by others. Devgen believes that there may be significant litigation in the industry regarding patent and other intellectual property rights, and Devgen does not know if it or its collaborators would be successful in any such litigation. Devgen could incur substantial costs in any litigation or other proceedings relating to alleged patent infringements and other proprietary rights, even if these are resolved in favor of Devgen. Some of Devgen's collaborators or competitors may be able to sustain the costs of such litigation or proceedings more effectively or for a longer time because of their greater resources. Any failure to protect its intellectual property rights and the costs related to litigations and disputes with respect to intellectual property rights used by Devgen, may have a substantial adverse effect on Devgen's financial conditions and its ability to conduct its business.

Devgen's ability to develop new products, including new seed varieties, may also depend on whether Devgen has the right to use applicable proprietary technologies, such as the licensing of biotech traits, germplasm or basic seed from third parties. Obtaining the rights to use these technologies can be complicated because:

- technologies may be subject to proprietary intellectual property rights, many of which have been patented;

- pending patent applications, overlapping patent claims and litigation over issued patents makes ownership of technologies uncertain; and

- licenses for proprietary technologies may be unavailable on terms acceptable to it or because exclusive rights to use them are given to other companies.

Failure to obtain the rights to use technologies that are important to Devgen's business could have a material adverse effect on Devgen's business, results of operations and financial condition.

Reliance on collaborative partners

The company's ability to generate revenues also depends upon the formation, maintaining, renewal and sustainability of multiple collaborative arrangements and license agreements with third parties. Part of Devgen's revenue from the collaborative and license agreements has been related to the research phase of agreements in the agrochemical field, which revenue is for specified periods and in certain cases is partially offset by corresponding research costs. Following the completion of the research phase of a collaborative or license agreement, additional revenue will depend on the successful development of the technology into products, Devgen's partners' willingness and ability to incorporate the technology licensed from Devgen as well as on the subsequent successful marketing and sale thereof. Collaborators might also pursue alternative technologies or develop alternative products either on their own or in collaboration with others, including Devgen's competitors.

Disagreements with current collaborators, licensees and licensors could develop, collaborators could become competitors in the future and collaborators could preclude Devgen from entering into collaborations with their competitors, all of which could harm Devgen's future agreements, revenues and product development.

A research program which represented 87% of "revenues resulting from research and development services" in 2011 was completed in October 2011. The continuation of the research program representing the other 13% this turnover realized in 2011, is decided on a year by year basis. This program will be continued in 2012.

A description of the contracts with the most important collaborative partners in 2011 is included in Note 23.1 of the consolidated financial statements and Note 1 of the consolidated financial statements contains information on Devgen's major customers.

Natural calamities, political, economic and social developments in the countries where Devgen operates may adversely affect Devgen's business

Currently Devgen has operations in India, Indonesia, the Philippines and other countries and several of Devgen's employees reside and/or travel frequently to these countries.

These countries have experienced various natural calamities such as earthquakes, floods, drought and a devastating tsunami in recent years. The occurrence of such natural disasters could have a negative impact on the economies of these and the adjacent countries, which could adversely affect Devgen.

Dependence on key personnel

Being a relatively young and mid-sized company, Devgen's success depends on the continued contributions of its principal management and scientific personnel and on its ability to develop and maintain important relationships with leading academic institutions, scientists and companies in the face of intense competition for such relationships. In particular, Devgen's research programs depend on its ability to attract and retain highly skilled biologists, chemists and other scientists. If Devgen loses the services of certain personnel, including, in particular, members of its management team, its activities and/or research and development efforts may be seriously and adversely affected.

There can be no assurance that Devgen will be able to retain and where necessary attract such management and personnel on acceptable terms, given the competition for experienced people. Devgen's anticipated growth and expansion calls for additional expertise with regard to breeding, regulatory affairs, manufacturing and marketing, and requires the addition of new management personnel in all regions where Devgen intends to develop and sell its products. The failure to develop such expertise and to attract the needed personnel could have a materially adverse effect on Devgen's prospects for success.

Government regulation

The biotechnology agrochemical and agricultural industries are highly regulated by numerous governmental authorities. These national and international regulatory authorities administer a wide range of laws and regulations governing the research, development, evaluation, testing, approval, manufacturing, import, export, incorporation into subsidy schemes, labeling and marketing of agro-chemicals, seed products and other biotechnology products (e.g. biotech crops) and also review the quality, safety and effectiveness of these products. Furthermore, each regulatory authority may impose its own requirements and may refuse to grant, or may require additional data before granting an approval.

Government regulations thus impose significant costs and restrictions on the development of agrochemicals, seed products and other biotechnology products, including those Devgen is developing.

The time required to obtain regulatory approval varies between territories and no assurance can be given that any of Devgen's products will be approved in any territory within the timescale envisaged, or at all, or that once approved in a territory, the national authority of such territory will authorize the export of the product developed in such territory for commercialization in other countries.

If regulatory approval is obtained, the product and its manufacture will most likely be subject to continuing review and this approval may be withdrawn or restricted. Changes in applicable legislation or regulatory policies, or discovery of problems with the product, or its production process, site or manufacturer, may result in further expenditures, the imposition of restrictions on the product, its sale, its import or export, manufacture or use, including withdrawal of the product from the market.

Devgen's worldwide operations and products are subject to a broad range of environmental, health and safety laws and regulations. These requirements affect Devgen's day-to-day operations, tend to become more stringent over time and may call for changes in Devgen's operations and/or the purchase of new equipment. There can be no assurance that Devgen, and its subcontractors and partners who are handling Devgen materials, have been or will be at all times in complete compliance with all environmental, health and safety (including containment) requirements. Violations could result in penalties, the curtailment or cessation of operations, liability for the consequences of contamination of the environment with genetically engineered products or for cleanup of contaminated environment or property or other sanctions, which could be material. Enactment of new environmental, health and safety laws and regulations, stricter enforcement by regulatory authorities, or the identification of new information could result in significant costs and other liabilities in the future.

No history of operating profitability

Due in large part to significant research and development expenditures, Devgen has not been profitable and has generated operating losses since it was incorporated in 1997. To date, the combined revenue of Devgen and its subsidiaries is insufficient to generate profitable operations. Since its incorporation Devgen has losses carried forward in an amount of approximately € 75.5 million on a consolidated basis. Devgen expects to incur losses for at least the next several years. These losses are likely to increase as Devgen expands its research and development activities, develops and commercializes crop protection products (e.g. nematicides) and hybrid seeds and possibly expands its facilities.

Devgen's business plan contemplates that in term it will generate meaningful revenues from product sales, royalties and licensing agreements. To date, Devgen has not yet received any substantial revenue from royalties, and it is not known when it will receive such revenue, if at all.

Devgen's ability to achieve profitability will depend, among other things, on whether Devgen succeeds in successfully commercializing its crop protection products (e.g. nematicides) and seeds, and whether Devgen or its collaborative partners meet certain contractual milestones, successfully complete the development of a marketable product, obtain regulatory approvals, establish manufacturing, sales and marketing arrangements and raise sufficient funds to finance these activities. It also depends on Devgen's ability to cope with any of the risk factors set out above and elsewhere in this document.

If the time required to generate revenues and achieve profitability is longer than anticipated or if Devgen is unable to obtain the necessary funds, it may not be able to fund and continue its operations. No assurance can be given that Devgen will be able to achieve profitability or that profitability, if achieved, can be sustained.

No dividends

Devgen has not paid any dividends and does not expect to pay dividends on the shares in the foreseeable future. Also, possible further issues of shares may also entail additional dilution. Such dilution may have an impact on the amount of dividends, if any, per share.

Additional financing requirements and access to capital

Devgen might need additional financing in the future to fund its operations. Devgen's operations require and are expected to continue to require significant funding to cover research and development expenses and costs to produce, process, market and sell products.

Per 31 December 2011, the cash position of the group is 44,269 ('000) euro, including 5,718 ('000) euro restricted cash. During 2011, the company realized a negative net operating cash flow of 8,071 ('000) euro; the cash flow from investing activities was -611 ('000) euro over the same period. The cash flow from financing activities was 24,230 ('000) positive in 2011. The cash burn in 2011 amounted to 11,048 ('000) euro.

The situation on the financial markets has been proven to be very volatile and could result in difficulties for Devgen to access these markets. Devgen does not know whether additional financing will be available when needed, or that, if available, it will obtain financing on terms favorable to its shareholders or Devgen. In particular, Devgen's future funding requirements will depend on many factors, including, but not limited to:

- any changes in the breadth of its research and development programs;
- its ability to successfully develop and commercialize seed products, nematicides and other crop protection products;

– the results of research and development by the collaborative partners or licensees of Devgen;

– the ability and willingness of its partners to incorporate technology licensed from Devgen in their products and to subsequently successfully market and sell these products;

– its ability to manage growth;

– the time and costs involved in filing, prosecuting, defending and enforcing patent and intellectual property claims.

If Devgen's business plan or the assumptions thereof change or are inaccurate, it might need to seek additional capital. In this respect, Devgen might seek to raise funds through public or (specifically targeted) private equity offerings. Such offerings could result in dilution the interests of Devgen's current shareholders. If Devgen obtains funds through a bank credit facility or through the issuance of debt securities or preferred shares, this indebtedness or preferred shares could have rights senior to the rights of holders of Devgen's ordinary shares, and the terms could impose restrictions on its operations. To the extent that Devgen raises additional funds through collaboration and licensing arrangements, it may be required to relinquish some rights to its technologies or product candidates, or grant licenses on terms that are not favorable to Devgen. If adequate funds are not available, Devgen may not be able to continue developing its products, or even to continue its business.

Tax legislation

Devgen currently has staff and/or activities in Belgium, Singapore, India, Indonesia, the Philippines and the U.S. Consequently, Devgen is subject to the jurisdiction of a number of tax authorities. Changes in tax legislation could impact the determination of Devgen's tax liabilities for any given tax year and thus adversely affect the operating results.

Furthermore, a substantial part of Devgen's future earnings will be comprised of dividends received from its subsidiaries. Since some of its subsidiaries are overseas companies, Devgen may be subject to double taxation on any dividends paid by those subsidiaries, at the corporate level in the country of operation and at the shareholder level in Belgium.

Currency fluctuations

Devgen is subject to risks of currency exchange to the extent that some of its revenues are received in currencies other than the currencies of Devgen's related costs (mainly USD). Currency fluctuations between the Euro and the other currencies in which Devgen does business could cause foreign currency transaction gains and losses (Indian Rupee, Philippine Peso, Singapore Dollar and the Indonesian Rupiah).

Future dividend payments to Devgen by its overseas subsidiaries will also be subject to foreign currency fluctuations. In such event, Devgen's earnings and the valuation on a consolidated basis may be adversely affected.

In addition, Devgen is subject to the legal and administrative practices related to foreign exchange in the countries outside the Euro zone where it operates, which could change.

Devgen is exposed to international regulatory risks

Devgen's international operations expose it to financial and operating uncertainty and subject it to government laws and regulations that may adversely affect its results of operations and financial condition. There are a number of risks inherent in doing business in international markets, including the following:

– restrictive trade policies;

– inconsistent product regulation or policy changes by local agencies or governments (including inconsistent approaches to genetically modified seeds);

– inconsistent treatment of warranty claims and liabilities;

- inconsistent environmental laws and regulations;
- varying tax regimes, including regulations relating to withholding taxes;
- exchange controls and currency restrictions;
- exposure to expropriation or other government actions;
- political, economic and social instability.

These and other factors may have a material adverse effect on Devgen's business, results of operations and financial condition. Further, the cost of complying with government regulations can be substantial. The regulations applicable to existing and future seed production facilities may change. Devgen is required to obtain various licenses and approvals from different government agencies to continue to sell Devgen's products. There can be long delays in obtaining the required clearances from regulatory authorities in any country after applications are filed. Any failure or delay in obtaining regulatory approvals and licenses and any onerous conditions on such licenses could harm the marketing of any products Devgen develops and its financial results.

Devgen relies on the IT systems in managing its sales, supply chain, production process, logistics, research and development and other integral parts of Devgen's business

Devgen is heavily reliant on its information systems technology in connection with order booking, dealer management, material procurement, research and development, accounting and production. Any failure in Devgen's information technology systems could result in business interruptions, including disruption in its distribution management, the loss of buyers, damaged reputation and weakening of its competitive position, and could have a material adverse effect on Devgen's business, financial condition and results of operations.

Subsidies and grants

Devgen has received and may receive in future subsidies and grants under various research and technology development programs. The granting governments may reduce, stop funding in the future or even re-claim subsidies granted in the past whenever the related conditions are not met by Devgen such as maintaining certain levels of employment within R & D. Furthermore, not all of the granted subsidies may actually be received by Devgen due to strategic choices, changes in Devgen's research programs or the results of the research.

Potential liability

The sale, marketing and use of products of Devgen may expose it to liability claims, specifically in case of unintended sale and use of obsolete products. This could result o.a. in substantial costs for Devgen, a diversion of management attention and curtailments in the commercialization of products. Unlike for its nematicide business, Devgen currently does not have product liability insurance for its seeds business and its inability to obtain sufficient product liability insurance at an acceptable cost could prevent or inhibit the commercialization of agriculture products. Furthermore, Devgen's collaborators may face similar liability claims, which could adversely affect Devgen's collaborations with such parties. While under certain circumstances Devgen is entitled to be indemnified against losses by its corporate collaborators, indemnification may not be available or adequate for Devgen.

Hazardous chemical and biological materials and genetically modified organisms used in research and development activities and operations – insurance risks

Devgen's research and development activities involve the controlled use of potentially harmful biological and chemical materials as well as various radioactive compounds and hazardous materials.

Devgen may commence at some point with field trials with genetically modified plants which despite strict containment measures carry a risk of involuntary release to the environment.

Furthermore Devgen uses pesticides and other hazardous materials in the operation of its business. Some of its products itself can be considered hazardous to some extent (nematicides).

Devgen is subject to laws and regulations governing the use, storage, handling and disposal of these materials and their waste products, which may change.

The cost of compliance with, or any potential violation of, these laws and regulations could be significant. Although Devgen believes that it complies with the applicable laws and regulations and the industry standards, Devgen cannot completely eliminate the risks related to the use, storage and disposal of these materials, which may result in personal, property or environmental damage. Devgen could be forced to suspend or close down its operations, be subject to civil or criminal penalties and/or held liable for the damages associated with the improper application, accidental release or the use or misuse of these substances, which liability could exceed its resources.

While Devgen has contracted insurance policies against these liabilities and believes that it maintains insurance coverage in amounts consistent with industry norms, these policies do not cover all risks and are subject to exclusions and deductibles. Devgen will seek further coverage in this respect in line with developments of its research programs. However it cannot be guaranteed that Devgen's insurance policies will adequately cover all damages and liabilities. If Devgen suffers a large uninsured loss or any insured loss suffered by Devgen significantly exceeds Devgen's insurance coverage, Devgen's financial condition and results may be materially affected.

Finally there is no guarantee that insurance policies will continue to be available at a price or under terms that are satisfactory to Devgen.

1. Introduction

Annual report 2011

This annual report is a registration document in accordance with article 28 of the Belgian Act of 16 June 2006 relating to public offerings of securities and the admission for trading on a regulated market. The English version of this annual report has been approved by the Financial Services and Markets Authority according to article 23 of the aforementioned Act.

Language of this annual report

Devgen has prepared its annual report in English. Devgen has also made a translation in Dutch of this annual report. Both the English version and the Dutch version of the annual report are legally binding. Devgen has verified and is responsible for the translation and the conformity of both versions.

Availability of the annual report

The annual report is available to the public free of charge upon request to:

Devgen – Investor Relations
Technologiepark 30
B-9052 Ghent - Zwijnaarde
Belgium

Phone +32 9 324 24 24
Fax +32 9 324 24 25
E-mail ir@devgen.com

The annual report is also available on the website of Devgen (www.devgen.com).

Forward looking statements

This document may contain forward-looking statements containing the words “anticipates”, “expects” , “intends”, “plans”, “estimates”, “may” and “continues” as well as similar expressions. Such forward-looking statements may involve known and unknown risks, uncertainties and other factors which might cause the actual results, performance or achievements of Devgen to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: agricultural risks and difficulties, including weather factors, diseases and pests, the costs and requirements of regulatory compliance and the speed with which approvals are received; public acceptance of biotechnology products; political, economic and social developments in countries where Devgen operates and other risks and factors detailed in the company’s most recent annual report.

These forward looking statements speak only as of the date of publication of this document. Devgen disclaims any obligation to update such forward looking statements in this document to reflect any change in its expectations, conditions or circumstances on which such statement is based, unless required by law or regulation. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any securities issued by Devgen NV.

All statements are made and all information is provided as of 31 December 2011, except when explicitly mentioned otherwise.

2. Persons responsible for the content of the registration document

The Board of Directors of Devgen (see chapter 11.4), assumes responsibility for the content of this registration document. The Board of Directors declares that having taken all reasonable care to ensure that such is the case, the information contained in this registration document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its content.

3. Statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises, a civil company, having the form of a cooperative company with limited liability *("coöperatieve vennootschap met beperkte aansprakelijkheid/ société coopérative à responsabilité limitée")* organized and existing under the laws of Belgium, with registered office at Berkenlaan 8b, 1831 Diegem, Belgium (IBR: B-00025 - 1986), represented by Mr. Gert Vanhees, of Belgian nationality, having his domicile at Berkenlaan 8b, 1831 Diegem, Belgium has been elected as statutory auditor of Devgen for a term of three years ending immediately after the closing of the General Shareholders' meeting to be held in 2013 that will have deliberated and resolved on the financial statements for the fiscal year ending on 31 December 2012.

4. Selected financial information

4.1. Income statement

in € 1,000	2011	2010	2009
Revenues	**25,493**	**20,735**	**18,524**
Research and development services	10,412	12,463	9,170
Sales of goods	15,081	8,284	9,149
Government grant income	-	-12	205
Cost of goods sold	-13,477	-8,711	-5,942
Gross profit	**12,016**	**12,024**	**12,582**
Marketing and distribution expenses	-4,376	-4,543	-4,315
Research and development expenses	-8,126	-8,453	-10,086
General and administration expenses	-6,213	-6,071	-6,289
Other operating income and expenses	398	852	170
Operating profit / (loss)	**-6,301**	**-6,191**	**-7,938**
Financial income	836	262	271
Financial expenses	-1,545	-1,196	-852
Profit / (loss) before taxes	**-7,010**	**-7,126**	**-8,519**
Income taxes	-38	-16	-
Net profit / (loss) for the year from continuing operations	**-7,048**	**-7,141**	**-8,519**
Profit / (loss) for the year from discontinued operations	-	-	-133
Profit / (loss) for the period	**-7,048**	**-7,141**	**-8,651**
Profit / (loss) for the period attributable to			
Shareholders of the parent company	-7,048	-7,141	-8,651
Minority interest	-	-	-
Losses per share (in €)	**2011**	**2010**	**2009**
Basic loss per share	-0.30	-0.36	-0.45
Diluted loss per share	-0.30	-0.36	-0.45

4.2. Comprehensive income statement

in € 1,000	2011	2010	2009
Profit / (loss) for the period	-7,048	-7,141	-8,651
Currency translation resulting from foreign transactions	121	186	-148
Total comprehensive income / (loss) for the period	**-6,927**	**-6,954**	**-8,799**

4.3. Balance sheet

in € 1,000	2011	2010	2009
ASSETS			
Goodwill	7,855	7,855	7,855
Intangible assets	4,812	5,274	6,548
Property plant and equipment	2,473	3,157	2,709
Building held under lease	4,889	6,470	6,670
Investment property	2,406	1,088	1,158
Deferred tax assets	-	-	16
Cash restricted in its use	5,718	5,866	5,603
Other financial assets	500	500	-
Other long term loans and receivables	324	293	210
Non-current assets	**28,975**	**30,504**	**30,769**
Inventory	2,546	4,939	2,369
Biological assets	2	24	19
Grants receivables	-	-	334
Trade receivables	2,666	3,651	3,901
Other current assets	1,291	1,512	2,437
Cash and cash equivalents	38,551	22,953	40,159
Assets classified as held for sale	-	-	63
Current assets	**45,056**	**33,079**	**49,282**
TOTAL ASSETS	**74,031**	**63,582**	**80,051**

in € 1,000	2011	2010	2009
EQUITY AND LIABILITIES			
Share capital	1,820	1,476	1,475
Share premium account	128,526	102,275	102,190
Translation reserves	491	370	185
Share-based payment	5,309	4,843	4,437
Accumulated losses	-75,456	-68,407	-61,272
Equity attributable to equity holders of the parent	**60,689**	**40,557**	**47,015**
Total equity	**60,689**	**40,557**	**47,015**
Provisions	67	52	48
Deferred tax liabilities	-	-	-
Long term debt	-	104	1
Long term debt lease	5,960	6,341	6,700
Non-current liabilities	**6,028**	**6,497**	**6,749**
Current portion of long term debt	104	104	132
Current portion of lease building	381	359	338
Short term debt	69	1,452	1,530
Trade payables	2,566	3,390	4,924
Current tax liabilities	-	-	-
Prepayments	2,805	2,864	3,042
Other current liabilities	1,330	1,422	1,088
Deferred income	59	6,937	15,233
Total current liabilities	**7,313**	**16,528**	**26,287**
TOTAL EQUITY AND LIABILITIES	**74,031**	**63,582**	**80,051**

4.4. Cash flow statement

in € 1,000	2011	2010	2009
Cash flow from operating activities			
Operating profit / (loss)	-6,301	-6,191	-7,938
Income taxes paid	-69	16	-
Depreciation of tangible and intangible fixed assets	1,742	2,270	2,061
(Profit) / loss disposal on property, plant and equipment	46	-470	-162
Share-based payment expenses recognized as costs	466	406	1,188
Gross operating cash flow	**-4,116**	**-3,969**	**-4,851**
Changes in trade receivables	1,116	250	-1,435
Changes in inventory	2,545	-2,575	-1,426
Changes in trade payables	-824	-1,534	1,325
Other changes in net working capital	-6,792	-6,379	17,392
Net operating cash flow	**-8,071**	**-14,207**	**11,005**
Cash flow from investing activities			
Investments in development expenses	-300	-	-
Investments in intangible assets	-27	-	-
Investments in property, plant and equipment	-284	-1,125	-1,666
Proceeds from sales of property, plant and equipment	-	10	212
Cash flow from investing activities	**-611**	**-1,115**	**-1,454**
Cash flow from financing activities			
Net financial result	-709	-934	-581
Proceeds from issuance of long-term debts	-	207	105
Principal debt payments	-1,657	-503	-1,330
Net proceeds from capital increases	26,596	86	14,064
Cash flow from financing activities	**24,230**	**-1,144**	**12,258**
Net effect of currency translation on cash and cash equivalents	-97	-478	-264
Net increase / (decrease) in cash and cash equivalents	**15,451**	**-16,943**	**21,544**
Cash and cash equivalents at beginning of period (1)	**28,819**	**45,762**	**24,218**
Cash and cash equivalents at end of period (1)	**44,270**	**28,819**	**45,762**

(1) Balance includes cash restricted in its use classified as non-current assets.

4.5. Consolidated statement of changes in shareholders' equity

in € 1,000 except number of shares	Number of shares	Capital	Issuance premium	Accumulated loss	Share-based payment expenses	Cumulative translation adjustment	Equity attributable to equity holders of the parent
Balance at 1 January 2009	**17,890,609**	**1,342**	**88,260**	**-52,621**	**3,249**	**333**	**40,563**
Net Loss for 2009				-8,651			-8,651
Other comprehensive income						-148	-148
Capital increases through issue of new shares	1,753,339	133	13,926				14,059
Capital increases through exercise of warrants	5,003		4				4
Share-based payment					1,188		1,188
Reserve							-
Balance at 31 December 2009	**19,648,951**	**1,475**	**102,190**	**-61,272**	**4,437**	**185**	**47,015**
Net Loss for 2010				-7,141			-7,141
Other comprehensive income						186	186
Capital increases through issue of new shares							-
Capital increases through exercise of warrants	27,691	1	84				85
Share-based payment					406		406
Liquidation Biodev				7			7
Reserve							-
Balance at 31 December 2010	**19,676,642**	**1,476**	**102,275**	**-68,407**	**4,843**	**370**	**40,557**
Net Loss for 2011				-7,048			-7,048
Other comprehensive income						121	121
Capital increases through issue of new shares	4,584,549	344	26,234				26,578
Capital increases through exercise of warrants	5,209		18				18
Share-based payment					466		466
Reserve							-
Balance at 31 December 2011	**24,266,400**	**1,820**	**128,527**	**-75,456**	**5,309**	**491**	**60,690**

5. Information about Devgen

5.1. General information

5.1.1. Legal and commercial name of Devgen

Devgen NV

5.1.2. Place of registration of Devgen and its registration number

Devgen is registered in Ghent (Belgium) under company number 0461.432.562.

5.1.3. Date and country of incorporation and the length of life of Devgen

Devgen was incorporated in Belgium on 10 September 1997, for an indefinite period of time.

5.1.4. Domicile and legal form of Devgen, the legislation under which Devgen operates, and its address and telephone number of its registered office (or principal place of business if different from its registered office)

Devgen has the legal form of a public limited liability company *("naamloze vennootschap – NV / société anonyme – SA")* and operates under the laws of Belgium.

The company's domicile and registered office is located at:

Technologiepark 30,
B-9052 Zwijnaarde (Ghent)
Belgium
Phone: +32 9 324 24 24
Fax: +32 9 324 24 25

5.1.5. Mission and company profile

Devgen's mission is to shape the field of hybrid rice in India and Southeast Asia and help farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals.

Devgen uses advanced biotechnology and molecular breeding technology to develop the Next Generation Hybrid Rice (NGHR^{TM}) seeds and crop protection solutions with a superior environmental profile:

- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.

- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.

- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

- In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes. This product is currently sold in Turkey and was recently introduced on the market in the U.S.

- Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling around 250 staff.

5.2. Important events in the development of Devgen's business

Date	Milestone
September 1997	Devgen is founded and raises in December 1997 € 1.92 million through a private placement.
April 1998	Devgen enters into a one-year collaboration with Janssen Pharmaceutica, a subsidiary of Johnson & Johnson.
August 1998	Devgen raises € 5.55 million through a private placement.
October 1999	Devgen raises € 23.0 million through a private placement.
November 1999	FMC Corporation and Devgen announce a non-exclusive insecticide discovery agreement.
July 2000	Devgen raises € 6.3 million in a follow-on round of financing. As a result, total investment amounts to 36.8 million.
June 2001	Devgen strengthens its diabetes research via collaboration with Metabolex in the US. The two companies work successfully together to identify the mode-of-action and activity of novel compounds for diabetes.
September 2001	Devgen and FMC Corporation announce the extension of their collaboration in the field of insecticide discovery. Devgen enters into an expanded five-year non-exclusive collaboration with FMC Corporation in the field of insecticide discovery.
February 2002	Devgen completes the first C. elegans genome-wide RNAi feeding library as a tool for high throughput identification and validation of drug and pesticide targets.
July 2002	Devgen announces a target validation collaboration with Genentech to validate the function of novel drug targets.
May 2003	Devgen and Sumitomo Chemical Company announce a three-year crop protection research collaboration to develop novel insecticides.
December 2003	Devgen enters in a collaboration relating to nematode control with Pioneer Overseas Corporation.
February 2004	Devgen and an undisclosed pharmaceutical company initiate a collaboration to investigate the role of candidate targets in signaling pathways.
February 2004	Incorporation of Devgen Private Limited, a fully owned Devgen subsidiary based in Singapore, focusing on control of fungal disease in plants.
May 2004	Devgen enters into a collaboration in insect control with Monsanto Company.
June 2004	Devgen successfully completes a nutraceuticals program with an undisclosed party designed to evaluate potential nutrient additives for weight control in animals.
June 2005	Devgen raises € 33.7 million in successful IPO.
September 2005	Devgen presents positive nematicide field trial results.
June 2006	Devgen and Sumitomo announce extension of crop protection collaboration.
July 2006	Devgen starts rice breeding activities in Kenya.
February 2007	Devgen and Monsanto Company announce a research and technology agreement.
February 2007	Devgen raises € 31 million through a private placement.
March 2007	Devgen announces positive outcome of 2006 season of nematicide field trials.
October 2007	Devgen acquires the rice, sunflower, sorghum, and pearl millet business in India and other Asian countries from several Monsanto Company affiliates.

Date	Milestone
May 2008	Devgen finalizes the trials for the first registration dossiers compilation of its candidate nematicide product in key geographies.
November 2008	Devgen concludes first seed sales season in India.
December 2008	Devgen closes down its pharma division.
March 2009	Devgen NV and Sumitomo Chemical Company renew their agrochemical compound discovery agreement.
April 2009	Devgen and Monsanto Company update their research and technology agreement; Devgen receives payment of € 20 million.
13 May 2009	Devgen & Leads Agri sign agreement for distribution of Devgen's hybrid rice seed products in the Philippines.
22 Jul 2009	Devgen and Sang Hyang Seri announce hybrid rice production cooperation in Indonesia.
7 Aug 2009	Devgen NV and its partner for Turkey, Dogal A.S., receive regulatory approval for Devgen's nematicide product in Turkey and launch the product under the brand name Devguard® for use on tomato and cucumber under protected cover.
1 Oct 2009	Devgen NV (Euronext, Brussels: DEVG) completes successful private placement.
13 Oct 2009	Devgen NV and PT (Persero) Sang Hyang Seri obtain registration approval of two hybrid rice varieties in Indonesia.
30 Oct 2009	Devgen NV and Dogal A.S. receive regulatory approval in Turkey for the use of Devgen's nematicide product Devguard ® in eggplant and pepper.
26 Nov 2009	Devgen & Leads Agri announce the launch of Masuwerte ™, Devgen's first hybrid rice seed product for the Philippines.
15 Dec 2009	Devgen technology delivers a premium pearl millet hybrid for hot and dry environments in India.
31 March 2010	Devgen and IRRI form a partnership for the development of drought-tolerant rice hybrids to the benefit of the Asian rice farmers.
19 May 2010	Devgen launches its nematicide in the U.S. under the brand name Enclosure® for use on peanut.
4 May 2010	Devgen launches a new premium hybrid rice, Frontline Gold RH 1531, to meet the increasing demand for hybrid rice in India.
17 June 2010	Devgen and PT (Persero) Sang Hyang Seri sign a memorandum of understanding on the introduction of biotech rice in Indonesia.
16 November 2010	Devgen and PT (Persero) Sang Hyang Seri launch DG 1 SHS on the market in Indonesia.
25 March 2011	Devgen NV appoints Cheminova as distributor in Southern Europe for its nematicide Devguard®.
4 April 2011	Devgen NV successfully completes a private placement for a total amount of € 26.8 million.
13 April 2011	Devgen and SHS celebrate with the National Outstanding Farmers Association the positive customer feedback of their hybrid rice DG 1 SHS in Indonesia.
1 June 2011	Devgen strengthens its Board of Directors.
17 June 2011	Devgen and Vikram Seeds sign a cross-distribution agreement.
July 2011	Multi-location trials in India, the Philippines and Vietnam with new and proprietary hybrid rice varieties based on NGHR-technology.
28 February 2012	Devgen successfully expands its hybrid pearl millet seeds portfolio in India.
28 February 2012	Devgen starts sales of two new hybrid rice seeds in India.

5.3. Investments

Intangible assets

The intangible assets on 31 December 2011 amounted to € 4,812 ('000), mainly consisting of intellectual property, know-how and relating rights acquired through a business combination in 2007. The gross book value of those intangibles assets amounted to € 9,591 ('000), with a remaining carrying amount of € 4,451 ('000) per 31 December 2011.

Per 31 December 2011, the material individual intangible assets are (in '000 €):

Individual assets	Carrying amount per 31 December 2011
Technical know-how	2,539
Trademarks	1,092
Vendor relationship	541
Copyrights	172

The other intangible assets relate to a portfolio of technical know-how sublicenses, licenses, vendor relationship rights, non-compete fees and copyrights.

No intangibles are restricted or pledged or classified as held for sale.

Property, plant and equipment

The property, plant and equipment at 31 December 2011 amounted to € 2,473 ('000). The investments in property, plant and equipment over the past 3 years were respectively € 284 ('000) in 2011, € 925 ('000) in 2010 and 1,666 ('000) in 2009.

Per 31 December 2011, the carrying amount of the property, plant and equipment is composed of the following main categories (in '000 €):

Main categories	Carrying amount per 31 December 2011
Land	101
Building	622
Machinery, equipment and furniture	1,755

Per 31 December 2011, there are no individual material assets within property, plant and equipment.

Building held under lease

The building held under lease fully relates to the building located in Ghent (Belgium). Per 31 December 2011, the carrying value of this asset amounts to € 4,889 ('000).

Investment property

The investment property relates to the portion of the building held under lease which is subleased to third parties. The carrying value of the investment property amounts to € 2,406 ('000) per 31 December 2011.

5.4. Legal proceedings

The company is not, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware) during the 12 months preceding the date of this registration document which may have or has had in the recent past significant effects on the financial position or profitability of Devgen.

5.5. Significant change in the financial or trading position of Devgen since 31 December 2011

No significant changes except for the exercise of warrants during the semi-annual exercise period between 16 and 31 March 2012.

6. Business overview

6.1. General

The world faces a multitude of challenges to feed its growing population. Despite major efforts, the number of poor and hungry people continues to increase. The economic and food crises of the past years have worsened this trend.

The global population is growing and is expected to exceed 9 billion people by 2050[1]. Meanwhile, the availability of arable land per person is decreasing worldwide. Labor is becoming a scarce input factor for both industry and agriculture. Water availability required for agriculture decreases whilst water usage per capita increases.

To meet the needs of a growing population, food production must increase by 70% by 2050. 80% of this increase must come from increasing the productivity of existing arable land[2]. Despite this growing need, investment in innovative agricultural technologies that could increase yields has been limited during the past decade and the gap between productivity growth and population growth has been widening.

It is now widely recognized that renewed and increased investment in food and agricultural technology is urgently required. However, the traditional agricultural sector and governments have been struggling to adequately respond to these challenges and are now increasingly looking for innovative new technologies to help tackle the problem.

6.2. Devgen

Devgen is an agro-biotech company developing and commercializing hybrid seeds and crop protection solutions. Its mission is to shape the field of hybrid rice in India and Southeast Asia and help farmers meet the productivity increases needed to grow more food on less land using less water, labor and agrochemicals. To achieve this goal Devgen is using its advanced molecular breeding and biotechnology research platforms to develop proprietary hybrid and Next Generation Hybrid Rice (NGHR™) seeds as well as biotechnology based crop protection solutions.

Devgen's improved NGHR™-varieties are expected to offer farmers significant performance benefits over existing varieties, including substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste. NGHR™-seed is a key value driver for Devgen and has the potential to transform the company into a leading supplier of hybrid rice seed in India and Southeast Asia upon its launch in 2014.

Devgen expects to be well placed to commercialize its NGHR™-seed due to the strength of its current hybrid seed business which provides good market access across India and parts of Southeast Asia. Devgen's existing hybrid rice business is centered on a number of premium seeds which offer advantages to farmers over traditional varieties. This product portfolio has allowed Devgen to

[1] *Source: The Economist, 24 February 2011.*

[2] *Source: FAO, The State of Agricultural Commodity Markets 2009.*

establish a significant presence in India and in Indonesia. Whilst further establishing its presence in the Philippines Devgen is now looking to expand its market access to other important rice producing countries in Southeast Asia such as Vietnam.

In India, Devgen complements its hybrid rice business through the production and sale of proprietary hybrid seeds of three other geographically and seasonally complementary crops: pearl millet, sorghum and sunflower. Seeds are sold through a network of more than 600 distributors and approximately 20,000 retailers across India. Devgen also leverages its marketing and sales platform in India to distribute hybrid cotton seeds in-licensed from a third party.

Anticipating the need to increase insect resistance and drought/heat tolerance in rice seed to a level that is beyond what can be achieved with traditional breeding, Devgen is also developing a portfolio of biotech traits using its own technology as well as in-licensed technologies.

Devgen has successfully developed a novel nematicide, an agrochemical product that protects crops from damage by parasitic nematodes. It offers a superior environmental and worker exposure profile compared to other currently marketed nematicides, many of which are under significant regulatory scrutiny and cannot be used throughout the growing season. This product is currently sold in Turkey and was introduced on the market in the U.S. for use on selected crops, while in Southern Europe pre-launch activities have been completed successfully.

Devgen now combines a portfolio of first class hybrid seed products, market access in India and Southeast Asia, advanced plant breeding capabilities and a cutting-edge technology platform.

6.3. Devgen's strategy: build the next generation of hybrid rice

6.3.1. Rice productivity

With a population of nearly 4 billion, Asia is the world's most populous continent, accounting for around 60% of the global population. Rice is Asia's most important food crop providing as much as half of the region's total food calories. Worldwide the crop is grown on 160 million hectares, 90% of which is situated in Asia.

Asia's population is forecasted to rise to close to 5 billion by 2025. However, due to the increasing demands of industrial and urban development, it is very unlikely that the agriculture land area is going to grow and keep pace with the population growth.

It is estimated that by 2025 around one third more rice will need to be produced in Asia against a backdrop of land, labor and water shortages. To meet this challenge increasing efforts are being made by many countries in Asia to improve the productivity of rice growing through the deployment of advanced technologies and modern agricultural techniques.

6.3.2. Hybrid rice

To help address this problem Devgen is developing Next Generation Hybrid Rice (NGHR™) seeds for Indian and Southeast Asian markets. NGHR™ is expected to greatly improve rice growing productivity by offering farmers significantly higher yields and, used in combination with modern agronomy, is expected to require less water, labor and agrochemicals.

Hybrid rice has already been successfully adopted in China (60% hybridization), while in India and the rest of Southeast Asia the hybrid rice market is still under developed. This is principally because the current generation of hybrid rice varieties does not provide sufficient yield increase over elite non-hybrid varieties and lacks grain quality, a desirable taste, milling quality and other agronomic properties such as drought tolerance.

	Area (in million hectares)	% hybrid rice	Annual production (in million tons of rice)
China	29	60	193
India	44	3.5	148
Indonesia	12	3.5	60
Bangladesh/Nepal	12.5	<1	47
Vietnam	7.5	8	39
The Philippines	4.4	4.5	16
Myanmar	8	-	30
Thailand	11	-	32
Total Worldwide	**160**		**650**

6.3.3. Next Generation Hybrid Rice

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice using its advanced molecular breeding platform to deliver Next Generation Hybrid Rice (NGHR™) seeds. The company's advanced NGHR™ breeding platform is showing to be considerably more efficient than hybrid rice technology currently in the market in India and Southeast Asia.

Devgen's improved next generation varieties are expected to offer farmers significant performance advantages over existing varieties, including substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste.

NGHR™ is a key value driver for Devgen and has the potential to transform the company into a leading supplier of hybrid rice seed in India and Southeast Asia. The uptake of NGHR™-seed is likely to significantly improve the income and quality of life of farmers and benefit Devgen through a lower cost of goods.

When launched, Devgen's breakthrough NGHR™-varieties could offer farmers a step change in performance over existing hybrid and non-hybrid varieties helping to raise their incomes and improve their overall quality of life.

In 2011, Devgen's researchers in India and the Philippines produced hundreds of new and proprietary hybrid rice varieties based on NGHR™-technology. These were then tested during the July 2011 rice-growing season in multi-location trials in India, the Philippines and Vietnam. The data analysis identified a substantial number of NGHR™-varieties that in these trials gave a more than 20% yield advantage over the best conventional varieties and a more than 10% yield advantage over the current-best hybrid rice varieties in the market.

Historical examples in many crops (such as cotton, corn and sorghum) have shown that the majority of farmers only choose to plant hybrid varieties instead of conventional varieties once they offer a yield advantage of 20% or more. A substantial number of Devgen's NGHR™-varieties now reach this commercial breakthrough threshold. Devgen is therefore confident that it is on track to deliver hybrid rice varieties that have the potential to fundamentally change the farmer's economics and to drive the adoption of hybrid rice varieties in India and Southeast Asia.

The best performing NGHR™-varieties identified in the 2011 season are undergoing seed production research and are scheduled to enter multilocation performance trials in the planting season which starts in mid-2012. In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production and market entry through large-scale farmer trials in July 2013. First sales of NGHR™-seeds are targeted for 2014.

Upon launch the widespread adoption of NGHR™ is expected to help to sustainably provide the productivity increases that India and Southeast Asia need to feed a growing population using less land, water, labor and agrochemicals.

6.4. Seed business in India and Southeast Asia

Devgen started its seed business in 2008 after acquiring certain seed assets in hybrid rice, sorghum, pearl millet and sunflower in India and the Philippines. Its seed business has grown consistently since then and in 2011 generated revenues of € 15.1 million through sales of premium hybrid products across India, Indonesia and the Philippines and the distribution of cotton seed in India.

Regulatory approval

Country specific regulations apply for the development, testing and commercialization of seed products. These regulations may also govern genetic exclusivity, environmental concerns, product viability, performance and labeling. Seed companies must generally comply with each country's quality standards for seed products before they can do business. Some countries only allow so called "notified" products, having gone through the approval process, to be introduced in subsidy schemes while other products can be sold without prior approval. Export transactions require phytosanitary certification and sometimes prior in-country inspection of seeds to prevent the spread of plant diseases post import.

6.4.1. Hybrid rice in India and Southeast Asia

Devgen expects to be well placed to commercialize its NGHR™-seed due to the strength of its current seed business which provides good market access across India and parts of Southeast Asia.

Devgen's hybrid rice business in India and Southeast Asia is centered on a number of premium rice hybrid seeds which offer advantages to farmers over traditional varieties. This product portfolio has allowed the company to establish a significant presence in the hybrid seed segment of these markets ahead of the launch of NGHR™-seeds in 2014.

The strength of Devgen's market access was evident in 2011 when it achieved an over 40% volume increase in the sales of hybrid rice seeds versus 2010. Investments in 2011 have led to a further strengthening of Devgen's product portfolio with new hybrid rice seed products set for launch in India, Indonesia and the Philippines in 2012 and a number of products selected for national registration trials in Vietnam in preparation for expected launch in 2014.

These steps pave the way for further expansion of Devgen's seed business in 2012.

Hybrid rice in India

Devgen currently holds an estimated top three position in the Indian private hybrid rice market. The total hybrid rice market in 2011, including the subsidized channel (30%) represents a volume of 22,000 tons of seed with approximate market value of € 50 million. Devgen is active in this market through the sale of five premium first-generation hybrid seeds that offer performance advantages to farmers over non-hybrid rice with respect to yield, taste, drought tolerance and suitability for mechanized seeding and harvesting.

Products	Year of market introduction
Frontline RH257	2008
Frontline RH664	2008
Frontline Gold	2011
Frontline RH1422	2011
Ganga	2011

The potential volume of this market when adaptation of hybrid seeds sets through, amounts to between 300 and 400,000 tons of hybrid rice seed or around 15 times the current market size in volume.

Devgen has state-of-the-art rice breeding, testing, production and sales and marketing capabilities in India. The company plans to bring further new and improved current generation hybrid rice products to the market as it prepares for the launch of NGHR™-seeds in 2014.

In 2011, Devgen saw the successful conclusion of farmer trials of two new premium hybrid rice varieties. During these trials, Devgen's new hybrid rice varieties were grown in several hundred locations across key rice markets in India's Eastern states. Over 125,000 farmers visited the sites as part of the pre-launch marketing campaign. The farmers who conducted the tests and those who visited the fields gave highly positive feedback on yield, grain quality and plant type substantially validating the market potential of these new, improved hybrid rice varieties. In addition, extensive seed production trials showed that these new products have improved production efficiency over current hybrid seed products, hence an expected lower cost of goods and reduced production risk. Sales of these 2 new products are planned to start in the planting season that begins in May 2012.

Hybrid rice in Indonesia

In Indonesia, Devgen distributes and sells its hybrid rice products, DG 1 SHS and DG 2 SHS, in partnership with the government owned seed company Pt Sang Hyang Seri (Persero). In 2011, DG 1 SHS and DG 2 SHS were distributed in Indonesia's 10 key rice growing markets across Sumatera, Java and Sulawesi and were enthusiastically welcomed by farmers. Both hybrids combine a substantial improvement in yield with the taste profile desired by Indonesian consumers and are on track to become leading hybrid rice products in the country's 12 million hectare rice market. In 2012, Devgen plans to introduce DG 5 SHS, another current generation hybrid which is specifically well adapted to the subtropical climate prevailing in Indonesia. When adaptation of hybrid seeds sets through, the potential seed volume of this market equals more than 100,000 tons.

Hybrid rice in the Philippines

In the Philippines, about 220 thousand of the 4.4 million hectares of rice acreage is currently planted with hybrid rice. Total potential market volume if hybrid seed becomes widely adopted is over 33,000 tons of seed.

Since 2009 Devgen has been producing and selling Masuwerte™, a high-yielding, long-grain hybrid rice that is distributed through Leads Agri, a leading supplier in the country for crop protection products.

Devgen's research station in the Philippines is an important contributor to both the development of new current generation and NGHR™-seeds.

In 2011, Devgen obtained registration for three new hybrid rice products. These seeds are planned to be launched in the Philippines in 2012 under the Frontline brand and have the potential to offer farmers superior yield and grain quality versus currently grown conventional and hybrid varieties.

Hybrid rice in Vietnam

In Vietnam, Devgen has a pipeline of promising hybrid rice varieties that have been selected for provincial and national registration trials in 2011. The first hybrid rice products are expected to reach the market in 2014 followed by NGHR™-seed in the seasons afterwards.

6.4.2. Counter season crops in India

As rice is a seasonal crop in India that is in general only planted once a year, Devgen complemented its rice seed business through the production and sale of hybrid seeds of three other geographically and seasonally complementary crops: sorghum, pearl millet and sunflower. This allows Devgen to make optimal use of its sales and marketing team. It also guarantees a year-round presence in this market allowing the sales team to optimally support the farmer community.

Sorghum, pearl millet and sunflower together are planted on 20 million hectares in India.

In 2011 Devgen also leveraged its market and sales capabilities to act for the first time as a distributor of cotton seed throughout India.

Hybrid sorghum

Sorghum is an important cereal crop in India as it requires significantly less water than other cereals making it ideal for cultivation in dry areas. In India sorghum is grown on 8 million hectares of land.

Devgen is the leading producer of premium hybrid sorghum seed grown by farmers during the Indian summer (Kharif) season from June to October (2.5 million hectares). Devgen further strengthened its position in 2011 with strong growth of its existing portfolio specifically aimed at this market segment.

In 2011, Devgen also launched Mahalaxmi Shubhra, a new hybrid sorghum product for the so far non-hybridized Rabi (winter) sorghum market which accounts for 5.5 million hectares or more than two thirds of the total sorghum market. This new product has the potential to offer growers, for the first time, a hybrid variety with equivalent grain quality and taste to traditional Rabi sorghum varieties, whilst providing a significant grain and fodder yield advantage. The introduction of Mahalaxmi Shubhra therefore has potential to more than double the size of the overall Indian hybrid sorghum market with an estimated potential market volume of more than 30,000 tons of seed.

In total Devgen realized a year–on–year volume growth of 30% in hybrid sorghum seed sales.

Devgen is also working on the conversion from variety to hybrids of the domestic fodders sorghum market, a market which is so far almost exclusively making use of varietal non-hybrid seeds. A volume growth of 40% for fodder sorghum was achieved in 2011.

Hybrid pearl millet

Pearl millet is grown in India on 10 million hectares annually. Like sorghum, pearl millet is ideally suited for dry areas.

Devgen is currently a top ten player in the Indian hybrid pearl millet market. In 2011 Devgen achieved a 12% volume increase in hybrid pearl millet seed sales.

Devgen also successfully completed the first sales season of Atheeva, its first hybrid pearl millet seed adapted to all pearl millet growing areas in India and grown during the Kharif (summer) season. In its first sales season the new seed was purchased, planted and harvested by over 15,000 farmers across all the pearl millet growing areas in India. The feedback from farmers was most encouraging, referring to a number of advantages over currently available products including higher yields of premium grain and fodder combined with desirable color and quality.

This is an important new product for Devgen as it has the potential to enable the company to gain access to farmers in North India, which account for almost 85% of the 10 million hectare pearl millet market. Prior to this launch Devgen's hybrid pearl millet seeds were only suitable for regions that account for approximately 15% of this high-value market. The total potential volume of the hybrid pearl millet market in India is estimated to represent 20,000 tons of seed.

Hybrid sunflower

Sunflower seeds are a valuable add-on to the other crops where Devgen is active, even though the market for sunflower seeds was limited in 2011 due to unfavorable farmer economics for farmers growing sunflower. Nevertheless, due to the quality of the company's hybrid sunflower seed portfolio Devgen performed well achieving respectable volumes. The hybrid sunflower market in India has a potential market volume of more than 3,000 tons of seed.

Hybrid cotton

In 2011, Devgen acted for the first time as a distributor of hybrid cotton seeds inlicensed from a third party. This distribution activity leverages Devgen's marketing and sales capabilities and increases the company's revenue without increasing its sales force or G&A costs. This activity carries no seed production or stock risk.

6.5. Biotechnology

6.5.1. Biotech traits for rice

Where a specific trait is not identified in a crop, genes conferring the desired characteristics can be inserted into the crop's genome. This leads, for example, to increased resistance to insects or improved tolerance to herbicides or to drought.

In addition to developing Next Generation Hybrid Rice (NGHR™) seeds, Devgen anticipates the need to increase insect resistance, herbicide tolerance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding. Therefore, Devgen has been creating a portfolio of such candidate traits using Devgen's own technology as well as in-licensed technologies.

Its portfolio of candidate biotech traits is being introduced into NGHR™-germplasm for use in NGHR™-products in the future. Incorporated into NGHR™-seeds these traits are expected to further improve the productivity of rice growing by enabling farmers to grow more food on less land using less water, labor and agrochemicals.

In 2011, Devgen's pipeline of crop protection (insect resistance and herbicide tolerance) and stress traits in rice made progress as planned. Activities in Devgen's government certified biotech greenhouse facilities in Hyderabad (India) and Singapore were further expanded.

Biotech traits in general are gaining market share owing to their ability to improve crop yields and overall farmer economics. In 2011, a record of 395 acres (160 million hectares) was planted throughout the world with biotechnology seeds. The market for biotech seeds has grown since the introduction of biotech crops in 1996 to an estimated 13.2 billion USD in 2011, with approximately 4.1 billion USD attributed to direct technology fees collected by the seed companies for improved traits[3].

6.5.2. Research and development agreements

Since it was founded in 1997 Devgen has established a number of strategic research and development collaborations with companies, universities, academic institutions and consultants in Belgium and abroad. These collaborations support and validate Devgen's technology platform and often provide an additional source of income through collaborative research income and/or potential royalty payments.

Devgen continues to innovate in crop protection research and environment induced stress tolerance research for use with its own crops and to provide technology to corporate partners. Over time, drought and heat stress have become important areas of expertise within the company and it is because of this expertise that Devgen has established a technology licensing and collaboration agreements with multiple governmental organization devoted to improving the productivity of rice growing.

[3] *Source: ISAAA (International Service for the Acquisition of Agri-Biotech Applications) – Global Status of Commercialized biotech Crops: 2011.*

6.6. Nematicides

Nematodes have been known for a long time to cause serious problems in agriculture. Nematodes damage the roots of important field and vegetable crops, thereby causing significant yield reductions. In extreme cases they can cause complete crop destruction.

Nematodes cause swellings (galls) on the roots of affected plants. These galls interfere with the water- and nutrient-conducting abilities of the roots. Damage to the roots caused by nematodes can also allow the entry of soilborne, disease-causing, micro-organisms.

Above ground the symptoms of nematode infestation include wilting, loss of vigor, yellowing of leaves, reduced fruit, seed or fiber yield and quality. Worldwide annual crop damage caused by nematodes is estimated to amount to 80 billion USD. Globally farmers are estimated to annually spend close to 1 billion USD on nematode-controlling products.

Relative nematode impact on yield

++	++	+++	++++
large acreage commodities	industrial crops	vegetables/fruits & vines	high value specialized crops
corn cotton soybean canola cereals	peanuts tobacco sugar beet	potatoes carrots fruits grapes tropical fruits	tomato pepper cucurbits melons ornamentals

The treatment options

Although there has been a recent upturn in nematicide research, not many effective new compounds have been registered within the last 20 years and few new management strategies have been developed. This short-fall in innovation coupled with evertightening regulations of products' toxicological and environmental profile, has severe implications for food production. It is leaving farmers, particularly in Europe, with very few options in terms of approved/cost effective control solutions.

Devgen's nematicide

Devgen's program is a result from its proprietary crop protection research, started in 1999 when Devgen used its research expertise on C. elegans genetics and genomics, to identify candidate insecticide and nematicide products that meet the various specifications of the farmer (efficacy), the authorities (low toxicity to non-target organisms) and the consumer (no residues). After initial success from this innovative R & D approach, Devgen continued to develop, register and introduce an effective nematicide with less environmental and human impact than traditional nematicides.

Extensive field trialing over the past years in commercial environments has proven the efficacy and selectivity of Devgen's nematicide in a wide range of vegetable crops and situations. The efficacy, selectivity and reduced health risk of Devgen's nematicide in 'situation of use' with respect to environment, residue and worker exposure are key differentiators compared to existing nematicides.

The growers' experience after more than a year on the market

Devgen's nematicidal product was launched in 2009 in Turkey under the brand name Devguard® for the use in tomatoes, cucumbers, peppers and eggplant under protective cover and in 2010 in the U.S. under the brand name Enclosure® for use on peanuts. The product continues to be well received in the market in Turkey. In the U.S. sales are expected to be initiated with the new label after trials are fully evaluated and support from key opinion leading agronomists advising farmers is obtained.

Turkey	Tomato	Pepper	Cucumber	Eggplant
Estimated total area (ha)	270,000	98,000	59,000	33,000
Application rate (L/ha)	14	14	14	14

U.S.	Peanut
Estimated total area (ha)	570,000
Application rate (L/ha)	7

A multitude of opportunities for growth

In 2010, the EU commission approved Devgen's request to update the directive 91/414/EC accepting the nematicidal use of CPD20. This approval was essential for the start of the review of the regulatory dossiers for Devguard® that have been submitted in Spain, Italy and Greece. Initial approvals for the use of Devguard® in tomatoes, cucumbers, melon, pepper, eggplant (under protected cover) are expected from 2012 onwards.

Important advances have been made in Italy and premarket activities were started in anticipation of a regulatory approval for the product. Dossiers have also been submitted in Spain, Greece, Morocco and South-Africa and Devgen is closely following up the evolution of the review processes in these countries.

Devgen meanwhile continues field trials to further broaden the use of its product to more crops and more countries.

Regulatory approval

The registration of Plant Protection Products (PPP) in Europe is covered by the Regulation (EC) No. 1107/2009 which entered into force in June 2011. All active ingredients (a.i.) included in Annex I of Directive 91/414/EEC, at expiry date, have to be reviewed according to the Regulation and if the use is acceptable, the a.i. is approved and listed in the Annex of the Execution Regulation (EU) No. 540/2011. This review is undertaken at European level under the responsibility of the European Food Safety Agency (EFSA). For the PPP, the decision is still based on national review but under a zonal approach, also in accordance to the Regulation. The authorization to sell a formulated product (= registration) is delivered by national authorities (typically Ministry of Agriculture or Health). The registration can be delivered only for products containing an active ingredient approved and included in the Annex of Regulation or under EU review. The Regulation (EC) No. 1107/2009 includes the evaluation process under zonal approach between countries of the same zone (North, Central and South Europe), except for greenhouse and indoor uses, where Europe is considered as one zone. The national registrations are extended by the procedure of mutual recognition.

In U.S., the use of agrochemical products is regulated by the U.S. Environmental Protection Agency (EPA), an agency of the federal government of the U.S. charged to regulate chemicals and protect human health by safeguarding the natural environment: air, water and land.

The table below gives an overview of the regulatory approval status of Devgen’s nematicide.

	Regulatory approval
U.S.	
Peanuts: master label / supplemental label	Granted
Fruiting vegetables and cucurbits group	Pending
Other crops	Registration trials ongoing
Turkey	
Tomatoes and cucumbers	Granted
Peppers and eggplant	Granted
EU	
Recognition of Devgen source of iprodione	Granted
Annex I inclusion of nematicidal use	Granted
Italy, Spain, Greece and Portugal for protected crops	Pending
South-Africa	
Tomatoes and potatoes	Pending
Other crops	Registration trials ongoing
Morocco	
Tomatoes	Pending
Other crops	Registration trials ongoing

6.7. Patents and intellectual property

Devgen's success and ability to compete depend largely on its ability to protect its proprietary technology and information and to operate without infringing the intellectual property rights of others. The company relies on a combination of patent, plant variety, trademark and trade secret laws, as well as confidentiality, assignment and licensing agreements, to establish and protect its intellectual property position. In addition to using external patent attorneys and advisers, the company employs a European patent attorney leading its intellectual property department. The company has developed internal processes for monitoring, identifying and recording patentable technologies and has dedicated internal resources for managing and overseeing its intellectual property rights position.

The company is actively seeking and obtaining means of intellectual property protection. Inventions in the company's crop protection, trait and seed activities are covered by several patent families that encompass granted patents and patents in examination.

- Biotech traits, such as the RNAi technology in general and such as target sequences for crop protection against specific commercially interesting insect species, are covered by several patent families.

- In its nematicide program, the company has protected the use of its lead compound and other interesting compounds as nematicides in international patent applications.

- The international patent applications are nationalized in the most important territories which are of interest to Devgen or its licensees. Whenever it is or has been deemed necessary by local patent legislation, divisional applications are filed to protect separate inventions in these patent families.

- Devgen is actively out-licensing, in-licensing and cross-licensing know-how, IP and patent rights relevant to plant biotech traits in its commercial activities and research collaborations.

- New hybrids in rice, sorghum and pearl millet that are developed by Devgen are protected under the respective plant variety protection legislations in the Asian countries.

- Devgen products are sold under trademark protected brand names in the various Asian markets.

- Additional information on some of these topics can be found on public websites of the World Intellectual Property Organization (WIPO), the United States Patent and Trademark Office (USPTO) or the European Patent Office (EPO).

7. Group structure

Per 31 December 2011, Devgen NV had the following subsidiaries:

Singapore

1. Devgen Private Limited, incorporated on 26 February 2004,
2. Devgen Rice Indonesia Private Limited, incorporated 12 May 2009, and
3. Devgen Seeds and Crop Technology Private Limited, incorporated 21 April 2009, with a branch in the Philippines: Devgen Seeds and Crop Technology (Phils.) Pte. Ltd.

United States

4. Devgen U.S. Inc., incorporated on 29 November 2007.

India

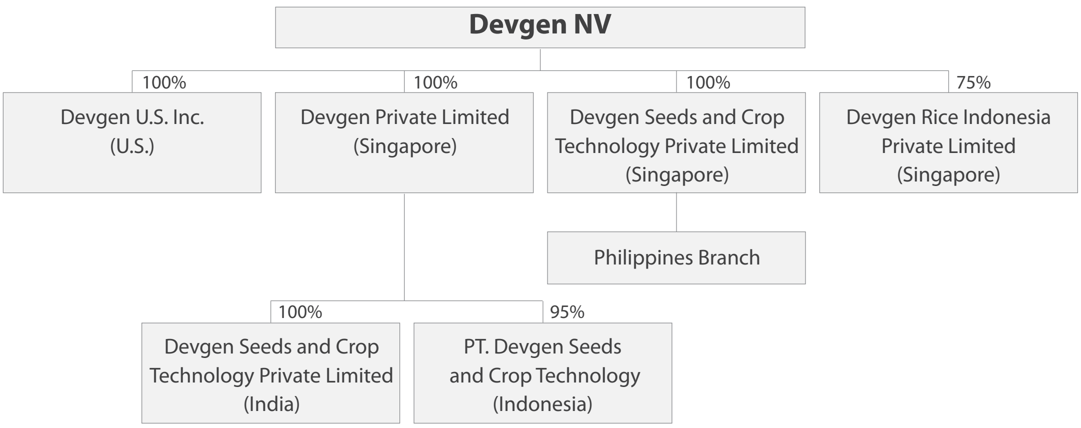
5. Devgen Seeds and Crop Technology Private Limited, incorporated 28 March 2007.

Indonesia

6. PT. (Perseroan Terbatas) Devgen Seeds and Crop Technology, incorporated 2 December 2009.

The liquidation of Devgen Seeds Pakistan (Private) Limited was completed and closed in the course of 2011. The liquidation of Biodev NV was completed and closed in the course of 2010.

All shares of these subsidiaries are fully owned by the group, except for Devgen Rice Indonesia Private Limited, where 75% of the shares are owned by Devgen NV or its subsidiaries and except for PT. (Perseroan Terbatas) Devgen Seeds and Crop Technology, where 95% of the shares are owned by Devgen NV or its subsidiaries.



8. Property, plant and equipment and building held under lease

in € 1,000	Land	Building	Building held under lease	Machinery, equipment and furniture	Assets under construction	Total
At 1 January 2009						
Cost	103	-	8,000	9,928	157	18,188
Accumulated depreciation	-	-	-1,107	-8,577	-157	-9,841
Net carrying amount	**103**	**-**	**6,893**	**1,351**	**-**	**8,347**
Mutations during 2009						
Additions	-	-	-	340	1,326	1,666
Disposals	-	-	-	-47	-	-47
Movements from other category	1	-	-	8	-	9
Depreciation charge	-	-	-223	-412	-	-635
Depreciation reclassified as held for sale	-	-	-	39	-	39
Net carrying amount	**104**	**-**	**6,670**	**1,279**	**1,326**	**9,379**
At 31 December 2009						
Cost	104	-	8,000	10,228	1,326	19,658
Accumulated depreciation	-	-	-1,331	-8,948	-	-10,279
Net carrying amount	**104**	**-**	**6,669**	**1,280**	**1,326**	**9,379**
Mutations during 2010						
Additions	-	198	-	697	30	925
Disposals	-	-	-	-174	-	-174
Exchange rate differences	13	12	-	128	123	276
Movements from other category	-	588	-	861	-1,449	-
Depreciation charge	-	-57	-199	-467	-	-723
Depreciation reclassified as held for sale	-	-1	-	-56	-	-57
Net carrying amount	**116**	**740**	**6,470**	**2,269**	**30**	**9,626**

in € 1,000	Land	Building	Building held under lease	Machinery, equipment and furniture	Assets under construction	Total
Net carrying amount	**116**	**740**	**6,470**	**2,269**	**30**	**9,626**
At 31 December 2010						
Cost	116	798	8,000	11,739	30	20,683
Accumulated depreciation	-	-58	-1,530	-9,470	-	-11,058
Net carrying amount	**116**	**740**	**6,470**	**2,269**	**30**	**9,625**
Mutations during 2011						
Additions	-	33	-	251	-	284
Disposals	-	-22	-	-263	-	-284
Exchange rate differences	-15	-95	-	-170	-	-281
Movements from other categories	-	-	-1,406	-	-30	-1,436
Depreciation charge	-	-55	-180	-548	-	-783
Reverse accumulated depreciations on disposals	-	22	-	215	-	237
Net carrying amount	**101**	**622**	**4,884**	**1,755**	**-**	**7,361**
At 31 December 2011						
Cost	101	714	6,594	11,557	-	18,966
Accumulated depreciation	-	-92	-1,710	-9,802	-	-11,604
Net carrying amount	**101**	**622**	**4,884**	**1,755**	**-**	**7,361**

Land

The land is substantially located in India, where Devgen owns a processing plant of commercial and parental seed, containing also cold storage facilities, laboratories and greenhouses.

In Belgium, the land on which Devgen's head office building (building under lease) is erected has been established on the grounds of the University of Ghent. The land was given in long term lease by the University of Ghent to Devgen for a period of 54 years, starting as of 21 October 2002, terminable by Devgen only once after the first period of 27 years. The initial canon amounted to € 2.97 per m^2 and per year and is being adjusted to cost of living index on an annual basis.

Building held under lease and investment property

Since 2004, the main facilities of Devgen headquarters are located in the Technologiepark in Ghent (Zwijnaarde), which is the core biotech cluster in Belgium. Devgen has approximately 6,000 m^2 of research and office space at its disposal (or approximately 9,000 m^2 including technical floor and car park). The facilities are designed in such a way that they fulfill the requirements of a modern research lab, in terms of functionality, flexibility, biosecurity and biosafety. Special attention is given to a contingency and security plan. This encompasses a set of measures and policies in case of fire, burglary, power interruption and other risks. The building is equipped with state of the art technical features to minimize disaster or damage and maximize security.

The main facilities are covering the current and future needs of Devgen in Belgium. Part of the building is currently made available to third parties who use certain premises and associated services. A first agreement, covering 643 m^2, was entered into with the Ghent University and expires per 31 May 2018. A second agreement was made with Argen-X BV for a period of 5 years starting 1 September 2009 (604 m^2) and a third agreement was entered into with Biorem Engineering BVBA effective 1 February 2011 for a period of 5 years (195 m^2), it being understood that for the latter two agreements either party to the agreement can terminate the agreement at any time with a 12 month notice period. Sublet building space is not included in the property, plant and equipment table above but shown separately as investment property, amounting to € 2,406 ('000) at 31 December 2011. Investment property has not been classified as held for sale. The net carrying amount of the building under lease at 31 December 2011 amounts to € 4,889 ('000). During 2011, a net book value of € 1,406 ('000) has been reclassified from Building held under lease to Investment property, following the increase of office and laboratory space subleased to the above mentioned third parties.

The financing of the main facilities has been structured through a financial lease agreement. On 21 October 2002, Devgen signed a global agreement with ING Lease Belgium and Dexia Lease Services ("the lessors") which incorporated an agreement on the transfer of Devgen's land use rights to the lessors, an agreement on the construction and financing of the building during its construction and a lease agreement on the building once the building was finalized (March 2004). Based upon the € 10,000 ('000) finance agreement with the lessors, an upfront lease payment of € 1,000 ('000) was paid in 2004 to be followed by quarterly lease payments of € 187 ('000) (as revised after the first five years period after the first 5 yearly interest rate revision) each and a residual value after 15 years of € 3,000 ('000) . If at that time Devgen would like to obtain the legal title to the building, it will have to exercise its purchase option and pay the additional € 3,000 ('000) residual value. If the purchase option is not exercised, Devgen can either decide to extend the agreement or it will have to return the building to the lessors. Devgen did not receive any fee under this agreement. The lease for the building is secured with the building.

Other buildings

In India, Devgen has built supporting infrastructure, being a plant for processing of commercial and its parental seed, cold storage facilities, laboratories and green houses. The net carrying amount of these buildings at 31 December 2011 amounts to € 622 ('000).

Machinery, equipment and furniture

The machinery, equipment and furniture have a net carrying amount of € 1,755 ('000) per 31 December 2011. The main components within this asset class are:

- Infrastructure in the processing plant in India, with a net carrying value of € 661 ('000) per 31 December 2011.

- Leasehold improvement relating to the building held under lease in Belgium with a net carrying value of € 734 ('000) per 31 December 2011.

- Other seed production and processing equipment and breeding research equipment, located in the various locations where Devgen has these type of activities (the Philippines, India, Singapore, Indonesia and Belgium).

- Furniture includes both laboratory and office furniture in Devgen's locations in Belgium, Singapore, India and the Philippines.

- IT infrastructure: Devgen's IT infrastructure consists of a global enterprise grade network of servers, routers, firewalls and WAN optimizing equipment. The network services both the management team, allowing the management of all enterprise resources, as well as the scientific staff with important demands towards applications and database storage for both experimental breeding and biotech data management. At its headquarters in Belgium, Devgen has a professional server hosting facility which is monitored continuously. This facility is equipped with a UPS and an emergency generator for backup purposes, but also with a professional waterless fire suppression system. At this location 40 servers are hosted, many of them virtualized to adhere to the company's responsible care creed. This set includes a high performance Linux cluster for bioinformatics needs. The storage environment is a 6TB SAN. Backups are securely taken off-site. Communications are supported by VOIP telephone systems to reduce cost and enhance company integration. At other locations smaller but adequate functionality is available. All locations are interconnected by VPN connections for seamless integration and security reasons. This allows for a highly centralized and formalized management of the IT infrastructure, which guarantees responsible IT corporate governance, ease of contingency and disaster recovery.

Rent facilities

Over the years, Devgen has entered into several operating lease agreements for rent of facilities, land, warehouses, company cars and computer equipment.

Devgen is renting office space, cold storage facilities, land for breeding purposes, land for pre-foundation seed production and greenhouse facilities in India, Indonesia, the Philippines and Singapore.

Financing of the property, plant and equipment

Apart from the building and some vehicles, certain property, plant and equipment has been externally financed by bank loans. The borrowings in 2011 include a bank loan in Belgium of € 104 ('000), as part of a leasehold improvements credit line of € 312 ('000), with a fixed interest rate of 4.75%. This is a non-secured loan.

The carrying amounts of short-term borrowings approximate their fair value.

Pledged financial assets as collateral

In 2004, Devgen placed a cash pledge of € 2,100 ('000) in favor of the lessors of the building in Zwijnaarde, to cover the V.A.T. recoverability risk of the lessors on the construction cost of the building. This cash pledge is being released on a straight-line basis over 15 years, at the rate of 1/15 per year, starting on 1 April 2005. This amount is classified as a non-current asset (cash restricted in its use) and amounts to € 1,120 ('000) at 31 December 2011, as compared to € 1,260 ('000) at the end of 2010).

In 2011, Devgen placed a cash pledge of € 4,555 ('000) in favor of a bank to guarantee a short-term bank loan provided to Devgen Seeds and Crop Technology Pvt Ltd in India to finance working capital requirements. The total overdraft facility amounts to 237.5 million Indian Rupees (approximately € 3.5 million), whereof € 69 ('000) was used per 31 December 2011. The overdraft facility has been concluded for the financing of working capital needs, which fluctuate during the year following the seasonal effects in Devgen's seed business. The amount of the cash pledge convers the value of the overdraft facility including possible interest charges, bank charges and exchange rate fluctuations.

No other financial assets are pledged as collateral.

9. Capital resources

At the end of 2011, the issued share capital of Devgen NV amounted to € 1,819,978 represented by 24,266,400 common shares without nominal value. The statutory share premium amounted to € 133,593,757. The consolidated share premium amounted to € 128,526,489 whereby the costs related to capital increases are deducted from the proceeds from the capital increase through the share premium account. The reconciliation, at consolidated level is shown in the consolidated statement of shareholders' equity below.

in € 1,000 except number of shares	Number of shares	Capital	Issuance premium	Accumulated loss	Share-based payment expenses	Cumulative translation adjustment	Equity attributable to equity holders of the parent
Balance at 1 January 2009	**17,890,609**	**1,342**	**88,260**	**-52,621**	**3,249**	**333**	**40,563**
Net loss for 2009				-8,651			-8,651
Other comprehensive income						-148	-148
Capital increases through issue of new shares	1,753,339	133	13,926				14,059
Capital increases through exercise of warrants	5,003		4				4
Share-based payment					1,188		1,188
Reserve							-
Balance at 31 December 2009	**19,648,951**	**1,475**	**102,190**	**-61,272**	**4,437**	**185**	**47,015**
Net loss for 2010				-7,141			-7,141
Other comprehensive income						186	186
Capital increases through issue of new shares							-
Capital increases through exercise of warrants	27,691	1	84				85
Share-based payment					406		406
Liquidation Biodev				7			7
Reserve							-
Balance at 31 December 2010	**19,676,642**	**1,476**	**102,275**	**-68,407**	**4,843**	**370**	**40,557**

in € 1,000 except number of shares	Number of shares	Capital	Issuance premium	Accumu-lated loss	Share-based payment expenses	Cumulative translation adjustment	Equity attributable to equity holders of the parent
Balance at 31 December 2010	**19,676,642**	**1,476**	**102,275**	**-68,407**	**4,843**	**370**	**40,557**
Net loss for 2011				-7,048			-7,048
Other comprehensive income						121	121
Capital increases through issue of new shares	4,584,549	344	26,234				26,578
Capital increases through exercise of warrants	5,209		18				18
Share-based payment					466		466
Reserve							-
Balance at 31 December 2011	**24,266,400**	**1,820**	**128,527**	**-75,456**	**5,309**	**491**	**60,690**

The following capital increases took place in the years 2007 up to and including 2011:

- On 20 February 2007, Devgen raised € 31,245,951.75 through a private placement by issuance of 1,505,829 new shares placed with institutional investors at a price of € 20.75 per share.

- On 31 October 2007, Devgen raised € 18,001,788 through a private placement by issuance of 1,045,400 new shares placed with Monsanto Company at a price of € 17.22 per share.

- On 1 October 2009, Devgen raised € 14.7 million through a private placement by issuance of 1,753,339 new shares placed with pre-identified institutional investors at a price of € 8.38 per share.

- On 4 April 2011, Devgen raised € 26.8 million through a private placement by issuance of 4,584,549 new shares placed with pre-identified institutional investors at a price of € 5.85 per share.

All new shares are listed on Euronext Brussels, except for 2,638,936 shares issued per 4 April 2011 for which listing is applied for.

Devgen has created several pools of warrants for grant to employees, directors, consultants and research institutions. Below is a summary table of the accumulated number of warrants created and granted since incorporation of the company up to 31 December 2011:

Beneficiary	Creation date of plan	Total number created	Total number granted
Employees	27/09/1999	296,107	162,926
Directors and consultants	27/09/1999	162,004	156,338
Research institution	21/12/1999	8,938	8,938
Research institution	21/12/1999	132,223	105,778
Employees, directors and consultants	22/09/2000	550,000	472,272
Employees and directors	12/12/2005	643,334	635,560
Employees	20/06/2008	750,000	488,701
Directors	20/06/2008	11,724	11,724
CEO	24/07/2009	300,000	300,000
Directors	24/07/2009	36,000	36,000
CEO & directors	01/06/2010	80,604	80,604
CEO & directors	01/06/2011	121,436	121,436

The following table summarizes the status of the outstanding and exercisable (vested) warrants as of 31 December 2011:

in number of warrants, unless otherwise mentioned	Month of expiry	Exercise price (in €)	Out-standing warrants 31/12/2010	Transactions 2011				Out-standing warrants 31/12/2011
				Granted	Exercised	Cancelled	Not exercised	
Plan 2005, grant 2005 (*)	Dec. 2015	9.49	104,112	-	-	-	-	104,112
Plan 2005, grant 2006 (*)	Dec. 2015	11.54	13,400	-	-	-	-2,880	10,520
Plan 2005, grant 2006 (*)	Dec. 2015	11.67	12,772	-	-	-	-792	11,980
Plan 2005, grant 2006 (*)	Dec. 2015	14.00	20,016	-	-	-	-	20,016
Plan 2005, grant 2006 (*)	Dec. 2015	14.25	6,000	-	-	-	-	6,000
Plan 2005, grant 2007 (*)	Dec. 2015	21.57	10,008	-	-	-	-10,008	-
Plan 2005, grant 2007 (*)	Dec. 2015	21.57	3,332	-	-	-	-3,332	-
Plan 2005, grant 2007 (*)	Dec. 2015	21.61	40,954	-	-	-	-1,138	39,816
Plan 2005, grant 2007 (*)	Dec. 2015	20.73	206,016	-	-	-	-	206,016
Plan 2005, grant 2008 (*)	Dec. 2015	13.00	23,485	-	-	-82	-766	22,637

in number of warrants, unless otherwise mentioned	Month of expiry	Exercise price (in €)	Out-standing warrants 31/12/2010	Transactions 2011				Out-standing warrants 31/12/2011
				Granted	Exercised	Cancelled	Not exercised	
Plan 2005, grant 2008 (*)	Dec. 2015	13.26	10,008	-	-	-	-	10,008
Plan 2008 Board, grant 2008	Jun. 2013	14.40	8,793	-	-	-	-	8,793
Plan 2008 PCC, grant 2008	Jun. 2018	13.26	15,000	-	-	-	-	15,000
Plan 2008 PCC, grant 2008	Jun. 2018	14.40	1,391	-	-	-	-	1,391
Plan 2008 PCC, grant 2009	Jun. 2018	3.50	60,989	-	-5.209	-826	-	54,954
Plan 2008 India, grant 2009	Jun. 2018	3.50	177,548	-	-	-1.731	-	175,817
Plan 2009 CEO, grant 2009	Jul. 2014	6.65	300,000	-	-	-	-	300,000
Plan 2009 Board, grant 2009	Jul. 2014	6.65	30,000	-	-	-	-	30,000
Plan 2008 PCC, grant 2010	Jun. 2018	10.49	26,892	-	-	-	-	26,892
Plan 2008 India, grant 2010	Jun. 2018	10.49	22,418	-	-	-1.942	-	20,476
Plan 2010 CEO & Directors, grant 2010	May 2015	8.78	30,000	-	-	-	-	30,000
Plan 2008 PCC, grant 2011	Jun. 2018	5.61	-	71.496	-	-	-	71,496
Plan 2008 India, grant 2011	Jun. 2018	5.61	-	66.668	-	-4.649	-	62,019
Plan 2011 CEO & Directors, grant 2011	May 2016	6.78	-	121.436	-	-6.000	-	115,436
Total			**1,123,134**	**259,600**	**-5,209**	**-15,230**	**-18,916**	**1,343,379**
Weighted average exercise price (in €)			**10,41**	**6.16**	**3.50**	**6.38**	**19.28**	**9.54**

(*) The expiry date of the Plan 2005 is 11 December 2015, except for the warrants granted to employees which are on the payroll of Devgen NV per 25 June 2009, which have an extended expiry date per 11 December 2020.

The capital increases resulting from the exercise of warrants in the years 2007 up to and including 2011 were as follows:

- Exercise of 2,964 existing warrants into the same number of new shares on 6 October 2011 with a resulting capital increase of € 10,374.00.

- Exercise of 2,245 existing warrants into the same number of new shares on 8 April 2011 with a resulting capital increase of € 7,857.50.

- Exercise of 7,866 existing warrants into the same number of new shares on 5 October 2010 with a resulting capital increase of € 26,390.59.

- Exercise of 19,825 existing warrants into the same number of new shares on 7 April 2010 with a resulting capital increase of € 61,181.47.

- Exercise of 3,878 existing warrants into the same number of new shares on 6 October 2009 with a resulting statutory capital increase of € 11,293.24.

- Exercise of 1,125 existing warrants into the same number of new shares on 27 April 2009 with a resulting capital increase of € 1,375.48.

- Exercise of 9,109 existing warrants into the same number of new shares on 13 October 2008 with a resulting statutory capital increase of € 12,801.99.

- Exercise of 25,149 existing warrants into the same number of new shares on 7 April 2008 with a resulting capital increase of € 58,331.05.

- Exercise of 104,962 existing warrants into the same number of new shares on 3 October 2007 with a resulting capital increase of € 367,292.57.

- Exercise of 141,858 existing warrants into the same number of new shares on 5 April 2007 with a resulting capital increase of € 545,092.74.

All new shares are listed on Euronext Brussels, except for 2,638,936 shares issued per 4 April 2011 for which listing is applied for.

10. Research and development, patents and licenses

Devgen's success and ability to compete depends largely on its ability to protect its proprietary technology and information and to operate without infringing the intellectual property rights of others. Devgen relies on a combination of patent, plant variety protection, trademark and trade secret laws, as well as confidentiality, assignment and licensing agreements, to establish and protect its intellectual property position.

Devgen is actively seeking and obtaining intellectual property protection for its technology inventions, plant varieties and events in the important Western Agronomic countries, as well as in the Southeast Asian countries, where its commercial focus for crop protection lies.

Devgen has built an intellectual property portfolio covering the activities in its distinct business units.

At present, Devgen holds several patent families (including both granted patents and pending patent applications) with claims directed to several aspects of RNAi technology and pest control:

- the use of RNAi technology in screening assays;
- RNAi enabling technologies;
- RNAi targets in insect, nematode, fungal and household pests, and their use in crop and substrate protection in agriculture and house-hold environment;
- the use of a new generation of agro-chemical products to protect crops from damage inflicted by plant parasitic nematodes.

In addition to patent protection, it is Devgen's policy to protect its proprietary hybrid seeds through plant variety protection and trademark label in the Indian and other Southeast Asian markets. Devgen's business and technology activities are currently registered under the Devgen trademark in the Benelux, UK, Germany, Switzerland, U.S., Singapore, the Philippines, Indonesia and pending registrations in India and Vietnam. Furthermore, Devgen's nematicides products are commercialized under proprietary brand name(s), at this moment in Turkey under the Devguard® logo and in the U.S. under the Enclosure® logo.

Devgen's policy is to actively use its patent rights in commercial and research collaborations, seeking for cross-licensing arrangements and out-licensing of these rights.

Devgen has made arrangements (in the past) with its collaborative partners on RNAi technology regarding collaborative IP, Devgen's IP and its partner's IP with the view of securing each party's respective rights and obligations. In the event Devgen commercializes products falling under collaborative IP or the partner's IP, it would be subject to royalties.

As part of a 5-year technology exchange agreement with Monsanto Company, Devgen has licensed Monsanto technology for use as rice traits, and any resulting product sales will be subject to royalty payments.

Following its acquisition of the hybrid rice, sunflower, sorghum and pearl millet seed business in India, Pakistan and the Philippines, Devgen filed Plant Variety

Protection applications of the hybrids and parents for India for rice sorghum and pearl millet, and acquired key brand names such as Frontline and Mahalaxmi. Devgen is further broadening the protection of the Frontline brand name and has introduced new brand names in selected Southeast Asian countries in line with its business opportunities. New hybrids and parental lines resulting from its research activities are protected as soon as they reach the market.

Devgen's research and commercial activity can be subject to patent license agreements with third parties and sales of products can fall within the scope of in-licensed patent(s) subject to royalty payments. These payments result from agreements concluded in the past with several research institutions and commercial corporations. Such agreements are standard business practice.

11. Corporate governance

11.1. General

Devgen's corporate governance is based on the principles described in the 2009 Belgian corporate governance code, issued by the Belgian corporate governance committee.

In view of this code, Devgen has described the main aspects of its corporate governance in a corporate governance charter, which together with applicable law and the company's articles of association governs the way Devgen is managed and controlled.

This charter can be obtained free of charge at the registered office of the company and is available on the company's website (www.devgen.com, under the section investor relations / corporate governance).

11.2. Compliance with the corporate governance code

Devgen has adopted the 2009 Belgian corporate governance code as its reference code. It complies with the provisions of this code with the exception of the deviations enumerated hereunder;

- The chairman of the Board of Directors, Mr. Remi Vermeiren, is also chairman of the Audit Committee, which deviates from provision 5.2./3 of the corporate governance code. The Board of Directors finds that this deviation is justified as it is beliefs that, given his experience and skills, Mr. Remi Vermeiren is best suited to fulfill the function of chairman of the Audit Committee next to the function of chairman of the Board of Directors. Mr. Remi Vermeiren holds a degree in commercial and financial sciences and has a strong financial experience as former chairman of the executive committee of KBC Group and as member of the administrative, management or supervisory bodies of various companies. See section on "Expertise within the Audit Committee" in paragraph 4.5 of this annual report for additional information.

- Devgen does not comply with the provision 5.2./4 of the corporate governance code which states that a majority of the Audit Committee's members should be independent. As of 1 July 2011, no member out of the 3 members of the Audit Committee qualifies as independent director as set out in provision 2.4./1 of the corporate governance code. Mr. Remi Vermeiren and Mr. Jan Leemans have been appointed director for more than three subsequent directorships since they joined the Board of Directors in April 2005 and Mr. Marien represents more than 10% of the shares. The Board of Directors considers that the members of the audit committee have the necessary business, industry and financial experience to fulfill their role. The Board of Directors will propose the necessary actions to remedy the non-compliance.

- Devgen does not fully comply with provision 5.2./17 which states that an independent internal audit function should be established. In view of the size of the company, Devgen has no overall formal internal audit function. However, as explained further in Devgen's corporate governance charter, the Audit Committee regularly evaluates the need for particular internal audits and the steps to be taken given the findings of such evaluations.

- Devgen does not comply with provisions 5.3./1 and 5.4./1 of the corporate governance code which state that the majority of the members of the Nomination and Remuneration Committee should be independent. As of 1 July 2011, there is only one member, Mr. Orlando de Ponti, of the five member committee who qualifies as independent director as set out in provision 2.4./1 of the corporate governance code. The other formerly independent directors in the Nomination and Remuneration Committee, Mr. Remi Vermeiren and Mr. Jan Leemans have been appointed director for more than three directorships since they joined the board in April 2005. The Board of Directors considers that the members of the Nomination and Remuneration Committee have the necessary experience and competences to fulfill their role. The Board of Directors will propose the necessary actions to remedy the non-compliance.

- Contrary to provision 7.7 of the corporate governance code, which sets out that non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, the Extraordinary Shareholders Meeting of 1 June 2011 granted each non-executive director, or its permanent representative, 6,000 warrants on Devgen shares. Through warrants the company can remunerate its non-executive directors without using the company's cash resources, which is in the interest of a growth company such as Devgen. In addition to these warrants, the non-executive directors, with the exception of the chairman, are entitled to a compensation of € 1,500 per attended meeting of the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of € 7,500 for every fully performed Board mandate year. The chairman of the Board of Directors is entitled to a monthly fee of € 4,000. Devgen believes that this remuneration package is justified, as it corresponds with market practice and expectations for similar listed companies in the biotechnology field and allows the company to offer an appropriate remuneration to attract and retain experienced independent directors from different economic sectors.

- Unlike set out in provision 7.18 of the corporate governance code, the contract between the CEO and Devgen does not specify that the severance package excludes variable cash bonuses in case the departing CEO did not meet the performance criteria referred to in the contract. The termination indemnity is calculated on the basis of the fixed remuneration applicable at the time of termination and the average variable cash bonus paid in previous 3 years. The Board of Directors believes this arrangement to be fair and in the interest of the company.

11.3. Internal controls and risk management

Devgen has implemented a risk management system and an internal control structure, which are monitored by the Audit Committee.

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a. Control environment

Organization of internal control

The internal control environment is organized by Devgen's executive management and is monitored by the Audit Committee. The role of the Audit Committee is stipulated in Devgen's corporate governance charter. The Audit Committee evaluates on a regular basis the needs with respect to internal auditing based on a risk assessment. The Audit Committee takes the necessary action relating to the findings of this evaluation.

Today the company does not have an internal audit department. The company is assigning these tasks to staff members with appropriate qualifications and if necessary field experts from outside the company are engaged to perform these audits. Based upon a 3-year rotation plan, all important business cycles across all legal entities are subject to an internal audit.

Ethical values

The Audit Committee prepared a "Code of Conduct" which applies for all Devgen companies and employees. Furthermore, the employment contracts of all employees contain stipulations with respect to ethical conduct of business.

b. Risk analysis

We refer to section 6 "Risks" of this annual report for a detailed risk analysis of the Devgen group.

c. Control activities

Control activities include the measures taken by Devgen to ensure that the risks under its control are appropriately controlled and mitigated.

- Devgen appoints highly qualified personnel in key positions within all entities of the group.

- The management has clearly aligned responsibilities as set out in the job descriptions which are prepared for all employees of the company.

- The management is also responsible to comply with internal regulations and the Board of Directors is ensuring that the management is respecting the general policies and the corporate plans.

- The implementation of a set of procedures amongst others with respect to purchasing and payments based on double signatures, periodical stock takings, to be systematically applied within all entities of the company.

- The external legal counsel of the group together with the CEO and the management team has set up internal procedures in order to ensure that acts performed within or by the company are in compliance with the existing laws and external regulations.

- Risks with respect to infrastructure - as there are: fire, unwanted access and power failures - have been minimized by taking appropriate measures. For assets which are crucial for the continuity of the company, being it equipment for R & D or production but also the stored biological material such as seeds, measures have been taken to duplicate these assets and to spread them over different locations. Next to avoiding risks in this respect, where possible, insurance has been taken to cover loss of these assets, always based however on an economic justification whereby the risk is evaluated against the price to insure the risk.

- With respect to complying with regulations concerning safety at work, working with biotechnological material and environmental matters in general, appropriate measures were taken within the company to guarantee compliance with these regulations and to operate with and within the required permits in this respect. Amongst others Devgen applies the guidelines as prescribed in the international standards of "Excellence through Stewardships".

- The IT department is responsible for the continuity of the IT-platforms used by the company to support its operations as well as for the implementation of system access controls and safely storing data. Appropriate measures were taken to assure the continuity of the operations of the company taking into account the requirements of the different departments.

- The IP-portfolio, for the protection of knowledge and proprietary technology, is managed in a deliberated way by evaluating on a regular basis the costs to maintain such protection versus the benefits of doing this. Furthermore it is clearly communicated to employees on how to deal with confidential information ("gate keeping") and rules are in place on how to share such information with third parties (CDA's). Within the lab the progress of the research is registered and relevant documentation is stored in an electronic lab note book with registration of the date of entry.

- In addition procedures are in place with respect to in- and outgoing material flows in order to protect the rights of the parties involved at all times.

- The company has procedures in place with respect to managing crisis situations.

- Risks related to "Insider trading" are managed through clear communications to the parties involved, the availability of guidelines ("dealing code") and the appointment of a compliance officer.

- We refer to Note 24 "Financial instruments" of the consolidated financial statements for a detailed discussion on the managing of the credit risks, interest risks, exchange risks and liquidity risks.

d. Information and communication

The following policies and procedures have been implemented relating to the information and communication processes:

- A standardized process is in place which enables the corporate finance department of the group to prepare consolidated financial statements on a quarterly basis.
- Manuals are being used in order to assure preparing and reporting financial information in a consistent manner.
- The valuation rules, compliant with IFRS, are documented and are published in the annual accounts.
- Management support systems have been implemented generating consistent financial and operational information (ERP-applications).
- Procedures are in place in order to verify the accuracy of the reporting figures, such as comparison with prior period results and with budgets.
- The external auditors of the company are requested to pay special attention to area's with specific company and industry risk which can have an immediate effect on the financial information provided by the company.

e. Supervision and monitoring

Supervision and monitoring activities are performed by the executive and senior management on a daily basis. The Audit Committee monitors the control activities with the company.

11.4. Board of Directors

11.4.1. Composition of the Board of Directors and its Committees

At the beginning of 2011, the Board of Directors consisted of the following seven members: Mr. Remi Vermeiren (chairman), Thierry Bogaert BVBA, represented by Mr. Thierry Bogaert, Mr. Orlando de Ponti, Blenar BVBA represented by Mr. Jan Leemans, Gengest BVBA represented by Mr. Rudi Mariën, Mr. Patrick Van Beneden and Mr. Alan Williamson.

On 1 June 2011, Van Herk Global Agri B.V., represented by Mr. Aat van Herk was appointed as non-executive director of the company. On 1 June 2011, Mr. Wouter de Ruiter was appointed as non-executive director of the company. On 28 September Mr. Wouter de Ruiter voluntarily resigned and the same day the Board of Directors co-opted Madeli Participaties B.V., having as only director Madeli B.V., represented by Mr. Wouter de Ruiter. Therefore the Board of Directors consists of nine members on 31 December 2011.

Up to 1 July 2011 Mr. Remi Vermeiren and Blenar BVBA, represented by Mr. Jan Leemans, qualified as independent directors under the Company Code. Mr. Orlando de Ponti and Mr. Wouter de Ruiter qualify until present as independent directors. The only executive director is Thierry Bogaert BVBA, managing director and Chief Executive Officer (CEO).

On 31 December 2011 the Board of Directors consisted of nine members included in the table.

Name	Position	End of term	Audit committee	Nomination and Remuneration Committee
Remi Vermeiren (1940)	Non-executive director, chairman	2013	Chairman	Chairman
Thierry Bogaert BVBA, represented by Thierry Bogaert (1960)	Managing director, CEO	2013	/	/
Orlando de Ponti (1945)	Non-executive director	2013	/	Member
Blenar BVBA, represented by Jan Leemans (1955)	Non-executive director	2013	Member	Member as of 01.01.2011
Gengest BVBA, represented by Rudi Mariën (1945)	Non-executive director	2014	Member	Member
Patrick Van Beneden (1962)	Non-executive director	2013	/	Member
Alan Williamson (1937)	Non-executive director	2013	/	/
Madeli Participaties B.V., with as only director Madeli B.V., represented by Wouter de Ruiter (1967)	Non-executive director	2013	/	/
Van Herk Global Agri B.V., represented by Aat van Herk (1951)	Non-executive director	2013	/	/

Mr. Orlando de Ponti and Mr. Wouter de Ruiter qualify as independent directors under the Belgian Company Code.

The following paragraphs contain brief biographies of each of the directors (9):

Mr. Remi Vermeiren, non-executive director, chairman of the Board of Directors

Mr. Remi Vermeiren holds a degree in Commercial and Financial Sciences. Before he became an independent director of Devgen, he had a 43 year long career at Kredietbank NV, which in 1998 merged with Cera Bank and ABB Insurance into KBC Bank and Insurance Group. In the earlier years, Mr. Remi Vermeiren was mainly involved in asset management, trading and administration of securities, treasury and international and investment banking. From 1989 on, Mr. Remi Vermeiren was member of the Executive Committee responsible for the day-to-day management of the bank. From 1998 until 2003, he held the function of chairman of the KBC Bank and Insurance Group and of KBC Bank. During this period, Mr. Remi Vermeiren was mainly involved in defining the strategy of the new group, integration of the banking and insurance activities, implementation of the merger of the two banks and the associated cost reduction program, and the expansion of KBC into Central Europe where it became one of the most important Western European investors in the banking and insurance industry. Currently, Mr. Remi Vermeiren is also member of a number of listed and non-listed companies and of charitable organizations, including of "Foundation RV" set up and funded by himself. He is currently a member of the Board of Directors or administrative management or supervisory bodies of the following companies: Ablynx NV, J. Zinner NV and MCS NV. He is responsible for the orderly liquidation of ACP II SCA (Luxembourg). In the past five years, he has held positions as a member of the Board of Directors or administrative, management or supervisory bodies of the following companies: Hobbyrama NV, Matériaux Gondry SA, Hout-Bois Van Steenberge NV, Cometal NV, Stock Americain Van Wiemeersch NV, The Capital Markets Company NV, Arda Immo NV (f.k.a. Ardatis NV), Afinia Plastics NV, Euronext Holding N.V. (The Netherlands), Euronext Amsterdam N.V. (The Netherlands), ACP II SCA (Luxembourg), IFB SPA (Italy), Cumerio NV and Ravago NV.

Thierry Bogaert BVBA, managing director and Chief Executive Officer (CEO), represented by Mr. Thierry Bogaert

See executive management, section 11.5.1.

Mr. Orlando de Ponti, independent, non-executive, director

Mr. Orlando de Ponti graduated as Agricultural Engineer and as doctor at the Wageningen Agricultural University. He gained important experience in the breeding and seed business working for the Dutch Ministry of Agriculture and, from 1991 to 2008, as managing director R & D of Nunhems B.V., a global vegetable seed company with important operations in India. He is the immediate past president of the International Seed Federation (ISF), member of the Verwaltungsrat of Ernst Benary Samenzucht GmbH (Germany) and of the supervisory board of Royal van Zanten B.V. (The Netherlands).

Blenar BVBA represented by Mr. Jan Leemans, non-executive director

Mr. Jan Leemans is the former Research Director of Plant Genetic Systems in Ghent. He has been member of the board of Hoechst Shering AgrEvo GmbH (Germany), Nunza B.V. (the Netherlands), and the Flemish Institute of Biotechnology and CropDesign NV. Currently he is also on the board of Misr Hytech, a leading seed company in Egypt, and serves as a trustee of the S M Sehgal Foundation in India.

Gengest BVBA represented by Mr. Rudi Mariën, non-executive director

Mr. Rudi Mariën is, through his investment company Biovest ComVa, an important shareholder of Devgen NV. He was the co-founder, reference shareholder and chairman of the biotech company Innogenetics NV. He brings to Devgen significant experience in the management of both private and public businesses. Mr. Rudi Mariën holds a degree in pharmaceutical sciences from the University of Ghent, and is specialized in clinical biology. Mr. Rudi Mariën was the CEO and director of Barc NV group. Currently Mr. Rudi Mariën is director of Biocartis S.A. (Switzerland). He is president and managing director of Gengest BVBA and Biovest CVA. Through his management company, Gengest BVBA, he has board mandates in different stocklisted (e.g. Quest For Growth, MDx Health) and private biotech companies (e.g. Actogenix NV, Pharmaneuroboost NV, Oystershell NV).

Mr. Patrick Van Beneden, non-executive director

Mr. Patrick Van Beneden is the executive vice president of Gimv - Life Sciences, responsible for Gimv's investment portfolio in life sciences. He is currently a member of the Board of Directors or supervisory bodies of the following companies: Endosense (Switzerland), Astex Therapeutics (U.K.), Biotech Fonds Vlaanderen NV, ActoGeniX NV and FlandersBio VZW. He is also observer in the Board of Directors of JenaValve (Germany) and member of the Advisory Board of Oxford Biosciences Partners and a former board member of CropDesign NV, Ablynx NV, Innogenetics NV, Avalon Pharmaceuticals (US), TorreyPines Therapeutics (US) and Crucell N.V. (the Netherlands).

Mr. Alan Williamson, PhD, non-executive director

Mr. Alan Williamson is the former vice president of Basic Research, Immunology and Inflammation and vice president of Research Strategy at Merck US. He was a member of the Advisory Council of the NIH National Human Genome Institute from 1998 to 2002 and currently is a member of the Sequencing Advisory Panel and Human Microbiome Advisory Panel. He currently serves as a board member of several high tech companies, including Onconova Therapeutics (U.K.). He formerly served as a board member of, among others, Oxxon Therapeutics (U.K.), Solexa (U.K.) and Pulmagen Therapeutics (U.K.).

Madeli Participaties B.V., with as only director Madeli B.V., represented by Mr. Wouter de Ruiter, independent, non-executive director

Mr. Wouter de Ruiter has more than 20 years of experience in the seed industry. Prior to assuming the role at Devgen, Mr. Wouter de Ruiter was the breeding lead for the Cucurbits for Monsanto Company, where he oversaw the development of several market-leading varieties. Before that he was head of the breeding department from De Ruiter Seeds, a Dutch seed company (sold to Monsanto Company) in Bergschenhoek. He holds a master degree in Plant Genetics and Breeding from the Wageningen University.

Van Herk Global Agri B.V., represented by Mr. Aat van Herk, non-executive director

Mr. Aat van Herk is by means of his investment company O.G.B.B. A van Herk B.V. an important shareholder of Devgen NV since its initial public offering at Euronext in 2005. His experience as entrepreneur and his excellent track record as investor in biotech companies imply an important added value for the company. Mr. Aat van Herk is the founder of the Dutch company van Herk Groep B.V. Van Herk Groep B.V., in its capacity as independent enterprise, is active in a considerable amount of areas of the economy: real estate, construction, property development, biotech, financial services and energy.

Operation

In 2011 the Board of Directors held seven ordinary meetings. The date and attendance of these Board meetings are set out in the table below.

Name	03/03	30/03	11/04	14/06	26/08	28/09	14/12
Remi Vermeiren	X	X	X	X	X	X	X
Thierry Bogaert (Thierry Bogaert BVBA)	X	X	X	X	o	X	X
Patrick Van Beneden	X	-	-	X	X	X	X
Jan Leemans (Blenar BVBA)	X	-	-	X	o	X	X
Alan Williamson	X	-	-	X	o	X	X
Rudi Mariën (Gengest BVBA)	X	o	-	X	X	X	X
Orlando de Ponti	-	o	-	X	o	X	X
Aat van Herk (Van Herk Global Agri B.V.)	n/a	n/a	n/a	-	-	-	-
Wouter de Ruiter	n/a	n/a	n/a	X	o	X	n/a
Wouter de Ruiter (Madeli Participaties B.V.)	n/a	n/a	n/a	n/a	n/a	n/a	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable

The Audit Committee
In 2011 the Audit Committee was composed of Mr. Remi Vermeiren (chairman), Blenar BVBA represented by Mr. Jan Leemans and Gengest BVBA, represented by Mr. Rudi Mariën.

Currently, the Audit Committee does not have a member who qualifies as an independent director in the sense of article 526ter of the Company Code and therefore the Audit Committee is not validly composed in accordance with article 526bis of the Company Code.

The Board of Directors will propose the necessary actions to remedy the non-compliance, by proposing to the next general shareholders meeting the appointment of a new independent director who has the necessary expertise to become chairman of the Audit Committee.

The Audit Committee met four times in 2011 as set out in the table below.

Name	02/03	14/06	25/08	13/12
Remi Vermeiren	X	X	X	X
Jan Leemans (Blenar BVBA)	X	o	X	X
Rudi Mariën (Gengest BVBA)	X	X	X	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable.

Expertise within the Audit Committee
The Board of Directors believes that at least one member of the Audit Committee, namely Mr. Remi Vermeiren, has the necessary expertise in the field of accounting and audit, because Mr. Remi Vermeiren holds a degree in Commercial and Financial Science and gained experience in accounting and audit as former chairman of the Executive Committee of KBC Group and as a member of the administrative, management or supervisory bodies of various companies.

The Nomination and Remuneration Committee
Mr. Remi Vermeiren (chairman), Mr. Patrick Van Beneden, Gengest BVBA, represented by Mr. Rudi Mariën, Mr. Orlando de Ponti and Blenar BVBA, represented by Mr. Jan Leemans, were part of the Nomination and Remuneration Committee in 2011.

Currently, the Nomination and Remuneration Committee does not incorporate a majority of independent directors in the sense of article 526ter of the Company Code and therefore the Nomination and Remuneration Committee is not validly composed in accordance with article 526quater of the Company Code.

The Board of Directors will propose the necessary actions to remedy the non-compliance.

The Nomination and Remuneration Committee met three times as set out in the table below.

Name	03/03	28/09	14/12
Remi Vermeiren	X	X	X
Patrick Van Beneden	X	X	X
Rudi Mariën (Gengest BVBA)	X	X	X
Orlando de Ponti	-	X	X
Jan Leemans (Blenar BVBA)	-	X	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable.

11.4.2. Evaluation process of the Board of Directors, its committees and individual members

Every two years the Board of Directors will, under the lead of its chairman, assess its size, composition, performance and those of its committees, as well as the contribution of each director.

This evaluation process has four objectives:

- assessing how the Board of Directors and its committees operate;
- checking that the important issues are suitably prepared and discussed;
- checking the board's and committees' current composition against the desired composition; and
- evaluating the actual contribution of each director's work, the director's presence at board and committee meetings and his involvement in discussions and decision-making.

The chairman can organize an individual meeting with each director to discuss these items, including the director's own performance and the performance of his colleague directors.

The conclusions resulting from these individual meetings will be submitted to the board by the chairman.

An individual evaluation of each director will be conducted every 2 years as part of the global evaluation of the board and each time the Board considers his nomination for re-appointment by the General Shareholders' meeting.

The non-executive directors should assess their interaction with the executive management at least once a year. To this end they will meet at least once a year in the absence of the executive director.

11.4.3. Overview of the efforts made to ensure that at least one third of the members of the Board of Directors is of another gender than the other members

The Nomination and Remuneration Committee will develop a plan to attract suitable future board members of both genders in the years up to 2017.

11.5. Executive and senior management

11.5.1. Executive management

Thierry Bogaert BVBA, represented by Mr. Thierry Bogaert, managing director and Chief Executive Officer (CEO) of Devgen NV.

Mr. Thierry Bogaert is a graduate from Ghent University and received a MSc degree from the University of Manitoba, Canada and a PhD from University of Cambridge (UK). He held faculty positions at the Medical Research Council - Laboratory of Molecular Biology in Cambridge and the Medical Faculty of the Ghent University. He founded Devgen NV in 1997 and has led the company since.

Mr. Wim Goemaere, Chief Financial Officer (CFO).

Mr. Wim Goemaere holds a degree in applied economics from the University of Leuven. He held since 1995 the position of CFO at VIB which is a research institution employing over 1000 researchers. At VIB, his responsibilities included finance and control, tax management, corporate information technology and corporate legal issues. He started his career with BP Chemicals in Antwerp in 1987 as analyst and he held various other positions at BP until he was appointed controller at BP Belgium NV in 1993 until 1995.

11.5.2. Senior managers

Mrs. Sabine Drieghe, Human Resources Director

Sabine Drieghe received a Msc in Agricultural and Chemical Engineering at the University of Ghent. Prior to joining Devgen in 2001, she headed the laboratory of the Department of Crop Protection at the University of Ghent.

Mr. Luc Maertens, Sr. Director Planning and Coordination

Mr. Luc Maertens received a Msc in Biomedical Sciences at the University of Brussels. Prior to joining Devgen in 1998, he has been working in the laboratory of the VIB Department Medical Protein Research of the Faculty of Medicine at the University of Ghent. He holds positions in Regulatory Affairs, Operations, HS & E and is heading the Planning & Coordination Office since 2008.

Mr. Geert Plaetinck, Sr. Director of Research

Mr. Geert Plaetinck manages the company's biotech research in Ghent and Singapore in Crop protection and Plant biotechnology. He has over twenty years of experience in managing biotech research at Ghent University, Roche and, since 1998, Devgen.

Mr. Geert Plaetinck is instrumental in the development of Devgen's core crop protection technology and in managing Devgen's external research collaborations. He has a Ph.D. from the University of Ghent and completed a post-doctoral fellowship at ISREC (Switzerland).

Mr. Bipin Solanki, CEO Devgen Seeds & Crop Technology Private Limited (India), a wholly owned subsidiary of Devgen NV

Mr. Bipin Solanki is a graduate from the Agricultural University of Gujurat. He held senior management positions with business responsibilities at Monsanto Company for 11 years. Prior to joining Monsanto Company he was employed with Aventis for 14 years managing the seed and crop protection chemical business. He has 25 years of experience in the seed and biotech trait industry in India and served as a member of the Governing Council of the National Seed Association.

Mrs. Ann Viaene, PhD, European Patent Attorney, Head of Intellectual Property and Regulatory Department

Mrs. Ann Viaene holds a MSc in Biotechnology from Ghent University, a PhD in sciences from the University of Leuven and is a qualified European Patent Attorney. Before joining Devgen in 2004, she worked for 6 years with De Clercq, Brants and Partners, currently De Clercq and Partners.

11.6. Remuneration report

11.6.1. Remuneration of the non-executive directors

The remuneration of the non-executive directors is decided upon by the General Shareholders' meeting. The Nomination and Remuneration Committee makes proposals to the Board of Directors on the remuneration policy and the remuneration for non-executive directors, taking into account the corporate governance code, market practice and the characteristics of listed growth companies. The Board of Directors subsequently proposes a remuneration package to the General Shareholders' meeting, based upon the proposal of the Nomination and Remuneration Committee.

According to the code, the remuneration of non-executive directors should take into account their responsibilities and time commitment, and the non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits.

The Nomination and Remuneration Committee consists of the 5 following members:

- Mr. Remi Vermeiren, chairman;
- Gengest BVBA, represented by Mr. Rudi Mariën;
- Blenar BVBA, represented by Mr. Jan Leemans;
- Mr. Patrick Van Beneden;
- Mr. Orlando de Ponti.

The General Shareholders' meeting of 2 June 2009 resolved that the non-executive directors, with the exception of the chairman, are entitled to a compensation of € 1,500 per attended meeting of the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of € 7,500 for every fully performed board mandate year. Said General Shareholders' meeting also confirmed that the remuneration of the chairman consists of a monthly fee of € 4,000.

The following remuneration has been paid by the company to the non-executive directors during 2011:

Director	Attendances (*)	Amount (€)
Remi Vermeiren	Board - AC - RemCo	48,000
Gengest BVBA - Rudi Mariën	Board - AC - RemCo	22,500
Blenar BVBA - Jan Leemans	Board - AC - RemCo	18,000
Patrick Van Beneden	Board - RemCo	-
Alan Williamson	Board	13,500
Orlando de Ponti	Board - RemCo	13,500
Wouter de Ruiter	Board	3,000
Madeli Participaties - Wouter de Ruiter	Board	1,500
Van Herk Global AGRI - Aat van Herk	Board	-

(*) AC = Audit Committee; RemCo = Nomination and Remuneration Committee.

In addition to foregoing cash remuneration and as a deviation from the code all non-executive directors or their permanent representatives were offered 6,000 warrants on Devgen's shares by the Extraordinary Shareholders meeting of 1 June 2011. Said warrants were granted at the beginning of the mandate and become vested warrants on 31 May 2012.

There is no agreement between the company and the non-executive directors that would entitle such directors to any compensation or indemnity triggered by termination of their mandate and Devgen has not made any loans to the members of the Board of Directors.

The managing director and CEO, Thierry Bogaert BVBA, does not receive remuneration in his capacity of director of Devgen NV. His remuneration as executive manager is specified further on.

In the next two years, 2012 and 2013, the remuneration of the non-executive directors will be on the same basis as in 2011.

11.6.2. Shares and warrants held by non-executive directors

The table below provides an overview of the shares and warrants held by the non-executive directors on 31 December 2011. For the key features of these warrants, please refer to IFRS note 22 of the consolidated financial statements.

Board of Directors on 31 December 2011	Shares	Warrants		
		Outstanding	Exercise price	Vested
Orlando de Ponti	-	6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Jan Leemans	13,000	2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
Blenar BVBA	-	6,000	6.78 €	-
Rudi Mariën	385,000	6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Gengest BVBA	-	-	-	-
Biovest ComVa (*)	2,708,489	-	-	-
Remi Vermeiren	20,000	3,000	9.49 €	3,000
		3,000	14.25 €	3,000
		3,000	20.73 €	3,000
		2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Patrick Van Beneden	-	-	-	-
Alan Williamson	1,146	3,000	14.25 €	3,000
		3,000	20.73 €	3,000
		2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Wouter de Ruiter,	-	-	-	-
BV Madeli Participaties	2,083,863	-	-	-
Aat van Herk	-	-	-	-
Van Herk Global Agri BV	-	-	-	-
O.G.B.B. A. Van Herk B.V. (**)	4,507,700	-	-	-

(*) Biovest ComVa is an investment company controlled by Mr. Rudi Mariën.

(**)O.G.B.B. A. Van Herk B.V. is an investment company controlled by Mr. Aat van Herk.

11.6.3. Remuneration of the executive and senior management

The remuneration of Thierry Bogaert BVBA as CEO, as well the remuneration of the CFO and the senior managers are determined by the Board of Directors, upon proposal of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee determines the relevant benchmark and makes proposals on the remuneration policy and individual remuneration, taking into account the skills, experience, performance and responsibilities of the individual.

The CEO makes proposals to the board and the Committee, with respect to the remuneration of the executive and senior management of the company and its subsidiaries.

The Board of Directors has adopted a remuneration policy for the executive and senior management in line with the market standard in the sector and the performance of the managers. The remuneration policy is designed to retain the managers and to give them the incentive to achieve the short and long term goals of the company. The remuneration consists of the following:

- a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions;
- a variable remuneration, both as a cash bonus and in the form of an offer of warrants to the company's shares, depending on the extent to which the manager met his objectives in the past year;
- extra-legal benefits, including participation in a pension scheme, a disability and healthcare insurance, a company car, mobile phone, laptop and meal vouchers.

The following table provides the remuneration of the executive and senior management in 2011:

in € 1,000	Note	CEO	CFO	Senior management	Total
Fixed remuneration		359	168	857	1,383
Expenses and allowances		24	18	78	120
Variable remuneration					
- in cash	(a)	215	25	146	386
- in warrants	(b)	140	37	141	318
Total variable remuneration		355	62	287	704
Post employment benefits		0	12	56	68
Total remuneration		**737**	**260**	**1,279**	**2,276**

(a) Variable remuneration earned in 2011, paid in 2012 for CFO and senior management; earned in 2011, paid in 2012, 2013 and 2014 for CEO (see below).

(b) Warrants granted by the Nomination and Remuneration Committee per 7 March 2012, not yet accepted per date of this report. The valuation of this part of the variable remuneration is done using the Black & Scholes model for the calculation of the fair value of the warrants.

The relative portions of the fixed and variable remuneration are as follows:

	CEO	CFO	Senior management
Fixed remuneration	49%	64%	68%
Expenses and allowances	3%	7%	6%
Variable remuneration			
- in cash	29%	10%	11%
- in warrants	19%	14%	11%
Total variable remuneration	48%	24%	22%
Post employment benefits	0%	5%	4%
Total remuneration	**100%**	**100%**	**100%**

The variable remuneration paid out in cash or granted in warrants during 2011 as part of the remuneration over services in 2010 is as follows:

in € 1,000	CEO	CFO	Senior management	Total
Variable remuneration				
- in cash	213	16	128	357
- in warrants	95	31	110	235
Total variable remuneration	**307**	**47**	**238**	**593**

In the next two years, 2012 and 2013, the remuneration of the CFO and senior managers will be on the same basis. The Board of Directors furthermore expects the total remuneration package of the CEO in the coming 2 years to be in line with the total remuneration package in 2011, assuming an equivalent performance.

The post-employment benefits for the CFO and the majority of senior management are payments into a defined contribution pension plan, under which the company pays a fixed percentage of the fixed gross salary to an insurance company.

The CEO, the CFO and the senior management are eligible for variable annual cash and warrant bonuses.

In accordance with the provisions of the Company Code the variable bonus of the CEO will be based on the performances for 3 years, where only 50% of the bonus shall be based on the performances of 2011, 25% on the performances of 2012 and 25% on the performances of 2013.

During the first quarter of each year, the Board of Directors will, at the recommendation of the Nomination and Remuneration Committee and in common agreement with the CEO, determine performance criteria of the CEO (i) for the then current calendar year (the "One Year Performance Criteria"), (ii) for the two years' period including the then current and the next calendar year (the "Two Years Performance Criteria") and (iii) for the three years' period including the then current and the next two calendar years (the "Three Years Performance Criteria"). The One Year Performance Criteria, the Two Year Performance Criteria and the Three Year Performance Criteria may include quantitative as well as qualitative objectives (such as objectives in terms of cash burn, revenues, EBIT and technical and business milestones).

The variable annual bonus shall be calculated as following. During the first quarter of each year, the Board of Directors will, at the recommendation of the Nomination and Remuneration Committee, determine the CEO's performance (expressed as a percentage) against the One Year Performance Criteria for the previous calendar year (the "One Year Performance

Percentage"), against the Two Years Performance Criteria for the two previous calendar years (the "Two years Performance Percentage") and against the performance criteria for the three previous calendar years (the "Three Years Performance Percentage").

During the first quarter of the year, when the budget for the coming year has been defined, the CEO determines the quantitative and qualitative goals for CFO and senior management. At the end of the year the CEO evaluates the goals. Based on this evaluation the CEO makes a proposal for variable annual cash and warrant bonuses to the Nomination and Remuneration Committee. The Board Directors decides on the variable annual cash and warrant bonuses for the CFO and the senior management, at the recommendation of the Nomination and Remuneration Committee.

The severance pay contractually foreseen for the CEO, the CFO and senior management to be paid in the event of early termination does not exceed 12 months' basic and variable remuneration.

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the CEO and the CFO whose contractual arrangements entered into at the time of their appointment provide for notice periods of 12 and 9 months respectively.

There are no provisions allowing the company to reclaim any variable remuneration paid to executive management based on incorrect financial information.

11.6.4. Shares and warrants held by executive and senior managers

The table below provides an overview of the warrants held directly or indirectly by the executive and senior managers on 31 December 2011.

Name	Year of grant	Exercise price	Outstanding per 31.12.2010	Exercised in 2011	Cancelled in 2011	Outstanding per 31.12.2011	Vested per 31.12.2011
Thierry Bogaert	2005	9.49 €	100,000	-	-	100,000	100,000
	2006	11.67 €	5,256	-	-	5,256	5,256
	2007	20.73 €	200,016	-	-	200,016	200,016
	2007	21.61 €	24,588	-	-	24,588	24,588
	2009	6.65 €	300,000	-	-	300,000	300,000
	2011	6.78 €	-	-	-	85,436	85,436
Sabine Drieghe	2007	21.61 €	1,404	-	-	1,404	1,404
	2009	3.50 €	13,574	-	-	13,574	11,402
	2010	10.49 €	1,008	-	-	1,008	560
	2011	5.61 €	-	-	-	15,228	3,384
Wim Goemaere	2008	13.26 €	10,008	-	-	10,008	10,008
	2009	3.50 €	13,032	-	-	13,032	11,584
	2010	10.49 €	5,292	-	-	5,292	2,940
	2011	5.61 €	-	-	-	13,212	2,936
Geert Plaetinck	2008	13.00 €	1,296	-	-	1,296	1,296
Bipin Solanki	2008	13.26 €	15,000	-	-	15,000	15,000
	2009	3.50 €	150,000	-	-	150,000	-
	2010	10.49 €	10,008	-	-	10,008	-
	2011	5.61 €	-	-	-	15,388	-
Luc Maertens	2006	11.67 €	1,224	-	-	1,224	1,224
	2007	21.61 €	612	-	-	612	612
	2008	13.00 €	900	-	-	900	900
	2009	3.50 €	3,924	-	-	3,924	3,488
	2010	10.49 €	1,008	-	-	1,008	560
	2011	5.61 €	-	-	-	1,620	360
Ann Viaene	2005	9.49 €	1,112	-	-	1,112	1,112
	2007	21.61 €	612	-	-	612	612
	2008	13.00 €	1,116	-	-	1,116	1,116
	2009	3.50 €	3,625	2,610	-	1,015	435
	2010	10.49 €	7,992	-	-	7,992	4,440
	2011	5.61 €	-	-	-	14,796	3,288

For the key features of these warrants, please refer to Note 22 "Share-based payment schemes" of the consolidated financial statements.

Per 31 December 2011, the CEO, the CFO and the senior management held the following number of shares of the company:

- Mr. Thierry Bogaert: 47,732 shares
- Mrs. Ann Viaene: 2,610 shares

11.7. Litigation statement and conflicts of interest

11.7.1. Litigation statement

At the date of this report, none of the directors, executive or senior managers of the company or, in case these are corporate entities none of their permanent representatives, has, for at least the previous five years:

- Any convictions in relation to fraudulent offences;
- Held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation, except for:
  - Mr. Remi Vermeiren, who was a member of the supervisory bodies of ACP II SCA Luxembourg (Luxembourg) and IFB SPA (Italy), both of which are in the process of being voluntarily liquidated with Remi Vermeiren acting as liquidator for ACP II SCA Luxembourg;
  - Mr. Jan Leemans, who was a member of the Board of Directors of Maize Technologies International NV, which has filed for bankruptcy in 2007;
- Been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body), except for:
  - Mr. Remi Vermeiren who was, in the context of a criminal procedure on the alleged collaboration within KBLuxembourg and KBC with tax evasion by clients, together with 13 other individuals, prosecuted before the Correctional Court ("correctionele rechtbank") of Brussels. On 8 December 2009, the Correctional Court decided that the prosecution was inadmissible because of an infringement of the right of defense of the defendants, so that Mr. Remi Vermeiren was dismissed from prosecution. The public prosecutor lodged an appeal against this judgment of the Correctional Court, which appeal was rejected by the Court of Appeal on 10 December 2010. Subsequently the prosecutor general turned to the Court of Cassation ("Hof van Cassatie") which has, by its decision of 31 May 2011, rejected the cassation appeal. The decision declaring the prosecution inadmissible has thus become definitive;
- Been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

11.7.2. Conflicts of interest of directors and managers

In 2011 the procedure of conflict of interest of article 523 of the Company Code was applied, namely during the meeting of the Board of Directors of 30 March 2011 with regard to the proposal to have a capital increase by means of a private placement in the framework of the authorized capital as set out in section 3 of this annual report. The order of the relevant events of that board meeting is described below:

Gengest BVBA, with as permanent representative Mr. Rudi Mariën, acting in its capacity as director of Devgen NV, informs the Board of Directors, before the commencement of the deliberations, that it, in respect to the transaction that is on the agenda, possibly might have a financial interest that conflicts with the interest of the company. Mr. Rudi Mariën is the permanent representative of Gengest BVBA in respect to its capacity of director of the company.

In the framework of the capital increase as described in the agenda, the Board of Directors intends, in the interest of the company, to nullify the preferential subscription rights of the existing shareholders (and, as far as required and applicable, the existing holders of warrants and / or bonds) of the company in the framework of the proposed increase of the authorized capital of the company by means of the issuance of new shares on the occasion of a private placement.

Following the proposed capital increase, Gengest BVBA and / or its permanent representative, Mr. Rudi Mariën directly, or by means of an affiliated company, subscribes to the to be issued new shares in the framework of the private placement. It cannot be excluded that Gengest BVBA and / or its permanent representative Mr. Rudi Mariën may have a personal financial interest that could potentially conflict with the interests of the company. In particular, this Director has a direct interest in the lowest possible subscription price. This personal interest is not necessarily compatible with the interests of the company. The exact financial consequences of this potential conflict can however only be assessed and / or calculated after the final subscription price has been determined by the Board of Directors.

Given the above and pursuant to article 523 of the Company Code, the Director concerned therefore proposes to not participate in the deliberations and decisions on the first four items on the agenda of this meeting. The other members of the board align themselves with this proposal.

Thereafter, Mr. Remi Vermeiren reads a statement on the account of Mr. Patrick Van Beneden, acting in his capacity as director of Devgen NV, in which it is identified that the preferential subscription right of shareholders is nullified in favor of, among others the Gimv-group. Mr. Patrick Van Beneden is employed by the Gimv-group and holds several mandates in Gimv-group affiliated companies. Mr. Patrick Van Beneden emphasized that he did not intervene, nor will intervene in the decision of the Gimv-group to, or not, effectively subscribe.

Mr. Patrick Van Beneden explains that, following the above explanation, there is no legal obligation to apply to article 523 of the Company Code, if there would be any proprietary interest in connection with his person, this would not be in conflict with the interests of the company in the framework of this decision of the Board of Directors.

Nonetheless, in view of his mandates and interests within the Gimv-group, Mr. Patrick Van Beneden elects to, as far as necessary and applicable, in accordance with article 523 of the Company Code not participate in the deliberations and decisions on the first four agenda items.

It is, as far as necessary and applicable, also stated that currently it is not possible to assess and / or calculate the possible financial consequences of the above mentioned facts. The other members of the Board of Directors concur with the proposal of Mr. Patrick Van Beneden.

Gengest BVBA, with as its permanent representative Mr. Rudi Mariën then puts down the phone and does not participate to the meeting during the deliberation and decision making on the first four items on the agenda in accordance with article 523 of the Company Code. The statutory auditor of the company will be informed of the aforementioned statements made by the directors.

11.8. Transactions with related companies

Article 524 of the Company Code provides for a special procedure that applies to intra-group transactions. The procedure has to be observed for decisions or transactions between Devgen and affiliated companies that are not subsidiary, as well as for decisions or transactions between any of Devgen's subsidiaries and such subsidiaries' affiliates that are not a subsidiary of the Devgen subsidiary.

In 2011 article 524 was not applicable.

11.9. Internal control and risk management systems

The main features of the internal control and risk management systems of Devgen and its affiliated companies are described in the annual report of the Board of Directors on the statutory financial statements (15.3) and in the annual report on the consolidated financial statements (14.2).

12. Employees

12.1. Number of employees

The average number of full time equivalents in the continued activities is as follows:

	2011	2010	2009
Executive director	1	1	1
Employees	231	266	247
- R & D and production	123	144	120
- Sales, general and administrative staff	109	144	127
Total average full time equivalents	232	267	248

The average number of full time equivalents increased with 8% between 2009 and 2010; followed by a decrease with 13% between 2010 and 2011. These mutations result from the ordinary course of business, especially in the Indian subcontinent and Southeast Asia, where the development of new business activities, process optimization, outsourcing of processes and adoption to local business practices and industry developments cause continues changes in the number of full time equivalents.

12.2. Arrangements for involving the employees in the capital of Devgen

Devgen has created several pools of warrants for grant to employees. Reference can be made to chapter 14 for more detailed information on the warrant plans for employees.

13. Shares and shareholders

13.1. History of capital

Per 31 December 2011, Devgen NV's share capital amounts to € 1,819,977.68 represented by 24,266,400 shares, each having the same fractional value.

The table below provides an overview of the history of the company's share capital since its incorporation in 1997. The overview should be read together with the notes set out below the table.

Date	Transaction	Number and class of shares issued	Issue price per share (€)	Capital increase (€) (1)	Issue premium paid (€)	Share capital (€)	Aggregate number of shares after the transaction
10 September 1997	Incorporation	2,500	24.79			61,973.38	2,500
8 October 1997	Stock split (1/1,000) and reclassification of shares (2)	/	/	/	/	61,973.38	2,500,000
11 December 1997	Capital increase in cash (3, 4)	6,001,000 (preferred B)	0.31	148,760.90	1,710,750.40	210,734.29	8,501,000
27 August 1998	Capital increase in cash (5)	6,000,000 (preferred B)	0.93	148,736.11	5,428,868.19	359,470.40	14,501,000
25 February 1999	Capital increase in cash (6)	1,365,680 (C)	0.02	33,854.32		393,324.72	15,866,680

(1) The amount of the share capital does not include issue premiums, if any, that have been paid with respect to the issuance of shares.

(2) At the same occasion, the shares were reclassified into three classes of shares: 1,000,000 A shares, 1,498,000 preferred B shares, and 2,000 C shares.

(3) At the same occasion, 30,500 B shares were reclassified into 30,500 ordinary B shares and 1,467,500 B shares were reclassified into 1,467,500 C shares.

(4) The shares were subscribed to by Abingworth Bioventures II SICAV (3,001,000 shares), GIMV NV (1,500,000 shares) and Biotech Fonds Vlaanderen NV (1,500,000 shares).

(5) The shares were subscribed to by GIMV NV (1,500,000 shares), Biotech Fonds Vlaanderen NV (1,500,000 shares), Abingworth Bioventures II SICAV (2,998,900 shares) and Elkinbrook Limited (1,100 shares).

(6) The shares were subscribed to by Mr. Thierry Bogaert (500,000 shares), and by a number of employees (865,680 shares).

Date	Transaction	Number and class of shares issued	Issue price per share (€)	Capital increase (€) [1]	Issue premium paid (€)	Share capital (€)	Aggregate number of shares after the transaction
22 October 1999	Capital increase in cash [7, 8]	11,500,000 (preferred B)	2.00	285,200.00	22,714,800.00	678,524.72	27,366,680
22 October 1999	Capital increase through incorporation of issuance premiums	/	/	5,642.28	(5,642.28)	684,167.00	27,366,680
19 July 2000	Capital increase in cash [9]	2,223,515 (preferred B)	2.85	55,587.88	6,281,429.87	739,754.88	29,590,195
1 June 2004	Capital increase through incorporation of issuance premiums	/	/	25,913,227.42	(25,913,227.42)	26,652,982.30	29,590,195
1 June 2004	Capital decrease to compensate for losses incurred	/	/	25,913,227.42	/	739,754.88	29,590,195
29 April 2005	Capital increase through incorporation of issuance premiums	/	/	2,740,221.52	(2,740,221.52)	3,479,976.40	29,590,195
29 April 2005	Capital decrease to compensate for losses incurred	/	/	(2,740,221.52)	/	739,754.88	29,590,195
29 April 2005	Reversed stock split (3/1)						9,863,420
9 June 2005	Capital increase in cash [10]	4,000,000	7.50	299,999.34	29,700,000.66	1,039,754.22	13,863,420

(7) The shares were subscribed to by Abingworth Bioventures II SICAV (1,000,000 shares), Biotech Fonds Vlaanderen NV (1,000,000 shares), GIMV NV (500,000 shares), Bank Brussel Lambert NV (1,750,000 shares), De Vaderlandsche NV (1,250,000), KBC Securities NV (1,000,000), Life Science Partners (1,500,000 shares), Mercator & Noordstar NV (1,500,000 shares), Rendex NV (1,250,000 shares) and Sofindev NV (750,000 shares).

(8) At the same occasion, 30,500 ordinary shares B were reclassified into 30,500 shares C.

(9) The shares were subscribed to by Polytechnos Genomics (GP) Limited (1,872,637 shares), Capricorn Venture Fund NV (167,404) and Baring Capricorn Ventures Limited (183,474).

(10) On 29 April 2005, the company's General Shareholders' meeting decided to increase the company's share capital with the issue of new shares in connection with an initial public offering. The capital increase was completed on 9 June 2005, and 4,000,000 new ordinary shares were issued. At the same time, all existing shares of the company were converted into ordinary shares.

Date	Transaction	Number and class of shares issued	Issue price per share (€)	Capital increase (€) (1)	Issue premium paid (€)	Share capital (€)	Aggregate number of shares after the transaction
29 June 2005	Capital increase resulting from the exercise of war-rants (11)	498,544	7.50	37,390.72	3,701,689.28	1,077,144.94	14,361,964
29 December 2005	Capital increase resulting from the exercise of warrants (12)	400,83	see note 12	30,062.25	752,578.11	1,107,207.19	14,762,794
4 April 2006	Capital increase resulting from the exercise of warrants (12)	158,206	see note 12	11,865.45	464,767,79	1,119,072.64	14,921,000
5 October 2006	Capital increase resulting from the exercise of warrants (12)	137,302	see note 12	10,297.65	341,410.63	1,129,370.29	15,058,302
20 February 2007	Capital increase through issuance of new shares	1,505,829	20.75	112,937.18	31,133,014	1,242,307.47	16,564,131
5 April 2007	Capital increase resulting from the exercise of warrants (12)	141,858	see note 12	10,639.35	534,453.39	1,252,946.82	16,705,989
3 October 2007	Capital increase resulting from the exercise of warrants (12)	104,962	see note 12	7,872.15	359,420,42	1,260,818.97	16,810,951
31 October 2007	Capital increase through issuance of new shares	1,045,400	17,22	78,405	17,923,383	1,339,223.97	17,856,351
7 April 2008	Capital increase resulting from the exercise of warrants (12)	25,149	see note 12	1,886.18	56,445	1,341,110.15	17,881,500
31 October 2008	Capital increase resulting from the exercise of warrants (12)	9,109	see note 12	683.18	12,118.81	1,341,793.33	17,890,609

(11) On 29 April 2005, the company's General Shareholders' meeting decided to create an "Over-allotment warrant". The warrant was granted to KBC Securities NV to cover over-allotments in connection with the initial public offering by the company. On 29 June 2005, the share capital was increased through exercise of 498,544 over-allotment warrants and the issuance of 498,544 new ordinary shares.

(12) An exercise period closed for a number of warrants issued under various warrant plans of Devgen NV. The warrants exercised during that exercise period typically have different exercise prices, depending on the relevant plan and tranche they relate to.

Date	Transaction	Number and class of shares issued	Issue price per share (€)	Capital increase (€) [1]	Issue premium paid (€)	Share capital (€)	Aggregate number of shares after the transaction
27 April 2009	Capital increase resulting from the exercise of warrants [12]	1,125	see note 12	84.38	1,291.10	1,341,877.71	17,891,734
6 October 2009	Capital increase resulting from the exercise of warrants [12]	3,878	see note 12	290.85	11,002.39	1,342,168.56	19,645,073
6 October 2009	Private placement	1,753,339	8.38	131,500.425	14,561,480.39	1,473,668.99	19,648,951
7 April 2010	Capital increase resulting from the exercise of warrants [12]	19,825	see note 12	1,486.88	66,694.59	1,475,155.87	19,668,776
5 October 2010	Capital increase resulting from the exercise of warrants [12]	7,866	see note 12	589.95	25,800.64	1,475,745.82	19,676,642
4 April 2011	Private placement	4,584,549	5.85	343,841.18	26,475,770.47	1,819,587.00	24,261,191
8 April 2011	Capital increase resulting from the exercise of warrants [12]	2,245	See note 12	168.38	7,689.12	1,819,755.38	24,263,436
6 October 2011	Capital increase resulting from the exercise of warrants [12]	2,964	See note 12	222.30	10,151.70	1,819,977.68	24,266,400

[12] An exercise period closed for a number of warrants issued under various warrant plans of Devgen NV. The warrants exercised during that exercise period typically have different exercise prices, depending on the relevant plan and tranche they relate to.

13.2. Authorized capital

By virtue of the resolution of the Extraordinary General Shareholders' meeting held on 25 August 2008, the Board of Directors has been expressly authorized to increase the share capital within a timeframe of five years as of the publication of the minutes in the annexes to the Belgian Official Gazette, in one or more transactions, with a total amount of € 1,341,110.15. The Board of Directors can use the above powers for any purpose or type of transaction that the Board of Directors believes appropriate or necessary in the interest of the company.

The Board of Directors can exercise this power for a period of five (5) years, starting from 5 September 2008, date of the publication of the resolution of the Extraordinary General Shareholders' Meeting in the annexes to the Belgian Official Gazette.

This authorization may be renewed in accordance with the relevant legal provisions.

The Board of Directors decided to make use of the authorized capital on 1 October 2009 in the framework of a private placement for an amount of € 131,500.43 so that a balance of authorized capital of € 1,209,609.72 remained.

At the meeting of the Board of Directors on 30 March 2011 the Board decided to increase the capital within the authorization as set out above. Consequentially, on 4 April 2011 Devgen NV issued 4,584,549 new shares in a private placement with pre-identified investors for a total amount of € 26,819,611, resulting in a statutory capital increase of € 343,841.18.

After this capital increase the remainder of the authorized capital amounts to € 865,768.54.

13.3. Warrants

Devgen has created a number of warrants. Reference can be made to Chapter 14 for more detailed information on the warrant plans.

The table below sets forth an overview of the outstanding securities that have been issued by Devgen NV up to 31 December 2011.

Actual voting rights attached to:	Number of voting rights
Shares representing the share capital	24,266,400
Note – For information purposes: potential future voting rights attached to shares representing the share capital, to be issued upon the exercise of:	
Warrants 2005	438,879
Warrants for employees, CEO and consultants 2008	689,344
Warrants for directors 2008	8,793
Warrants CEO 2009	300,000
Warrants for directors 2009	30,000
Warrants for CEO & directors 2010	30,000
Warrants for CEO & directors 2011	115,436
Subtotal	1,612,452
Total	25,878,852

Out of the 1,612,852 warrants, 1,343,379 warrants have been granted before 31 December 2011; the remaining 269,073 warrants have been created but not yet granted.

13.4. Transparency

The Company Code and the company's articles of association provide that each natural person or legal entity acquiring or transferring shares or other financial instruments of the company that entitle the holder thereof to voting rights, whether or not representing the company's share capital (such as warrants or convertible bonds, if any), must, within two business days following the transaction, notify the company and the Belgian Financial Services and Markets Authority ("FSMA") of the total number of voting financial instruments held by him each time where as a result of the acquisition or transfer the total number of voting financial instruments held by him after the transaction exceeds or falls below a threshold of 3%, 5%, 10% or 15% (or every subsequent multiple of 5%) of the total number of voting financial instruments of the company at the moment of the transaction. If the number of voting financial instruments held by him is equal to or in excess of 20%, the notification must also contain a description of the policy in the framework of which the acquisition or transfer takes place, as well as how many voting financial instruments have been acquired over the last 12 months, and in which manner. All persons acting individually must make the notification. It must also be made by affiliated persons or persons acting in concert with respect to the holding, acquisition or transfer of voting financial instruments. In that event the voting financial instruments of the affiliated persons or persons acting in concert must be combined for the purpose of determining whether a threshold is passed.

Persons that individually or jointly transfer or acquire the legal or factual control over a person holding 3% or more of the voting rights of the company must also notify this to the company and the FSMA.

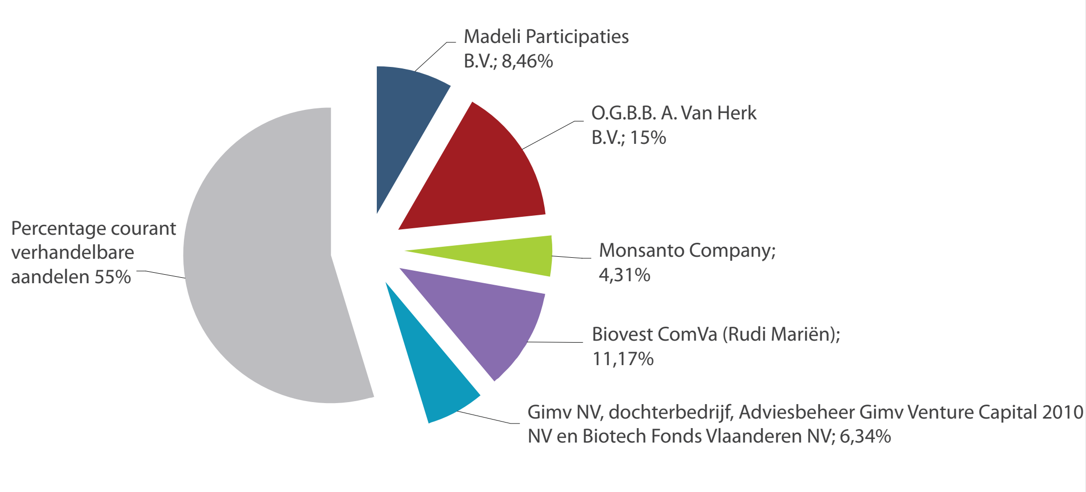
13.5. Shareholders: overview of transparency declarations and major shareholders

The table below provides an overview of the transparency declarations that the company has received to date.

Party	Date of declaration	Shares Number	Total voting securities on date of declaration	
			Number	% (1)
1 O.G.B.B. A. Van Herk B.V.	01/09/2008	2,277,266	2,277,266	12.74 %
2 Petercam NV	01/09/2008	1,423,430	1,423,430	7.96 %
3 Monsanto Company	01/09/2008	1,045,400	1,045,400	5.85 %
4 BPTS	01/09/2008	633,000	633,000	3.54 %
5 KBC Asset Management NV	01/09/2008	558,863	558,863	3.13 %
6 Biovest ComVa (Rudi Mariën)	13/11/2008	1,082,574	1,082,574	6.05 %
7 Petercam NV	24/12/2008	771,504	771,504	4.31 %
8 Petercam NV	28/04/2009	-	-	< 3 %
9 KBC Asset Management NV	30/04/2009	-	-	< 3 %
10 Biovest ComVa (Rudi Mariën)	12/10/2009	2,195,668	2,195,668	11.17 %
11 BT Pension Scheme Trustees Limited (BPTS)	19/10/2009	590,500	590,500	3.01%
12 O.G.B.B. A. Van Herk B.V.	13/11/2009	2,947,569	2,947,569	15%
13 Undisclosed party	31/08/2010	591,295	591,295	3.01%
14 Undisclosed party	22/11/2010	1,002,628	1,002,628	5.10 %
15 BT Pension Scheme Trustees Limited (BPTS)	10/03/2011	574,749	547,749	2.92%
16 Gimv NV, its daughter Adviesbeheer Gimv Venture Capital 2011 NV and Biotech Fonds Vlaanderen NV	08/04/2011	1,538,462	1,538,462	6.34%
17 Madeli Participaties B.V.	21/04/2011	2,052,476	2,052,476	8.46%
18 Monsanto Company	25/04/2011	1,045,400	1,045,400	4.31%

(1) The percentage of voting securities is calculated on the basis of the outstanding voting securities at the time of the declaration.

Major shareholders as of 31 December 2011, based upon the above mentioned transparency declaration.



The remuneration report, included in sections 14.2 and 15.3 of this document, contains an overview of the number of shares held by the directors per 31 December 2011.

13.6. Paying agent services

The financial service for the shares of the company will be provided in Belgium by KBC Bank free of charge for the shareholders.

Shareholders should inform themselves about the costs that other financial intermediaries may charge in connection with paying agency services.

14. Consolidated financial statement

14.1. Consolidated financial statements per 31 December 2011

Income statement

in € 1,000	Note	2011	2010	2009
Revenues		**25,493**	**20,735**	**18,524**
Research and development services	1	10,412	12,463	9,170
Sales of goods	1	15,081	8,284	9,149
Government grant income	1	-	-12	205
Cost of goods sold		-13,477	-8,711	-5,942
Gross profit		**12,016**	**12,024**	**12,582**
Marketing and distribution expenses	2	-4,376	-4,543	-4,315
Research and development expenses	2	-8,126	-8,453	-10,086
General and administration expenses	2	-6,213	-6,071	-6,289
Other operating income and expenses	3	398	852	170
Operating profit / (loss)		**-6,301**	**-6,191**	**-7,938**
Financial income	5	836	262	271
Financial expenses	5	-1,545	-1,196	-852
Profit / (loss) before taxes		**-7,010**	**-7,126**	**-8,519**
Income taxes	7	-38	-16	-
Net profit / (loss) for the year from continuing operations		**-7,048**	**-7,141**	**-8,519**
Profit / (loss) for the year from discontinued operations	8	-	-	-133
Profit / (loss) for the period		**-7,048**	**-7,141**	**-8,651**
Profit / (loss) for the period attributable to				
Shareholders of the parent company		-7,048	-7,141	-8,651
Minority interest		-	-	-
Losses per share (in €)	**Note**	**2011**	**2010**	**2009**
Basic loss per share	26	-0.30	-0.36	-0.45
Diluted loss per share	26	-0.30	-0.36	-0.45

The accompanying notes are an integral part of this income statement.

Statement of comprehensive income

in € 1,000	2011	2010	2009
Profit / (loss) for the period	-7,048	-7,141	-8,651
Currency translation resulting from foreign transactions	121	186	-148
Total comprehensive income / (loss) for the period	**-6,927**	**-6,954**	**-8,799**

The accompanying notes are an integral part of this statement of comprehensive income.

Balance sheet

in € 1,000	Note	2011	2010	2009
ASSETS				
Goodwill	9	7,855	7,855	7,855
Intangible assets	10	4,812	5,274	6,548
Property plant and equipment	11	2,473	3,157	2,709
Building held under lease	11	4,889	6,470	6,670
Investment property	12	2,406	1,088	1,158
Cash restricted in its use	17	5,718	5,866	5,603
Other financial assets	13	500	500	-
Other long term loans and receivables	13	324	293	210
Non-current assets		**28,975**	**30,504**	**30,769**
Inventory	14	2,546	4,939	2,369
Biological assets	14	2	24	19
Grants receivables		-	-	334
Trade receivables	15	2,666	3,651	3,901
Other current assets	16	1,291	1,512	2,437
Cash and cash equivalents	17	38,551	22,953	40,159
Assets classified as held for sale	8	-	-	63
Current assets		**45,056**	**33,079**	**49,282**
TOTAL ASSETS		**74,031**	**63,582**	**80,051**

in € 1,000	Note	2011	2010	2009
EQUITY AND LIABILITIES				
Share capital	21	1,820	1,476	1,475
Share premium account	21	128,526	102,275	102,190
Translation reserves		491	370	185
Share-based payment	22	5,309	4,843	4,437
Accumulated losses		-75,456	-68,407	-61,272
Equity attributable to equity holders of the parent		**60,689**	**40,557**	**47,015**
Total equity		**60,689**	**40,557**	**47,015**
Provisions		67	52	48
Long term debt	19	-	104	1
Long term debt lease	19	5,960	6,341	6,700
Non-current liabilities		**6,028**	**6,497**	**6,749**
Current portion of long term debt	19	104	104	132
Current portion of lease building	19	381	359	338
Short term debt	19	69	1,452	1,530
Trade payables	18	2,566	3,390	4,924
Prepayments	18	2,805	2,864	3,042
Other current liabilities	18	1,330	1,422	1,088
Deferred income	18	59	6,937	15,233
Total current liabilities		**7,313**	**16,528**	**26,287**
TOTAL EQUITY AND LIABILITIES		**74,031**	**63,582**	**80,051**

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

in € 1,000	Note	2011	2010	2009
Cash flow from operating activities				
Operating profit / (loss)	2	-6,301	-6,191	-7,938
Income taxes paid		-69	16	-
Depreciation of tangible and intangible fixed assets		1,742	2,270	2,061
(Profit) / loss disposal on property, plant and equipment		46	-470	-162
Share-based payment expenses recognized as costs	22	466	406	1,188
Gross operating cash flow		**-4,116**	**-3,969**	**-4,851**
Changes in trade receivables		1,116	250	-1,435
Changes in inventory		2,545	-2,575	-1,426
Changes in trade payables		-824	-1,534	1,325
Other changes in net working capital		-6,792	-6,379	17,392
Net operating cash flow		**-8,071**	**-14,207**	**11,005**
Cash flow from investing activities				
Investments in development expenses	10	-300	-	-
Investments in intangible assets	10	-27	-	-
Investments in property, plant and equipment	11	-284	-1,125	-1,666
Proceeds from sales of property, plant and equipment		-	10	212
Cash flow from investing activities		**-611**	**-1,115**	**-1,454**
Cash flow from financing activities				
Net financial result	5	-709	-934	-581
Proceeds from issuance of long-term debts		-	207	105
Principal debt payments		-1,657	-503	-1,330
Net proceeds from capital increases		26,596	86	14,064
Cash flow from financing activities		**24,230**	**-1,144**	**12,258**
Net effect of currency translation on cash and cash equivalents		-97	-478	-264
Net increase / (decrease) in cash and cash equivalents		**15,451**	**-16,943**	**21,544**
Cash and cash equivalents at beginning of period (1)		**28,819**	**45,762**	**24,218**
Cash and cash equivalents at end of period (1)		**44,270**	**28,819**	**45,762**

(1) Balance includes cash restricted in its use classified as non-current assets.

The accompanying notes are an integral part of this cash flow statement.

Depreciation charges on tangible and intangible fixed assets decreased in 2011 compared to 2010, resulting from the decreasing investment level in tangible and intangible fixed assets over the past few years. The significant decrease in the net operating cash out flow from € -14.2 million in 2010 to € -8.1 million in 2011 is mainly resulting from the decrease in inventory and trade receivable balances during 2011 with € 3.7 million, whereas the inventory and trade receivable increased with € 2.3 million between 2009 and 2010. The cash flow from financing activities in 2011 is significantly impacted by the proceeds from the private placement of 4,584,549 new shares on 4 April 2011, which resulted in net proceeds for the company of € 26.6 million.

Consolidated statement of changes in shareholders' equity

in € 1,000 except number of shares	Number of shares (1)	Capital (1)	Issuance premium (1)	Accumulated loss (1)	Share-based payment expenses (2)	Cumulative translation adjustment (1)	Equity attributable to equity holders of the parent (1)
Balance at 1 January 2009	**17,890,609**	**1,342**	**88,260**	**-52,621**	**3,249**	**333**	**40,563**
Net Loss for 2009				-8,651			-8,651
Other comprehensive income						-148	-148
Capital increases through issue of new shares	1,753,339	133	13,926				14,059
Capital increases through							-
exercise of warrants	5,003		4				4
Share-based payment					1,188		1,188
Reserve							-
Balance at 31 December 2009	**19,648,951**	**1,475**	**102,190**	**-61,272**	**4,437**	**185**	**47,015**
Net Loss for 2010				-7,141			-7,141
Other comprehensive income						186	186
Capital increases through issue of new shares							-
Capital increases through							1
exercise of warrants	27,691	1	84				85
Share-based payment					406		406
Liquidation Biodev				7			7
Reserve							-
Balance at 31 December 2010	**19,676,642**	**1,476**	**102,275**	**-68,407**	**4,843**	**370**	**40,557**

in € 1,000 except number of shares	Number of shares (1)	Capital (1)	Issuance premium (1)	Accumulated loss (1)	Share-based payment expenses (2)	Cumulative translation adjustment (1)	Equity attributable to equity holders of the parent (1)
Balance at 31 December 2010	**19,676,642**	**1,476**	**102,275**	**-68,407**	**4,843**	**370**	**40,557**
Net Loss for 2011				-7,048			-7,048
Other comprehensive income						121	121
Capital increases through issue of new shares	4,584,549	344	26,234				26,578
Capital increases through exercise of warrants	5,209		18				18
Share-based payment					466		466
Reserve							-
Balance at 31 December 2011	**24,266,400**	**1,820**	**128,527**	**-75,456**	**5,309**	**491**	**60,690**

(1) See Note 21 "Equity attributable to equity of the parent company" for details

(2) See Note 22 "Share-based payment schemes" for details

The accompanying notes are an integral part of this statement of changes in shareholders' equity.

Recognition and valuation rules

The principal accounting policies adopted when preparing these consolidated financial statements are set out below.

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are presented in '000 Euro ('000 €).
These consolidated financial statements have been approved for issue by the Board of Directors on 7 March 2012.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The consolidated financial statements have been established assuming the company in going concern. The company has generated losses since its incorporation, which is inherent to the current stage of Devgen's business life cycle as an agro-biotech company. Sufficient funds have been raised since its incorporation in order to finance the cash needs of its operations. Since the company is currently able to satisfy all financial liabilities and is able to fulfill all payments, the Board of Directors believes that the continuity of the company is not threatened. In addition, the company is continuously evaluating different ways to strengthen its cash position and is confident that it has access to sufficient cash to pursue its strategy and to be able to become cash flow positive. Based on the current cash availability and anticipated revenues and/or cash inflows, the Board of Directors believes that the future of the research programs can be guaranteed at least for the following 12 months.

2. Standards and interpretations effective and issued

2.1 Effective standards and interpretations

At the date of authorisation of these financial statements, the following standards and interpretations became effective:

- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IAS 24 Related Party Disclosures (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 Related Party Disclosures as issued in 2003.
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (applicable for annual periods beginning on or after 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement (applicable for annual periods beginning on or after 1 January 2011)

The application of these new and revised IFRS standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.2 Standards and interpretations that have been issued but are not yet effective

The following standards and interpretations are published, but not yet applicable for the annual period beginning on 1 January 2011:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2015).
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 July 2011).
- Amendments to IFRS 7 Financial Instruments: Disclosures – Derecognition (applicable for annual periods beginning on or after 1 July 2011).
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012).

- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2012).

- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013).

- Amendments to IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2013).

- Amendments to IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2013).

- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014).

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013).

The directors estimate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group in the period of initial application.

3. Accounting policies

3.1 Principles of consolidation

General

The consolidated financial statements comprise the financial statements of the parent company, Devgen NV, and its controlled subsidiaries, after the elimination of all intercompany transactions.

Subsidiaries

Per 31 December 2011, Devgen NV has six owned subsidiaries:

(1) Devgen Pte Ltd in Singapore, incorporated on 26 February 2004.
(2) Devgen Seeds and Crop Technology Private Limited in India, incorporated on 28 March 2007.
(3) Devgen US Inc, incorporated on 29 November 2007.
(4) Devgen Rice Indonesia Private Limited, incorporated on 12 May 2009.
(5) Devgen Seeds and Crop Technology Private Limited, incorporated on 21 April 2009.
(6) Devgen Seeds and Crop Technology PT, incorporated on 2 December 2009.

All shares are fully owned by the group, except for (4) where 75% of the shares are owned by Devgen and for (6) where 95% of the shares are owned by Devgen. All of the above mentioned 6 subsidiaries are fully consolidated.

The results of its subsidiaries are included in the consolidated income statement from the effective date of incorporation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The impact of non-controlling interests is not material at 31 December 2011.

Investments in associated companies

Investments in associated companies over which the company has significant influence (typically those that are 20-50% owned) are accounted for under the equity method of account and are carried in the balance sheet at the lower of the equity and the recoverable amount, and the pro rata shares of income (losses) of associated companies in included in income. Per 31 December 2011, the group does not own investments in associated companies.

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in Euro (€), which is the company's presentation currency.

Transactions and balances

Transactions in currencies other than Euro (€) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognized as income or as expense in the period in which the operation is disposed of.

4. Revenue recognition

Revenue derived from research collaboration agreements

A substantial part of the company's revenues have been derived from research collaboration agreements and grants from government agencies. Pursuant to such collaborations, the group agrees to conduct research projects, as defined in the contract. Most of these agreements provide for upfront fees for technology access, license fees, research & development payments and milestone and royalty payments.

R & D payments are recognized as revenue over the life of the research agreement as the required services are provided and costs are incurred. These services are usually in the form of a defined number of the company's full-time equivalents (FTE) at a specified rate per FTE.

Technology access and license fees related to research conducted will be recognized as revenue over the expected term of the customer relationship under the terms of the agreement.

Milestone payments are recognized as revenue when the amount of the milestone payment is determinable and the earnings process relative to the milestone has been fully completed.

Royalties might be generated by the sales of products incorporating the group's proprietary technology. Royalties are recognized once the amounts due can be reliably estimated based on the sale of the underlying products and when collectability is assured. Where there is insufficient historical data on sales and returns to fulfill these requirements, the royalties will not be recognized until the group can reliably estimate the underlying sales. This may be considerably later than when payment is received if subsequent adjustments for product returns are possible under the terms of the relevant contract. In situations where there is adequate financial information on sales, royalties are recorded based on the reports received from the licensee or based on estimated sales if the information has not been received.

Deferred revenue represents amounts received prior to revenue being earned.

Sale of goods

The revenue in the seed business is substantially related to the sale of goods. Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms. Revenues in the seed industry can be affected by returns of product from the market. A combination of measures has been put in place to assure maximum control of returns from market at key moments during season to assure maximum accuracy of net sales reported. Provisions for returns will be based on management estimates supported by elaborate documentation on amounts which remained unsold in the market at the reporting date. No provisions will be made if the expected return volume remains below 1% of the volume sold for a particular crop.

Devgen periodically enters into prepayment contracts with customers and receives advance payments for goods to be delivered in future periods. These advance payments are recorded as liabilities and presented as part of other current liabilities. Revenue from sales of goods associated with advance payments is recognized only from the moment that shipments are made and title, ownership, and risk of loss pass to the customer.

Grants

Research grants

On certain specific research projects, the research costs incurred are partially reimbursed by I.W.T. (Institute for the Promotion of Innovation by Science and Technology in Flanders), the European Commission or EDB (Economic Development Board, Singapore). These grants are recognized under government grant income when there is a reasonable assurance the group will comply with the conditions attached to them and the grants will be received. The group considers the overall recognition criteria being met when an award letter has been received, the related project costs have been incurred, and grant specific milestones have been achieved or are assumed to be reliably achieved in the future.

Investment grants

Grants from the Flemish Government relating to investments in property, plant and equipment and intangible assets are recognized when there is a reasonable assurance Devgen will comply with the conditions attached to them and the grant will be received. These grants are presented as a decrease in the cost of the related asset. Any outstanding receivables related to these grants are recorded under "grants receivable".

5. Balance sheet items

Property, plant and equipment

Property, plant and equipment are carried at historical costs less accumulated depreciation and impairment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal.

Gains and losses on disposals of property, plant and equipment are included in other income or expense.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment to their estimated residual values over their estimated useful lives as follows:

Buildings	15 years
Equipment	3 to 5 years
Hard and software	3 to 5 years
Furniture	5 years
Computer equipment under leasing	3 years
Leasehold improvements	Based upon underlying asset, limited to outstanding period of lease contract
Vehicles	4 to 5 years

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its historical costs less accumulated depreciation and impairment.

Intangible assets

Internally-generated intangible assets

Research expenses are charged to the income statement as incurred. An internally-generated intangible asset arising from the group's development is recognized only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

The group considers that a project entering the stage of regulatory submission qualifies for capitalization as internally generated intangible asset. The costs for the submission of the dossier, the further data gathering through field trials and the post launch optimization are included in the capitalization, if the aggregated amount per project is estimated to be material to the financial statements. The regulatory or field trial risks inherent to projects which do not yet reach the stage of regulatory submission preclude those projects from capitalization.

In 2011, only certain projects with the field of Devgen's nematicides business have been capitalized as internally-generated intangible assets. The internally-generated intangible assets are amortized on a straight-line basis over a period of 7 years, which represents a prudent estimate of the useful lives of the nematicides projects. When no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

Purchased intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years. Acquired knowledge in the form of licenses is recorded at cost less accumulated amortization and impairment. It is amortized over the shorter of the term of the license agreement and its estimated useful life.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the fair value of the identified assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating or business units expected to benefit from the synergies of the business combination. Cash-generating or business units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating or business unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Leases

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Assets held under financial leases are initially recognized as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Initial direct costs incurred in connection with the lease are added to the amount recognized as an asset. The corresponding liability to the lessor is included in the balance sheet as a financial obligation. Lease payments are apportioned between financial charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financial charges are charged directly against income. If there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Rentals payable under operating leases are charged to income on a straight-line basis over the relevant lease term.

The group as lessor

Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term. Initial direct costs incurred by the lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

Inventory

Purchased products are valued at acquisition cost, while own-produced products are valued at manufacturing cost including appropriate portion of fixed and variable overhead expenses. In the balance sheet, inventory is valued at historical cost determined on a first-in-first-out basis with respect to the nematicide business and inventory is valued at historical cost determined on a weighted average basis for the seed business. These values are used for the cost of goods sold in the income statement. Allowances have been made for inventories with a net realizable value less than cost, or which are slow moving. Unsalable inventory has been fully written off. Results from quality testing on finished products are considered in the determination of the inventory allowances.

Biological assets

Inventories of biological assets, principally young plants and cuttings in the seeds flowers business, are valued at fair value less estimated point of sale costs. However, since market-determined prices or values are not available for standing crops that have not yet reached harvest point, and for which alternative estimates of fair value determination are unreliable, the group is measuring its biological assets at its cost (inputs given to the crop growers) less any depreciations or impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. It is the group's policy to hold investments to maturity. All investments are initially recognized at fair value, which is the cost at recognition date. Gains and losses are recognized in income when the investments are redeemed or impaired, as well as through the amortization process.

Income taxes

Current taxes are based on the results of the group companies and are calculated according to local tax rules.

Deferred tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Tax rates used are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the group has a present obligation (legal or constructive). As a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Pension benefit plans

Pension obligations

The group offers various pension schemes. The schemes are generally funded through payments to insurance companies. The major part of the pension obligations are defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The company also has some defined benefit plans for gratuity available only for employees with a seniority of minimum five years.

Share-based compensation

The group operates equity-settled, share-based compensation plans, for the benefit of staff, executive and non-executive directors. According to the publication of IFRS2, the cost of share-based payment transactions is reflected in the income statement. The warrants are valued at grant date, based on the share price at grant date, exercise price, expected volatility, dividend estimates, and interest rates. Warrant cost is taken into result on a straight-line basis from the grant date until the first exercise date.

Financial instruments
Financial assets and financial liabilities are recognized on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Loans and receivables
Loans and receivables are initially recognized at their fair value plus transaction costs that are directly attributable to the acquisition of the loans and receivables. Subsequent to initial recognition loans and receivables are recognized at amortized cost using the effective interest method less any impairment losses.

Available for sale financial assets
Unlisted shares and listed redeemable notes held by the group that are traded in an active market are classified as being available for sale financial assets and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in the profit or loss for the period.

Financial liability and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets after deducting all of its liabilities.

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Financial charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments
The company has no derivative financial instruments to hedge interest rate and foreign currency risks.

Impairment of assets
Goodwill is reviewed for impairment at least annually. For other tangible and intangible assets, at each balance sheet date, an assessment is made as to whether any indication exists that assets may be impaired. If any such indication exists, an impairment test is carried out in order to determine if and to what extent a valuation allowance is necessary to reduce the asset to its value in use (the present value of estimated future cash flows) or, if higher, to its fair value less cost to sell. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs to sell while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in the income statement. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

Earnings per share
Basic net profit (loss) per share is computed based on the weighted average number of ordinary shares outstanding during the period. Diluted net profit (loss) per share is computed based on the weightedaverage number of ordinary shares outstanding including the dilutive effect

of warrants. The profit or loss attributable to the parent entity is adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity. Ordinary warrants should be treated as dilutive when their conversion to ordinary shares would decrease the net earnings per share from continuing ordinary operations.

Accounting for share-based payment transactions with parties other than employees

For equity-settled share-based payment transactions with parties other than employees, the group measures the goods or services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. In that case, goods or services received are measured at the fair value of the equity instruments granted.

Reclassifications

Certain items previously reported under specific financial statement captions have been reclassified to conform to the current year presentation. Prior period amounts have been revised to reflect the income realized from the sales of other production outputs and substandard material (failing quality testing and disqualifying to enter in the regular sales channel) on the income statement line "Sales of goods" instead of on the line "Other operating income". The new presentation method better reflects the sales of these goods as an integral part of Devgen's seed business revenues.

The table below outlines the impact of these restatements on the income statement accounts of 2010 and 2009:

in € 1,000	Impact restatement 2010	Impact restatement 2009
Increase in sales of goods	+140	+89
Increase in gross margin	**+140**	**+89**
Decrease in other operating income	-140	-89
Operating profit / (loss)	-	-

There is no impact on net income or on retained losses as of 31 December 2011, 31 December 2010 and 31 December 2009.

Critical accounting judgments and key sources of estimation uncertainty

General business risks

We refer to the chapter "Risk factors" in the annual report of the Board of Directors for an overview of the risks affecting Devgen's business.

Critical judgments in applying the entity's accounting policies

The management has made the following judgments in the applications of the accounting policies having a significant effect on the amounts recognized in the financial statements:

- No impairment on goodwill was recognized after impairment testing analysis based on the key assumptions and sensitivities as declared by the management (see note on goodwill);

- Provisions for return of goods (impacting sales of seed) have been accounted for based on management's estimates supported by elaborate documentation on amounts which remained unsold in the market at the reporting date; provisions for inventory obsolescence risks have been recognized based upon QA test results, inventory aging information and historical data on evolution of germination rates of the seeds.

- Based on management's judgment and taking into account available cash and cash equivalents per 31 December 2011, going concern is at least assured for 12 months following the next Annual Extraordinary General Shareholders' meeting to be held on 1 June 2012.

Key sources of estimation uncertainty

The management considers the following information about key assumptions and uncertainties concerning the future having a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Apart from general business risk (such as fire destroying inventories) assets might be affected by government interventions making particular business transactions impossible – e.g. exporting or importing material or withdrawal of permissions to sell certain material, which could in turn lead to excess stocks and write-offs.

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1. Operating segments

General

Devgen reports its activities as one operating segment, since its core technologies finally will be incorporated in the same products, in particular hybrid seeds, and will result in one single revenue stream. The nematicides business is a developing one with limited revenues to date. Therefore the nematicide operations are not reported as a separated business segment.

Information about products and services

The revenue per group of products and services is composed as follows:

in € 1,000	2011	2010	2009
Research and development services	**10,412**	**12,463**	**9,170**
Revenue from biotech and crop protection research collaboration and licensing agreements	10,412	12,463	9,170
Sales of goods	**15,081**	**8,284**	**9,149**
Sales of goods resulting from own production and technology	11,630	8,284	9,149
Sales of rice seeds	5,065	3,862	2,276
Sales of other products	6,565	4,422	6,873
Sales of goods, where Devgen acts as distributor (a)	3,452	-	-
Government grant income	-	**-12**	**205**
Grant income relating to biotech research programs in Singapore	-	-12	205
Total revenues	**25,493**	**20,735**	**18,524**

(a) The sales of goods where Devgen acts as distributor for seeds produced by third parties bear lower risks (production, return and obsolescence risks), but are resulting in lower gross margins compared to sales of goods from own production and technology.

Information about geographical areas

Revenue from external customers can be split as follows based upon the location of the customers:

in € 1,000	2011	2010	2009
Europe	56	92	82
United States of America	9,026	10,861	8,173
Indian subcontinent	12,256	6,806	8,342
Southeast Asia	4,155	2,976	1,927
Total revenues	**25,493**	**20,735**	**18,524**

The non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts can be split as follows based upon the location of the assets:

in € 1,000	2011	2010	2009
Europe	27,057	28,277	29,012
United States of America	148	-	-
Indian subcontinent	1,605	2,017	1,564
Southeast Asia	165	209	177
Total	**28,975**	**30,503**	**30,753**

Information about major customers

The revenues from research and technology are substantially all generated through 2 major customers, with one customer representing 87% out of the total revenue from research and development services for 2011 (2010: 87%, 2009: 89%). See also Note 23 on "Collaborative research agreements".

The sales of goods are realized through a large number of customers, with no customers representing more than 10% of the total sales of goods in 2011, 2010 and 2009.

2. Operating results by function

in € 1,000	2011	2010	2009
Revenues	**25,493**	**20,735**	**18,524**
Research and development services	10,412	12,463	9,170
Sales of goods	15,081	8,284	9,149
Government grant income	-	-12	205
Cost of goods sold	-13,477	-8,711	-5,942
Gross profit	**12,016**	**12,024**	**12,582**
Gross profit on sales of goods	***12%***	***-5%***	***54%***
Marketing and distribution expenses	-4,376	-4,543	-4,315
Research and development expenses	-8,126	-8,453	-10,086
General and administrative expenses	-6,213	-6,071	-6,289
Other operating income	398	852	170
Operating profit / (loss)	**-6,301**	**-6,191**	**-7,938**

Revenues

Revenues for 2011 amount to € 25.5 million compared to € 20.7 million in 2010. This 23% increase is entirely due to the excellent performance of Devgen's seed business. Revenues from product sales amount to € 15.1 million, nearly double the turnover of € 8.3 million reported in 2010. Key contributors to this growth are significantly higher volumes of hybrid rice seeds and sales generated from the distribution of cotton seeds, following the agreement with Vikram Seeds. Seed revenues over the second half of 2011 are adding 26% to the turnover realized in the first half of 2011.

Sales of goods in H2 2011 comprise sunflower seeds in India and rice seeds in the Philippines as per expectations. Additional volumes of sorghum and cotton seeds in India contributed to the sales in H2 2011.

Revenues associated with R & D activities (Monsanto Company and Sumitomo Chemical Company) at € 10.4 million are as anticipated lower than in 2010 due to the agreement with Monsanto Company ending in October 2011. In 2010 revenues from research activities amounted to € 12.5 million.

Gross profit

Devgen reports a gross profit of € 12.0 million in 2011 which is in line with the 2010 gross profit. The sales and gross profit growth in the seed business have fully compensated the lower revenues from research contracts. A gross margin of € +1.6 million (11.9% on sales of goods) is achieved over the full year 2011 compared to a negative gross margin of € -0.6 million in 2010. This significant improvement in the gross profit on product sales results from improved production management leveraged by better production conditions in 2011. The gross margin on seed sales in H2 2011 turned negative. Fixed costs allocation over the second half of the year impacts on costs of goods sold for the total year. Cost of goods sold is furthermore impacted by obsolescence posted on 2010 surplus sunflower inventory in H2 2011.

Devgen continues to work to improve its cost of goods and expects to see further improvements through optimization of its production processes and by reducing obsolescence risk in the short term. In the medium term, the introduction of NGHR seeds is expected to result in a step change improvement in Devgen's cost of goods particularly once these products are established as the main contributors to the company's rice seed sales.

Operating result

Devgen's operating loss amounts to € 6.3 million in 2011, which is slightly above the € 6.2 million operating loss reported in 2010, but in line with expectations.

Marketing and distribution expenses are at € 4.4 million, slightly below last year's € 4.5 million. These expenses allowed for a product sales increase of 82% in 2011. Devgen is reaping the benefits of its continuing market building investment during previous years.

Reported R & D expenses are € 8.1 million, compared to € 8.5 million in 2010. R & D cash expenses increased by € 0.9 million following the intensified investments in the development of NGHR. This impact is offset by capitalizing part of the development expenditure for nematicides in areas and for crops where registration has been obtained (€ 0.3 million) and by the reversal of previously made provisions for which there are no further financial obligations also relating to the nematicides development trials (€ 0.7 mil-lion).

G & A expenditure amounts to € 6.2 million in 2011, slightly above last year's € 6.1 million. This 2% increase is below inflation levels.

3. Other operating income and expenses

in € 1,000	2011	2010	2009
Rent income	350	322	182
Gain realized on the contribution in kind of pharma-assets	-	465	-
Miscellaneous other operating income	67	65	-
Miscellaneous other operating expenses	-19	-	-12
Total other operating income and expenses	**398**	**852**	**170**

Other operating income amounts to € 0.4 million in 2011 compared to € 0.9 million in 2010. The 2011 other operating income mainly consists of rental income from Devgen's R & D facilities in Ghent. In 2010, other operating income also included € 0.5 million gain on the contribution in kind of part of Devgen's human therapeutic assets in Amakem NV.

4. Operating income and expenses by nature

in € 1,000	Note	2011	2010	2009
Sales	1	25,493	20,735	18,524
Other operating revenues	3	417	852	182
Total operating revenues		**25,910**	**21,587**	**18,706**
Material costs		-11,641	-6,789	-4,835
Employee benefits	6	-8,247	-7,501	-6,552
Depreciation and amortisation		-1,742	-2,270	-2,061
Services, subcontracting and other goods		-10,562	-11,217	-13,184
Other operating expenses	3	-19	-	-12
Total operating expenses		**-32,211**	**-27,778**	**-26,644**
Operating profit / (loss)		**-6,301**	**-6,191**	**-7,938**

5. Financial income and expenses

in € 1,000	2011	2010	2009
Interest income	515	136	236
Other financial income	321	125	35
Total financial income	**836**	**261**	**271**
Interest charges on liabilities	-493	-570	-608
Other financial expenses	-1,052	-627	-244
Total financial expenses	**-1,545**	**-1,197**	**-852**
Net financial result	**-709**	**-936**	**-581**

The interest income earned on term deposits and bank accounts increased from € 0.1 million to € 0.5 million. The increase results from increase in the cash position of the group following the € 26.6 million net proceeds from the private placement in April 2011.

Other financial income entirely consists of realized and unrealized exchange rate differences. Other financial expenses consist of € 0.1 million bank charges and € 0.9 million exchange rate differences.

6. Employee benefits

The number of average full time equivalents including executive directors is as follows:

in number of employees	2011	2010	2009
Production	44	67	59
Research and development	79	77	60
Marketing and distribution	75	86	95
General and administration	34	38	33
Total	**232**	**267**	**248**

The employee benefits relating to the above mentioned average full time equivalents are as follows (for 2011 including the executive directors):

in € 1,000	2011	2010	2009
Wages, salaries and bonuses	7,524	7,014	7,227
Share based payment	420	238	1,162
Pension costs - defined contributions plans	256	249	263
Total	**8,201**	**7,501**	**8,652**

Wages, salaries and bonuses contain all payroll costs for the employees, members of the management team and executive directors of the Devgen group, including social taxes, contributions and withholdings.

The company has various defined contribution plans, some available to substantially all employees, some only available to a selected group of employees. Employees contribute from 0% up to 12% of their annual compensation while the company contributes from 4% up to 15% of the employees' annual compensation.

A defined benefit plan is in place in Devgen's Indian subsidiary for all employees with at least 5 years of service offering to these employees ½ month of their basic salary last drawn, for every completed year of service. This becomes 1 month of service for employees having completed at least 10 years with the company (or it predecessor). The net defined benefit obligation as of 31 December 2011 is not material to the consolidated financial statements of the group.

7. Income taxes

Reported income taxes are split as follows:

in € 1,000	2011	2010	2009
Current taxes	-38	-	-
Deferred taxes	-	-16	-
Total income taxes	**-38**	**-16**	**-**

A reconciliation setting forth the difference between the expected income tax of the group and the actual tax charge is as follows:

in € 1,000	2011	2010	2009
Profit / (loss) before taxes	**-7,010**	**-7,126**	**-8,519**
Statutory tax rates	34%	34%	35%
Expected income tax credit, computed by applying the statutory tax rate to the loss for the period	**2,383**	**2,427**	**2,941**
Effect of tax incentives	631	3,004	2,554
Tax effects of costs directly recognized against equity under IFRS	76	3	219
Non recognized deferred tax assets	-3,145	-5,540	-5,639
Effect of expenses that are not deductable in determining taxable profit	85	-241	-428
Other	-69	331	353
Reported income taxes	**-38**	**-16**	**-**

8. Discontinued operations

On 27 November 2008, the group decided to discontinue its Human Therapeutics business unit. As a result, the Devgen Human Therapeutics business unit has ceased to exist and is reported under discontinued operations. The disposal was completed on 31 December 2008. Residual effects of these discontinued operations were reported in the 2009 financial statements as shown below.

Analysis of the loss from discontinued operations:

in € 1,000	2009
Revenues	-
Cost of goods sold	-
Gross profit	-
Marketing and distribution expenses	-
Research and development expenses	-125
General and administrative expenses	-10
Other operating income	2
Operating profit / (loss)	**-133**
Financial income	-
Financial expenses	-
Profit / (loss) before taxes	**-133**
Income taxes	-
Profit / (loss) for the year - from discontinued operations	**-133**

Analysis of the cash flows from discontinued operations:

in € 1,000	2009
Net cash flow from operating activities	-127
Net cash flow from investing activities	212
Net cash flow from financing activities	-71
Net cash flows from discontinued operations	**14**

Assets classified as held for sale:

in € 1,000	2009
Property, plant and equipment	63

9. Goodwill

in € 1,000	2011	2010	2009
Cost - as at 31 December	7,855	7,855	7,855
Accumulated impairment losses - as at 31 December	-	-	-
Net carrying amount as at 31 December	**7,855**	**7,855**	**7,855**

The goodwill per 31 December 2011 amounts to € 7.9 million and fully arises from a business combination in 2007 in which Devgen acquired an existing seed business and related assets from Monsanto Company in India and the Philippines. Based upon the assets acquired in this business combination, Devgen has built its seed business activities in India and Southeast Asia. For impairment testing purposes, goodwill is therefore fully allocated to the Cash Generating Unit (CGU) defined as Devgen Seeds and Crop Technology in India and the Philippines.

The yearly impairment test was conducted based on the updated detailed business planning management has prepared during 2011 for both the entities in the Philippines and in India.

The recoverable amount for this CGU has been determined based upon a value in use calculation. Cash flows for a period of five years were projected which were based upon financial plans approved upon by the management and presented to and discussed with the board. The residual value was based upon perpetuity of free cash flows (defined as operating results, corrected for depreciations, amortisations, working capital movements and investments) with a growth rate of 5% and an EBITDA margin which is equal to the EBITDA margin planned for 2016. The cash flows are discounted at a post-tax discount rate of 12.2%. The sum of the discounted cash flows or the value in use exceeds the carrying amount of the CGU. Therefore, no impairment on goodwill was recognized in 2011.

Key assumptions used in value-in-use calculation

The calculation of the value-in-use of the cash generating unit Devgen Seeds and Crop Technology in India and the Philippines is most sensitive to the following assumption:

- growth rates used during the projected period;
- growth rates used for the extrapolation of free cash flows in the perpetuity; and
- discount rate.

Growth rates used during the projected period

The estimated free cash flows used for the value-in use calculations are mainly influenced by volume increases and increases in the gross margin.

Through the introduction of new hybrid seeds in the coming years, significant sales growth is expected during the first 5 year period. The sales growth rates realized in the seed business over de period between 2009 and 2011 (29%) has been used as a basis for the estimation of the sales growth rates during the 5 year projected period. There is however no guarantee that historical growth percentages achieved in the past, will be achieved in the years to come. Through the planned introduction of the new and next generation hybrid rice seeds, further economies of scale and continuing improvements in production efficiencies and obsolescence rates, the gross margin is expected to improve gradually during this 5 year period.

Only free cash flows for India (including export activities out of India) and free cash flows generated in the Philippines were taken into account. Free cash flows from operations starting up in other countries in Southeast Asia (e.g. Indonesia) are not taken into account despite the fact that this business to a large extent will be built on assets acquired – i.e. products (hybrids and parental material) available in the product portfolio and pipeline acquired at the time of acquisition. As such expected cash flows generated in these locations could have been added to the value-in-use calculations, but were not.

Growth rates used for the extrapolation of free cash flows in the perpetuity

After the projected 5 year period, perpetuity has been applied based upon the estimates free cash flows for 2016. A long term growth rate of 5% has been used in the calculation of this perpetuity.

The rice market in India covers approximately 44 million hectares of agricultural land, whereof currently only 3% is planted using hybrid seeds. Devgen expects that through the introduction of new hybrid rice seeds such as its NGHR-seeds the conversion from non-hybrid seeds to hybrid seeds will be accelerated. New Generation Hybrid Rice seeds will offer the farmer the desired extra yield above the yields achieved by the use of non-hybrid and the current hybrid seeds. Such an accelerated conversion should allow for a market penetration of hybrid seeds in the medium to long term of over 50% of the total market, comparable to what happened in other crops following the introduction of high performing hybrids. Taking into account this significant expansion of the market for hybrid seeds, the long term growth rate of 5% represents a prudent estimate.

Discount rate

The discount rate used for the calculation of the present value of the future free cash flows is based upon the weighted average cost of capital (WACC) of Devgen NV, since the GCU is almost completely funded through intercompany capital. This discount rate has been estimated at 12.2% per 31 December 2011.

Key sensitivities

Sensitivity to changes in growth rates used during the projected period

Management has considered the possibility of achieving the break-even point in the business activities in India and the Philippines with 1 year delay. Under this scenario, the carrying value of the CGU is still below the value in use calculation.

Sensitivity to changes in growth rates used for the extrapolation of free cash flows in the perpetuity

Management has considered the possibility of a zero long term growth rate. Under this scenario, the carrying amount of the CGU would still be below the recoverable amount.

Sensitivity to changes in the discount rate

Management has considered the possibility of changes in the weighted average cost of capital (WACC) of Devgen NV. An increase in the WACC, to reflect a higher risk profile of the project, from 12.2% to 15.2% or 18.2% would not result in an impairment issue.

10. Intangible assets

in € 1,000	Development expenses	Technical know-how	Trademarks	Dealer relationship	Other intangible assets	Total
At 1 January 2009						
Cost	-	4,393	1,884	1,703	2,156	10,136
Accumulated depreciation	-	-514	-231	-741	-712	-2,199
Net carrying amount	**-**	**3,879**	**1,653**	**961**	**1,444**	**7,937**
Mutations during 2009						
Additions including translation differences	-	-	-	-	-1	-1
Depreciation charge including translation differences	-	-439	-187	-525	-236	-1,388
Net carrying amount	**-**	**3,440**	**1,466**	**436**	**1,206**	**6,548**
At 31 December 2009						
Cost	-	4,393	1,884	1,703	2,155	10,134
Accumulated depreciation	-	-953	-418	-1,267	-948	-3,586
Net carrying amount	**-**	**3,440**	**1,466**	**436**	**1,206**	**6,548**
Mutations during 2010						
Additions including translation differences	-	-	-	-	31	31
Depreciation charge including translation differences	-	-439	-187	-436	-242	-1,304
Net carrying amount	**-**	**3,000**	**1,279**	**-**	**995**	**5,275**
At 31 December 2010						
Cost	-	4,393	1,884	1,703	2,186	10,166
Accumulated depreciation	-	-1,392	-605	-1,703	-1190	-4,891
Net carrying amount	**-**	**3,001**	**1,279**	**-**	**996**	**5,275**
Mutations during 2011						
Additions	300	-	-	-	27	327
Exchange rate differences	-	-	-	-	49	49
Movements from other categories	-	-	-	-	30	30
Depreciation charge	-10	-439	-187	-	-234	-870
Net carrying amount	**290**	**2,562**	**1,092**	**-**	**868**	**4,812**
At 31 December 2011						
Cost	300	4,393	1,884	1,703	2,292	10,572
Accumulated depreciation	-10	-1,831	-792	-1,703	-1424	-5,760
Net carrying amount	**290**	**2,562**	**1,092**	**-**	**868**	**4,812**

As of 2011, certain projects within the field of Devgen's nematicides business have been capitalized as internally-generated intangible assets, for a total amount of € 0.3 million. The group considers that a project entering the stage of regulatory submission qualifies for capitalization as internally generated intangible asset. The costs for the submission of the dossier, the further data gathering through field trials and the post launch optimization are included in the capitalization, if the aggregated amount per projects is estimated to be material to the financial statements.

Per 31 December 2011, the material individual intangible assets are (in '000 €):

Technical know-how	2,539
Trademarks	1,092
Vendor relationship	541
Copyrights	172

All these material individual intangible assets result from the business combination in 2007, through which Devgen acquired a seed business from Monsanto Company in India.

Per 31 December 2011, the most important intangible assets of the group consist of the following categories with their respective useful lifetimes as used for the amortization, and their remaining useful life:

Technical know-how	10 years – 6 years
Trademarks	10 years – 6 years
Vendor relationship	10 years – 6 years
Copyrights	10 years – 6 years

The amortization of intangible assets is included in the research and development, and in the marketing and distribution expense line of the income statement.
Per 31 December 2011, no intangibles are restricted or pledged or classified as held for sale.

11. Property, plant and equipment and building held under lease

in € 1,000	Land	Building	Building held under lease	Machinery, equipment and furniture	Assets under construction	Total
At 1 January 2009						
Cost	103	-	8,000	9,928	157	18,188
Accumulated depreciation	-	-	-1,107	-8,577	-157	-9,841
Net carrying amount	**103**	**-**	**6,893**	**1,351**	**-**	**8,347**
Mutations during 2009						
Additions	-	-	-	340	1,326	1,666
Disposals	-	-	-	-47	-	-47
Movements from other category	1	-	-	8	-	9
Depreciation charge	-	-	-223	-412	-	-635
Depreciation reclassified as held for sale	-	-	-	39	-	39
Net carrying amount	**104**	**-**	**6,670**	**1,279**	**1,326**	**9,379**
At 31 December 2009						
Cost	104	-	8,000	10,228	1,326	19,658
Accumulated depreciation	-	-	-1,331	-8,948	-	-10,279
Net carrying amount	**104**	**-**	**6,669**	**1,280**	**1,326**	**9,379**
Mutations during 2010						
Additions	-	198	-	697	30	925
Disposals	-	-	-	-174	-	-174
Exchange rate differences	13	12	-	128	123	276
Movements from other category	-	588	-	861	-1,449	-
Depreciation charge	-	-57	-199	-467	-	723
Depreciation reclassified as held for sale	-	-1	-	-56	-	-57
Net carrying amount	**116**	**740**	**6,470**	**2,269**	**30**	**9,626**
At 31 December 2010						
Cost	116	798	8,000	11,739	30	20,683
Accumulated depreciation	-	-58	-1,530	-9,470	-	-11,058
Net carrying amount	**116**	**740**	**6,470**	**2,269**	**30**	**9,625**

in € 1,000	Land	Building	Building held under lease	Machinery, equipment and furniture	Assets under construction	Total
Net carrying amount	**116**	**740**	**6,470**	**2,269**	**30**	**9,625**
Mutations during 2011						
Additions	-	33	-	251	-	284
Disposals	-	-22	-	-263	-	-284
Exchange rate differences	-15	-95	-	-170	-	-281
Movements from other category	-	-	-1,406	-	-30	-1,436
Depreciation charge	-	-55	-180	-548	-	-783
Reserve accumulated depreciation on disposals	-	22	-	215	-	237
Net carrying amount	**101**	**622**	**4,884**	**1,755**	**-**	**7,361**
At 31 December 2011						
Cost	101	714	6,594	11,577	-	18,966
Accumulated depreciation	-	-92	-1,710	-9,802	-	-11,604
Net carrying amount	**101**	**622**	**4,884**	**1,755**	**-**	**7,361**

The bank borrowing for the building is secured with the building held under lease.

12. Investment property

in € 1,000	2011	2010	2009
Cost			
As at 1 January	**1,400**	**1,400**	**1,400**
Transfer from property, plant and equipment	1,702	-	-
As at 31 December	**3,102**	**1,400**	**1,400**
Depreciations			
As at 1 January	**-311**	**-241**	**-195**
Charge for the year	-89	-70	-46
Transfer from property, plant and equipment	-297	-	-
As at 31 December	**-696**	**-311**	**-241**
Net carrying amount	**2,406**	**1,088**	**1,158**
Rental income recognized	**350**	**322**	**182**

The investment property relates to the part of a building, located in Ghent, Belgium, which is held under financial leasing and subleased to third parties. During 2011, additional space has been subleased, resulting in the reclassification of part of the building from the line property, plant and equipment to investment property.

13. Other non-current assets

in € 1,000	2011	2010	2009
Other financial assets	500	500	-
Other long term loans and receivables	324	293	210
Total other non-current assets	**824**	**793**	**210**

In 2010 Devgen made a contribution in kind of part of its remaining pharma assets into a newly established biotech company Amakem NV. Devgen received 24% of the shares of the company. Devgen has decided to hold this participation as an investment classified as "other financial assets" on its balance sheet. The value of the participation remained unchanged during 2011. Following a capital increase in Amakem NV in which Devgen did not participate, Devgen's share in this affiliate company decrease to 4.86% per 31 December 2011. New shares were issued at a price exceeding the share price at the time when Devgen made its contribution in kind.
Devgen participates in a Belgian tax incentive program for research and developments investments. Based upon this program, Devgen can recover € 0.3 million income taxes spread over the coming 5 years.

14. Inventory and biological assets

in € 1,000	**2011**	**2010**	**2009**
Raw materials and auxiliaries	743	427	448
Work in progress	1,204	976	1,253
Finished goods	599	3,536	668
Biological assets	2	24	19
Total inventory and biological assets	**2,548**	**4,963**	**2,388**

Increased sales volumes in combination with stringent production planning and QA testing, resulting in turn in timely write-offs of obsolete material, during 2011 resulted in a significant decrease of inventory levels carried forward from the 2011 sales seasons to the 2012 sales seasons compared to the situation per end of 2010.

in € 1,000	**2011**	**2010**	**2009**
Cost of goods sold	11,635	7,770	6,003
Write downs of inventory to net realizable value	-	103	-61
Obsolescence provisions and scrapping of inventory	1,843	838	-
Total cost of goods sold	**13,477**	**8,711**	**5,942**

During 2011, Devgen has recognized stock-write offs following recurring (€ 1.3 million) and non-recurring events (€ 0.5 million). The evolution in the recurring stock-write offs is in line with the growth in Devgen's sales of goods. The occurrence of stock-write offs on goods returned from the market is common practice in the seed business

15. Trade receivables

in € 1,000	2011	2010	2009
Trade receivables	2,711	3,676	3,909
Allowance for doubtful debts	-46	-25	-8
Total trade receivables	**2,665**	**3,651**	**3,901**

The trade receivables consist of 2 classes:

- Trade receivables relating to the seed and nematicide business € 1.4 million (2010: € 1.7 million and 2009: 1.3 million), consisting of a large number of small receivables from the sale of trade goods. The credit exposure is managed in accordance with standard business practice supported by consistent and regular credit worthiness checks for new and existing customers.
- Other trade receivables, mainly relating to the two largest customers from the research collaborations agreements, amount to € 1.2 million (2010: € 1.9 million and 2009: € 2.5 million). Apart from these, there are no other customers who represent more than 10 % of the total balance of trade receivables per 31 December 2011. This concentration risk is mitigated due to the customers being large, established and unrelated.
- During 2011, the allowance for doubtful debtors has increased to € 46 ('000) from € 25 ('000).

Per year-end, the ageing of the trade receivables is as follows:

in € 1,000	2011	2010	2009
Current	2,021	2,867	3,252
60 - 90 days	322	274	75
90 - 120 days	96	30	31
120 - 180 days	131	185	510
More than 180 days	141	294	33
Total trade receivables	**2,711**	**3,651**	**3,901**

16. Prepaid expenses and other current assets

in € 1,000	2011	2010	2009
Taxes receivable	272	225	248
Interest income receivable	115	21	18
Social expenses prepaid	82	133	902
Other prepaid expenses	811	1,025	1,164
Guarantees paid	11	108	104
Total prepaid and other current assets	**1,291**	**1,513**	**2,436**

The other prepaid expenses relate to payments made in 2011 for costs relating to 2012, such as prepared rent and prepaid insurance premiums.

17. Cash, cash equivalents and cash restricted in its use

in € 1,000	2011	2010	2009
Term deposits	19,200	-	-
Cash on hands	25	18	14
Cash at bank	19,327	22,934	40,144
Other cash equivalents	-	2	1
Total cash and cash equivalents	**38,551**	**22,953**	**40,159**
Term deposits	5,555	-	-
Cash at bank	163	5,866	5,603
Total cash restricted in its use	**5,718**	**5,866**	**5,603**
Total cash and cash equivalents, including restricted cash	**44,270**	**28,819**	**45,762**

The group has developed an appropriate risk management framework for the management of its short, medium and long-term funding and liquidity requirements. The group makes mainly use of liquid investments in currency accounts and term accounts. All instruments used have high grade credit ratings, capital reimbursement guarantees and limited time horizons up to maximum 12 months.

Per 31 December 2011, the cash, cash equivalents and restricted cash at banks and on hand were denominated in the following currencies (in euro-equivalents):

In Euro:	€ 16.8 million	(86%)
In Indian Rupees:	€ 1.7 million	(9%)
In other currencies:	€ 0.9 million	(5%)

Per 31 December 2011, the term deposits are characterized as follows:

- Term deposits – Restricted cash :
  - All term deposits are denominated in Euro
  - Weighted average interest rate: 2.02%
  - Weighted average term: 7.1 months

- Term deposits – Unrestricted cash :
  - All term deposits are denominated in Euro
  - Weighted average interest rate: 1.37%
  - Weighted average term: 3.1 months

18. Trade payables and other current liabilities

in € 1,000	2011	2010	2009
Trade payables	2,566	3,390	4,924
Prepayments	2,805	2,864	3,042
Other current liabilities	1,330	1,422	1,088
Employee benefits	1,186	885	806
Accrued charges	119	181	47
Others	25	356	236
Deferred income	59	6,937	15,233
Non-financial current liabilities	**6,760**	**14,613**	**24,287**

The prepayments amount to € 2.8 million per 31 December 2011 and are composed of advances received from Devgen's seed business customers for sales orders relating to the 2012 Kharif season.

The decrease in the deferred income over the past 3 years relates to the usage of a prepayment received from Monsanto Company in 2009 under the collaboration research agreement.

19. Borrowings

in € 1,000		2011	2010	2009
Long term debt	(a)	-	104	1
Long term debt lease	(b)	5,960	6,341	6,700
Total non-current borrowings		**5,960**	**6,445**	**6,701**
Current portion of long term debt	(a)	104	104	132
Current portion of lease building	(b)	381	359	338
Short term debt	(c)	69	1,452	1,530
Total current borrowings		**553**	**1,915**	**2,000**
Total borrowings		**6,514**	**8,360**	**8,701**

The fair value of the borrowings is approximately equal to their carrying amounts.

(a) Long term debts

The long term debts relate to an unsecured 3 year leasehold improvement loan in Belgium, concluded in 2009, for an initial amount of € 0.3 million, whereof € 0.1 million is outstanding per 31 December 2011 as current portion of long term debt.

(b) Long term debt lease

The borrowing relates to the financial lease of a building, located in Ghent (Belgium). The borrowing is secured with the underlying asset. The obligations under this lease agreement are as follows:

in € 1,000	2011	2010	2009
Amounts payable under finance lease			
Within one year	748	748	776
In the second to fifth year	2,992	2,992	2,992
After five years	4,683	5,431	6,179
Total minimum lease payments	**8,423**	**9,171**	**9,947**
Less future finance charges	2,082	2,471	2,881
Present value of lease obligations	6,341	6,700	7,066
Less amount due for settlement within 12 months	381	359	410
Amount due for settlement after 12 months	**5,960**	**6,341**	**6,656**

Devgen has a purchase option at the end of the lease contract to acquire the leased building; the purchase option can be exercised in 2019 by paying the residual value of the building equal to € 3,000 ('000).

(c) Short term debts

The short term debts fully relate to overdraft facilities in India, contractually agreed with 2 Indian banks, of in total 237.5 million Indian Rupees (approximately € 3.5 million), with an average interest rate of 11.05%. These loans are secured by a cash pledge of € 4.6 million, which is presented under Cash Restricted in its use on the face of the balance sheet.

The group's un-drawn borrowing facilities at 31 December 2011 amounted to € 3.4 million (31 December 2010: € 2.5 million).

The carrying amounts of short-term borrowings approximate their fair value.

20. Deferred income taxes

Due to the uncertainty surrounding the group's ability to realize taxable profits in the near future, the company did not recognize any deferred tax assets.

The group has net tax loss carry forwards, available to reduce future corporate income taxes, if any. These carry forwards, except for notional interest deduction credit for an amount of € 9.8 million, which can be offset against future income for a period of maximum 7 years, can be offset against future income of the group for an indefinite period and can be summarized as follows:

in € 1,000	2011	2010	2009
Net tax loss carry forwards (pre-tax)	111,862	105,876	106,442
Non recognized deferred tax asset	**38,022**	**32,312**	**34,769**

Furthermore, the tax loss carry forwards also include R & D investment related tax credits for an amount of € 0.3 million which could become cash collectible after 5 years if offset against future income is not realized.

Other deductible temporary differences for which no deferred tax assets are recognized:

in € 1,000	2011	2010	2009
Tax credits (pre-tax)	1,927	1,927	3,109
Other (pre-tax)	-3,511	-2,761	-2,014
Non recognized deferred tax assets / (liability)	**-538**	**-283**	**372**

Tax credits include R & D investment related tax credits which can also be offset against future income but for an indefinite period of time.

21. Equity attributable to equity of the parent company

in € 1,000	2011	2010	2009
Share capital	1,820	1,476	1,475
Share premium account	128,526	102,275	102,190
Translation reserves	491	370	185
Share-based payment	5,309	4,843	4,437
Accumulated losses	-75,456	-68,407	-61,272
Equity attributable to equity holders of the parent	**60,689**	**40,557**	**47,015**
Minority interests	-	-	-
Total equity	**60,689**	**40,557**	**47,015**

The various components of Shareholders' equity for the periods 31 December 2009, 31 December 2010 and 31 December 2011 are presented in the Consolidated Statement of Shareholders' Equity.

The following capital increases took place in 2011:

- Through a private placement of 4,584,549 new shares on 4 April 2011 at an issue price of € 5.85 per share, resulting in a capital increase of € 0.3 million and an increase of the share premium account with € 26.5 million.

- Through the exercise of 2,245 warrants into the same number of new shares on 8 April 2011, resulting in a capital increase of € 168 and an increase of the share premium account with € 7,689.

- Through the exercise of 2,964 warrants into the same number of new shares on 6 October 2011, resulting in a capital increase of € 222 and an increase of the share premium account with € 10,152.

All new shares are listed on Euronext Brussels, except for 2,638,936 shares issued per 4 April 2011 for which listing is applied for.

Per 31 December, the share capital of Devgen NV is composed as follows:

	2011	2010	2009
Number of shares issued and outstanding	24,266,400	19,676,642	19,648,951
Par value per share (in €)	0.075	0.075	0.075
Issuance premium per share (in €)	5.296	5.198	5.201

Voting rights – each share of Devgen is entitled to one vote per share.

Dividends – Devgen has never declared or paid dividends on its shares and does not anticipate paying any dividends in the foreseeable future. Under Belgian law, the company is required to set aside at least 5% of its net profits during each financial year and contribute such sum to the legal reserve until such reserve has reached an amount equal to 10% of the company's share capital. As of 31 December 2011, there were no profits available for distribution under Belgian law.

Liquidation rights – In the event of a dissolution of the company, the assets and the proceeds from the sale of the assets remaining after payment of all debts, liquidation expenses and preferences, and taxes are to be distributed among the shareholders on a pro rata basis to their shareholding, after deduction of any amounts that are still to be paid up with regard to preferential rights, if any.

Preferential subscription rights – On the occasion of any capital increase in cash, or issue of convertible bonds or warrants, the company's shareholders have a preferential subscription right. Such preferential subscription right is proportionate to the shareholder's participation in the company's capital at the time of the capital increase or the issuance of convertible bonds or warrants.

The preferential subscription right can be restricted or cancelled by a resolution approved by 75% of the votes validly cast at a General Shareholders' meeting where, in principle, at least 50% of the company's share capital is present or represented.

22. Share-based payment schemes

The company has created several warrant plans for grant to employees, directors, consultants and research institutions. Over the past 3 years, the following warrant pools have been created.

Warrant plan 2009 for CEO and directors

By a decision of the Extraordinary Shareholders' meeting of 24 July 2009, the company has been allowed to issue 300,000 warrants with a lifetime of 5 years after the creation date for the benefit of the CEO, all of which were granted and vested as per 31 December 2009; and 36,000 warrants with a lifetime of 5 years after the creation date for the benefit of board members, of which 36,000 were granted as per 31 December 2009 and 30,000 were vested on 31 May 2010. The remaining 6,000 warrants were cancelled.

All warrants were granted for free.

Warrant plan 2010 for CEO and directors

By a decision of the Extraordinary Shareholders' meeting of 1 June 2010, the company has been allowed to issue:

- 44,604 warrants for the benefit of the CEO with a lifetime of 5 years after the creation date, granting for free and vesting on acceptance;
- 36,000 warrants for the benefit of the members of the board with a lifetime of 5 years after the creation date, granting for free and vesting on 31 May 2011.

On 31 December 2010, 50,604 warrants were cancelled.

Warrant plan 2011 for CEO and directors

By a decision of the Extraordinary Shareholders' meeting of 1 June 2011, the company has been allowed to issue:

- 85,436 warrants for the benefit of the CEO with a lifetime of 5 years after the creation date, granting for free and vesting on acceptance;
- 30,000 warrants for the benefit of the members of the board with a lifetime of 5 years after the creating date, granting for free and vesting on 31 May 2012.

On 31 December 2011, 6,000 warrants were cancelled.

Warrants exercisable under the warrant plans

The total number of outstanding warrants on 31 December 2011 amounts to 1,343,379, which can lead to the creation of the same number of shares. These warrants may be exercised under the following conditions:

in number of warrants, unless otherwise mentioned	Month of expiry	Exercise price (in €)	Out-standing warrants 31/12/2010	Transactions 2011				Out-standing warrants 31/12/2011
				Granted	Exercised	Cancelled	Not exercised	
Plan 2005, grant 2005 (*)	Dec. 2015	9.49	104,112	-	-	-	-	104,112
Plan 2005, grant 2006 (*)	Dec. 2015	11.54	13,400	-	-	-	-2,880	10,520
Plan 2005, grant 2006 (*)	Dec. 2015	11.67	12,772	-	-	-	-792	11,980
Plan 2005, grant 2006 (*)	Dec. 2015	14.00	20,016	-	-	-	-	20,016
Plan 2005, grant 2006 (*)	Dec. 2015	14.25	6,000	-	-	-	-	6,000
Plan 2005, grant 2007 (*)	Dec. 2015	21.57	10,008	-	-	-	-10,008	-
Plan 2005, grant 2007 (*)	Dec. 2015	21.57	3,332	-	-	-	-3,332	-
Plan 2005, grant 2007 (*)	Dec. 2015	21.61	40,954	-	-	-	-1,138	39,816
Plan 2005, grant 2007 (*)	Dec. 2015	20.73	206,016	-	-	-	-	206,016
Plan 2005, grant 2008 (*)	Dec. 2015	13.00	23,485	-	-	-82,00	-766	22,637
Plan 2005, grant 2008 (*)	Dec. 2015	13.26	10,008	-	-	-	-	10,008
Plan 2008 Board, grant 2008	Jun. 2013	14.40	8,793	-	-	-	-	8,793
Plan 2008 PCC, grant 2008	Jun. 2018	13.26	15,000	-	-	-	-	15,000
Plan 2008 PCC, grant 2008	Jun. 2018	14.40	1,391	-	-	-	-	1,391
Plan 2008 PCC, grant 2009	Jun. 2018	3.50	60,989	-	-5.209	-826	-	54,954
Plan 2008 India, grant 2009	Jun. 2018	3.50	177,548	-	-	-1.731	-	175,817
Plan 2009 CEO, grant 2009	Jul. 2014	6.65	300,000	-	-	-	-	300,000
Plan 2009 Board, grant 2009	Jul. 2014	6.65	30,000	-	-	-	-	30,000

in number of warrants, unless otherwise mentioned	Month of expiry	Exercise price (in €)	Out-standing warrants 31/12/2010	Transactions 2011				Out-standing warrants 31/12/2011
				Granted	Exercised	Cancelled	Not exercised	
Plan 2009 Board, grant 2009	Jul. 2014	6.65	30,000	-	-	-	-	30,000
Plan 2008 PCC, grant 2010	Jun. 2018	10.49	26,892	-	-	-	-	26,892
Plan 2008 India, grant 2010	Jun. 2018	10.49	22,418	-	-	-1.942	-	20,476
Plan 2010 CEO & Directors, grant 2010	May 2015	8.78	30,000	-	-	-	-	30,000
Plan 2008 PCC, grant 2011	Jun. 2018	5.61	-	71.496	-	-	-	71,496
Plan 2008 India, grant 2011	Jun. 2018	5.61	-	66.668	-	-4.649	-	62,019
Plan 2011 CEO & Directors, grant 2011	May 2016	6.78	-	121.436	-	-6.000	-	115,436
Total			**1,123,134**	**259,600**	**-5,209**	**-15,230**	**-18,916**	**1,343,379**
Weighted average exercise price (in €)			**10.41**	**6.16**	**3.50**	**6.38**	**19.28**	**9.54**

(*) The expiry date of the Plan 2005 is 11 December 2015, except for the warrants granted to employees which are on the payroll of Devgen NV per 25 June 2009, which have an extended expiry date per 11 December 2020.

Accounting for share-based payment

IFRS 2 share-based payment has become effective as of 1 January 2005. In order to avoid a restatement of its 2005 consolidated financial statements, the group decided to early adopt as of 1 January 2004 IFRS 2 for all warrants granted after 7 November 2002 which were not vested as of 31 December 2004.

The share-based compensation expense recognized in the income statement (from continuing and discontinued operations) amounts to € 466 ('000) in 2011, compared to € 406 ('000) in 2010 and € 1,188 ('000) in 2009.

The fair value of each option is estimated on the date of grant using the Black & Scholes model (warrants granted as of 2005) with the following assumptions:

	Warrants 2008	Warrants 2011	Warrants 2011
Warrants granted to	Employees	Directors	CEO
Grant date	8 March 2011	1 June 2011	1 June 2011
Number of warrants granted	138,164	30,000	85,436
Current share price (in €)	5.80	6.62	4.22
Exercise price (in €)	5.61	6.78	6.78
Expected dividend yield	0%	0%	0%
Expected stock price volatility	48%	47%	48%
Risk-free interest rate	3.35%	3.09%	3.16%
Expected duration (in years)	3.65	4.00	4.00
Fair value per warrant (in €)	**2.33**	**2.61**	**1.11**

23. Significant agreements, commitments and contingencies

23.1 Collaborative research agreements

Sumitomo Chemical Company

In March 2009 Devgen renewed its R & D agreement with Sumitomo Chemical Company Limited for a 3 year term. Under multiple agreements between 2001 and 2008, both companies conducted research on discovery of new agrochemicals. Under the terms of the 2009 agreement, Devgen receives funding for its research activities and is eligible for royalties. Sumitomo Chemical Company has renewed the agreement with an annual extension, based upon Sumitomo Chemical Company's option to renew the term of the agreement with successive annual extensions.

Monsanto Company

On 6 February 2007, Devgen entered into a 5 year research and development agreement and a 5 year technology exchange agreement with Monsanto Company with retroactive application from 1 September 2006 onwards until end of October 2011. Under the terms of this agreement, Monsanto Company obtains commercial rights under Devgen's technology to control specific categories of insect pests in its core crops of interest such as corn, cotton and soybeans. Devgen obtains rights to leverage Monsanto's work in rice and small cereal grains, especially in Asia. In addition to license fee payments, Devgen is eligible for performance-based milestone and royalty payments. In 2009, both companies have modified the scope of their research and technology agreement signed in 2007, giving broader rights to Monsanto Company on Devgen's technology.

Other collaborations

The company has entered into several agreements with companies, universities, academic institutions and consultants in Belgium and abroad to promote, sell or distribute products and to conduct research and development.

23.2 The group acting as a lessor in operating leases

Devgen NV entered into 3 operating lease agreements for the sub-rent of laboratory and office space in its building in Ghent (Belgium). Based upon these 3 operating lease agreements, Devgen is entitled to receive the following minimum lease payments as rent income:

in € 1,000	2011	2010	2009
Within one year	343	238	294
In the second to the fifth year	424	513	63
After five years	-	-	-
Total future lease commitments as lessor	**767**	**751**	**358**

23.3 The group acting as a lessee in operating leases

Over the years, the group has entered into several operating lease agreements for rent of facilities, land, warehouses, company cars and computer equipment in Belgium, India, the Philippines, the USA and Singapore.

At balance sheet date, the group has the following outstanding commitments relating to non-cancellable future minimum rent payments:

in € 1,000	2011	2010	2009
Within 1 year	405	577	440
Between 2 and 5 years	507	398	138
After 5 years	-	323	608
Total non-cancellable future minimum rent payments	**912**	**1,298**	**1,186**

23.4 Lease of the building in Ghent

On 21 October 2002, Devgen signed a global agreement with ING Lease Belgium and Dexia Lease Services ("the lessors") which incorporated an agreement on the transfer of Devgen's land use rights to the lessors, an agreement on the construction and financing of the building during its construction and a lease agreement on the building once the building was finalized (March 2004).
The agreement is accounted for in accordance with IAS 17 – leases.

Based upon the finance agreement with the lessors, the outstanding debt after 15 years will amount to € 3 million. If at that time, Devgen would like to obtain the legal title to the building it will have to exercise its purchase option and pay an additional € 3 million. If the purchase option is not exercised, it can either decide to extend the agreement or it will have to return the building to the lessors.

23.5 Litigations

Devgen NV is currently involved in litigation with a former sub-contractor, with whom a service agreement has been terminated by Devgen NV during 2011. Management is convinced that the exposure to the financial statements resulting from this litigation is limited and remote.

At current, the group is not involved in other pending litigation that is material.

23.6 Capital commitments

The group had no material commitments to capital expenditures on 31 December 2011.

24. Financial instruments

Capital risk management

The group manages its capital in order to generate sufficient cash and cash equivalents in order to finance the ongoing research and development projects and the further expansion of the seed business in India and Southeast Asia and the expansion of the nematicide business.

The capital structure of the group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Under the Company Code, 5% of the profit of the year per statutory books of Devgen needs to be allocated to the reserves (legal reserve) until the legal reserve equals 10% of the issued capital.

The adjusted debt-to-equity ratio is as follows:

in € 1,000	2011	2010	2009
Debts	6,581	8,412	8,749
Cash and cash equivalents (*)	44,270	28,819	45,762
Net cash / (debts)	37,688	20,407	37,013
Equity attributable to the shareholders	60,689	40,557	47,015
Net debt to equity ratio	-	-	-

(*) Including cash restricted in its use

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurements and the basis on which income and expenses are recognized, in respect of each class of financial assets, financial liability and equity instruments are disclosed in the section on "Recognition and valuation rules" included in these financial statements.

Categories of financial instruments

in € 1,000	2011	2010	2009
Financial assets	**46,981**	**32,470**	**49,663**
Loans and receivables	***46,981***	***32,470***	***49,663***
Cash restricted in its use	5,718	5,866	5,603
Trade receivables Seed business	1,472	1,683	1,332
Other trade receivables	1,239	1,967	2,569
Cash on hand	25	18	14
Term deposits	19,200	-	-
Cash on bank	19,327	22,934	40,144
Other cash equivalents	-	2	1
Financial liabilities	**9,080**	**11,750**	**13,653**
At amortized cost	***9,080***	***11,750***	***13,653***
Secured	6,410	8,152	8,596
Long term debt and lease debts	5,960	6,341	6,700
Current portion of long term debt and lease debts	381	359	366
Short term bank loans	69	1,452	1,530
Non secured	2,670	3,598	5,057
Long term bank loans	-	104	1
Current portion of long term bank loans	104	104	132
Trade payables	2,566	3,390	4,924
Net financial assets and liabilities	**37,901**	**20,720**	**36,010**

Details of the financial instruments are available in the relevant notes.
The fair value of the financial instruments is approximately equal to their carrying amounts.

Pledged financial assets as collateral

In 2004, Devgen placed a cash pledge of € 2,100 ('000) in favor of the lessors of the building in Zwijnaarde, to cover the V.A.T. recoverability risk of the lessors on the construction cost of the building. This cash pledge is being released on a straight-line basis over 15 years, at the rate of 1/15 per year, starting on 1 April 2005. This amount is classified as a non-current asset (cash restricted in its use) and amounts to € 1,120 ('000) at 31 December 2011 (2010: 1.3 million; 2009: € 1.4 million).

Devgen placed a total cash pledge of € 4,555 ('000) in favor of two banks to guarantee 2 short-term overdraft facilities provided to Devgen Seeds and Crop Technology Pvt Ltd in India to finance its working capital requirements. Per 31 December 2011, only € 0.1 million of this overdraft facility is used (2010: € 1.4 million; 2009: € 1.5 million).

No other financial assets are pledged as collateral.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The group's activities expose it primarily to changes in foreign currency exchange rates and interest rates.

Foreign currency risk management
The group is exposed to foreign currency risks primarily through its operating activities. Certain purchase transactions and certain sales transactions of the group are undertaken in USD. Exchange rate exposure towards the USD can be managed through the use of forward exchange contracts, based upon management's decisions. The extent of use of other foreign currencies in the group is very limited.

The group is furthermore managing its foreign currency risk by matching foreign currency cash inflows with foreign cash outflows. Occasionally forward currency exchange contracts are used to hedge material foreign currency exposure. Therefore the sensitivity to certain potential changes in, especially the USD / EUR and USD / INR exchange is limited. The group does not apply hedge accounting.

At 31 December 2011, no forward exchange contracts were held by the group.

Interest rate risk management
The group can be exposed to interest rate risk as entities in the group can borrow funds at both fixed and floating interest rates. Per 31 December 2011, substantially all of the outstanding loans have semivariable or variable interest rates. The financial lease debt relating to the building held under lease is subject to a variable interest rate, revisable at each fifth anniversary date of the loan agreement based on the average weighted interest rate swap 1 to 5 years (IRS ask) with a duration of 15 years, with a margin of 2.5%. The first revision of the interest rate on this loan took place in 2009. The current interest rate on this loan is 5.925%. The overdraft facility in India with ING Vysya Bank and HDFC Bank is linked to the base rate provided by these banks. This rate can be changed from time to time during the term of the overdraft facility. The base rate of a particular bank is linked to Reserve Bank of India REPO lending rate to banks.

The group does not use interest rate swap contracts and forward interest rate contracts.

Credit risk management
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. Therefore, the group has credit policies in place and the exposure to counterparty credit risk is monitored.

Credit exposure with regard to R & D partnering activities is concentrated with a limited number of creditworthy partners. Credit exposure in the seed business – dealing with a large number of local distributors – is managed in accordance with standard business practice supported by consistent and regular credit worthiness checks for new and existing customers.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk. The group did not receive any collateral or alter credit enhancements relating to its financial assets.
See also note on "Trade receivables" for additional information on the credit risk management.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate risk management framework for the management of the group's short, medium and long-term funding and liquidity requirements.

The group makes mainly use of liquid investments in currency accounts and term accounts. Instrument used possesses high grade credit ratings, capital reimbursement guarantees and limited time horizons up to maximum 12 months.

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

in € 1,000	within 1 year	"between 2 and 5 years"	"after more than 5 years"	Total
Secured	**817**	**2,992**	**4,683**	**8,491**
Long term debt and lease debts	-	2,992	4,683	7,675
Current portion of long term debt and lease debts	748	-	-	748
Short term bank loans	69	-	-	69
Non secured	**2,670**	**-**	**-**	**2,670**
Current portion of long term bank loans	104	-	-	104
Trade payables	2,566	-	-	2,566
Total financial liabilities including interests	**3,487**	**2,992**	**4,683**	**11,161**

Gains and losses per category of financial assets and liabilities

During 2011, 2010 and 2009, no material gains and losses on financial assets and liabilities have been recognized in the income statement. No gains and losses on financial assets and liabilities were recognized directly in equity.

25. Related party transactions

During 2009, 2010 and 2011 there have been transactions with key management personnel and non-executive directors, as listed below. Apart from these transactions, there were no other transactions with related parties.

Remuneration of key management personnel

The remuneration of the key management, including the executive directors, can be summarized as follows:

in € 1,000	2011	2010	2009
Short-term benefits	2,079	2,255	2,376
Post-employment benefits – defined contributions	47	49	49
Share-based compensation	300	168	1,059
Total benefits	**2,425**	**2,472**	**3,484**
# of warrants & shares offered ('000)	168	96	511
# cumulative outstanding warrants & shares ('000)	1,016	896	957
Warrants exercised ('000)	3	18	1
Weighted average exercise price (€) of the exercised warrants	3.50	3.45	3.50

The retirement benefits for the key management are part of the retirement benefit scheme to which all qualified personnel is entitled. The contributions are paid as a percentage of the gross annual salary.

No loans, quasi-loans or other guarantees have been given to a member of the executive management.

Transactions with non-executive directors

The remuneration of the non-executive directors, can be summarized as follows:

in € 1,000	2011	2010	2009
Short-term employee benefits	-	-	-
Post-employment benefits – defined contributions	-	-	-
Share-based compensation	46	166	22
Director fees, including expense reimbursements	123	91	99
Total benefits	**168**	**257**	**121**
# of warrants & shares offered ('000)	36	36	30
# cumulative outstanding warrants & shares ('000)	99	84	71
Warrants exercised ('000)	-	-	-
Weighted average exercise price (€) of the exercised warrants	-	-	-

26. Earnings per share

Earnings per share from continuing and discontinued operations:

in €	2011	2010	2009
Basic earnings per share	-0.30	-0.36	-0.46
Diluted earnings per share	-0.30	-0.36	-0.46

The calculation of the basic and diluted earnings per share from continuing and discontinued operations is based on the following data:

in € 1,000 except for number of shares	2011	2010	2009
Earnings			
Earnings for the purpose of basic earnings per share (net loss of the year)	-7,048	-7,141	-8,651
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purpose of diluted earnings per share	**-7,048**	**-7,141**	**-8,651**
Number of shares			
Weighted average number of shares for the purpose of dilutive potential shares	23,082,853	19,665,382	17,892,436
Effect of dilutive potential ordinary shares	230,771	236,071	-
Share warrants	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**23,313,624**	**19,901,453**	**17,892,436**

Warrants that would result in the issue of ordinary shares for more than the average market price of the underlying ordinary shares during the period are considered anti-dilutive and have not been included in the calculation of the diluted earnings per share. At year-end 2011 230,771 warrants were outstanding that have been included in the calculation of diluted earnings per share.

Earnings per share from continued operations:

in €	2011	2010	2009
Basic earnings per share	-0.30	-0.36	-0.45
Diluted earnings per share	-0.30	-0.36	-0.45

The calculation of the basic and diluted earnings per share from continued operations is based on the following data:

in € 1,000 except for number of shares	2011	2010	2009
Earnings			
Earnings for the purpose of basic earnings per share (net loss of the year)	-7,048	-7,141	-8,519
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purpose of diluted earnings per share	**-7,048**	**-7,141**	**-8,519**
Number of shares			
Weighted average number of shares for the purpose of dilutive potential shares	23,082,853	19,665,382	17,892,436
Effect of dilutive potential ordinary shares	230,771	236,071	-
Share warrants	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**23,313,624**	**19,901,453**	**17,892,436**

Warrants that would result in the issue of ordinary shares for more than the average market price of the underlying ordinary shares during the period are considered anti-dilutive and have not been included in the calculation of the diluted earnings per share. At year-end 2011 230,771 warrants were outstanding that have been included in the calculation of diluted earnings per share.

27. Subsequent events

There are no major subsequent events to the balance sheet date which have a material impact on the further evolution of the company.

28. Services performed by the auditor

Deloitte Bedrijfsrevisoren CVBA o.v.v.e. CB, represented by Mr. Gert Vanhees is appointed as statutory auditor of Devgen NV. In 2011, fees paid to the statutory auditor and its affiliated companies for auditing services amounted to € 88 ('000), fees for tax services were € 24 ('000) and fees for other attestation missions amounted to € 8 ('000).

29. Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:

- the consolidated financial statements of Devgen NV and its subsidiaries as of 31 December 2011 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and

- the annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

Undersigned by Thierry Bogaert BVBA, represented by Mr. Thierry Bogaert, CEO and Mr. Wim Goemaere, CFO.

14.2. Annual report of the Board of Directors on the consolidated financial statements of Devgen NV

Dear Madam/ Sir, Shareholder,

We are pleased to present to you the consolidated financial statements for the fiscal year that ended 31 December 2011.

1. Strategic and business highlights

Business highlights

- Breakthrough results in multi-location field trials of Devgen's Next Generation Hybrid Rice varieties.
- Solid growth in seed sales in India and Southeast Asia.
- Introduction of new hybrid sorghum and pearl millet varieties and successful start of distribution of cotton seeds in India.
- Registration of three new hybrid rice varieties in the Philippines.
- Progression of key rice biotech traits into the regulatory process in India and strengthening of biotech activities and infrastructure in India and Singapore.
- Cheminova appointed as distributor for Southern Europe for Devgen's nematicide Devguard®.
- Two reference investors appointed to the Board of Directors.

Next Generation Hybrid Rice and Biotech Rice

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice in order to develop Next Generation Hybrid Rice (NGHR™) seeds. The company uses an advanced breeding platform that is considerably more efficient than hybrid rice technology currently in the market in India and Southeast Asia.

Devgen's improved varieties are expected to offer farmers significant performance benefits over existing varieties, including substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste.

In 2011, Devgen's researchers in India and the Philippines produced hundreds of new and proprietary hybrid rice varieties based on NGHR™-technology. These were then tested during the July 2011 ricegrowing season in multi-location trials in India, the Philippines and Vietnam. The recently completed data analysis identified a substantial number of NGHR™-varieties that gave in these trials a more than 20% yield advantage over the best conventional varieties and a more than 10% yield advantage over the current-best hybrid rice varieties in the market.

Historical examples in many field crops (such as cotton, corn and sorghum) and in many vegetable crops, learn that farmers only prefer to plant hybrid varieties over conventional varieties once they offer a yield advantage of 20% or more. A substantial number of Devgen's NGHR™-varieties now reach this commercial breakthrough threshold. The company is therefore confident that it is on track to deliver hybrid rice varieties that have the potential to fundamentally change the farmer's economics and to drive the adoption of hybrid rice varieties in India and Southeast Asia.

The best NGHR™-varieties identified in the 2011 season now undergo seed production research and are scheduled to enter multi-location performance trials in the upcoming planting season mid-2012. In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production and market entry through large-scale farmer trials in July 2013. The full start of sales is targeted for 2014.

Regarding biotech rice, Devgen's pipeline of crop protection (insect resistance and herbicide tolerance) and stress traits in rice made progress as planned. Activities in Devgen's government certified biotech greenhouse facilities in Hyderabad (India) and Singapore were further expanded.

Devgen's current hybrid rice seed business in India and Southeast Asia

Devgen's existing hybrid rice business in India and Southeast Asia is centered on a number of premium seeds which offer advantages to farmers over traditional varieties. This product portfolio has allowed the company to establish a significant presence in the hybrid seed segment of these markets.

Devgen strengthened its market access in 2011 and achieved a 40% increase in the sales of hybrid rice seeds versus 2010. This was amongst others due to:

- The solid performance in the Indian private hybrid rice seed market of Devgen's current hybrid rice seed portfolio.
- The success of Devgen's hybrid rice seed DG 1 SHS, that is in high demand from Indonesian farmers because of its high yield, excellent taste and adaptation to the farmer's needs.
- The successful introduction in the Philippines of Frontline Gold™, one of Devgen's newly registered varieties that offers farmers superior yield and grain quality versus currently grown conventional and hybrid rice varieties.

Investments in 2011 have led to a strengthening of Devgen's product portfolio with new hybrid rice seed products set for launch in India, Indonesia and the Philippines in 2012.

In India, Devgen saw the successful conclusion of farmer trials of two new premium hybrid rice varieties. During these trials, Devgen's new hybrid rice varieties were grown in several hundred locations across key rice markets in India's Eastern states. Over 125,000 farmers visited the sites as part of the pre-launch marketing campaign. The farmers who conducted the tests and those who visited the fields gave highly positive feedback on yield, grain quality and plant type. The market potential of these improved hybrid rice varieties is therefore substantially validated. Furthermore, extensive seed production trials showed that these products have improved production efficiency over current hybrid seed products, hence an expected lower cost of goods and reduced production risk. Sales of these new products start in the planting season that begins in May 2012.

In the Philippines, Devgen obtained registration for three additional new hybrid rice varieties.

These various necessary steps taken last year, pave the way for the further expansion of Devgen's seed business in 2012.

Devgen's activities in other hybrid crops in India

Devgen strengthened its market access in India in its existing seed business in three other strategic crops – sorghum, pearl millet and sunflower. Devgen produces and sells across India proprietary premium seeds of these crops that are seasonally and geographically complementary to rice. The company also started to distribute cotton seeds which complements its portfolio of proprietary hybrid seeds.

In 2011, Devgen realized a 40% growth in hybrid sorghum seed revenues. Devgen introduced an important new hybrid sorghum variety in the market. This product is designed to strengthen Devgen's current leadership of the Indian hybrid sorghum market by having the potential to capture an important share of the so far non-hybridized Rabi (winter) sorghum market which accounts for more than two thirds of the total sorghum market. This new product is expected to offer growers, for the first time, a hybrid variety with equivalent grain quality and taste to traditional Rabi sorghum varieties, whilst providing a significant grain and fodder yield advantage.

Devgen saw a 29% increase in hybrid pearl millet seed sales in 2011. The company successfully completed the first sales season of its first hybrid pearl millet seed adapted to all pearl millet growing areas in India. In its first sales season the new seed was purchased, planted and harvested by over 15,000 farmers across all the pearl millet growing areas in India. The feedback from farmers was most encouraging, referring to a number of advantages over currently available products including higher yields of premium grain and fodder combined with desirable color and quality. Until the market introduction of this new product, Devgen's hybrid pearl millet seeds were suited only for the South of India (15% of the market). The new hybrid pearl millet seed is important for Devgen as it gives the company first time access to farmers in North India, which account for almost 85% of the 10 million hectare pearl millet market.

The market for sunflower seeds was again limited in 2011. Farmer economics were slightly better than last year but still not at sufficient levels to convince them to grow sunflower in a much larger acreage. Devgen performed well against this difficult market background achieving respectable volumes at prices exceeding last year's net sales prices. This solid performance was due to the quality of the company's hybrid sunflower seed portfolio.

In 2011, Devgen acted for the first time as a distributor of hybrid cotton seeds in-licensed from a third party. This distribution activity leveraged Devgen's marketing and sales capabilities and increased the company's revenue without increasing its sales force or G & A costs. This activity carries no seed production or stock risk, but contributes only a distributor margin.

Nematicides

Devgen's novel nematicide for agrochemical use offers a superior environmental and worker exposure profile compared to other currently marketed nematicides. The company's product is already sold in Turkey under the Devguard® brand to protect tomatoes, peppers, eggplants and cucumbers from infestation by plant parasitic nematodes.

At the end of March 2011, Cheminova was appointed as the distributor for Devgen's nematicide Devguard® in Southern Europe. This cooperation led to successful joint pre-launch activities in that region.

Last year, the Russian Federation granted permission to import tomatoes and cucumbers treated with Devguard® 500SC from Turkey and other countries. Market opportunities for Devgen are thus expanding in regions that cultivate vegetables for export to Russia.

Data from the first full season of peanut trials with Enclosure® in the U.S., using a modified label that permitted more flexible applications, confirmed that it performed as well as its main competitor in the market. Sales based on this new label are expected to start once the trials have been fully evaluated and support from key opinion leading agronomists advising farmers has been gained.

The full season evaluation of vegetable trials in the U.S. indicates that Enclosure® delivers crop yields comparable to standard nematicide treatments and significantly higher yields than untreated crops. These results confirm previous observations in Europe.

Devgen is closely monitoring the progress in the review of its registration dossiers by the regulatory authorities. Registrations of Enclosure® and Devguard® in more crops and countries are expected in the course of 2012.

Other corporate developments

Devgen appointed two reference investors to its Board of Directors:

- Mr. Aat Van Herk is an important shareholder of the company since Devgen was listed on Euronext in 2005 through the investment company O.G.B.B. A. Van Herk B.V. He has an eminent track record as biotechnology investor and entrepreneur.

- Mr. Wouter de Ruiter is an important shareholder through Madeli Participaties B.V. He built his career at De Ruiter Seeds and brings with him 20 years of experience in the seed industry. De Ruiter Seeds was purchased by Monsanto Company in 2008.

2. Financial review

The consolidated accounts are drawn up in accordance with IFRS and have been approved by the Board of Directors on 7 March 2012.

Financial highlights

- Revenues from seed sales achieving 82% growth in 2011. The gross profit growth from these seed sales in 2011 is fully compensating for the lower revenues from research contracts.
- Research income down 16% following the completion of the 5 year research and licensing agreement with Monsanto Company.
- With operating expenditure in 2011 in line with 2010, operating loss at € 6.3 million compared to € 6.2 million loss in 2010.
- € 26.8 million equity funding completed in April 2011.
- Strong cash position at end of 2011, amounting to € 44.3 million, up from € 28.8 million at the end of 2010, including restricted cash for an amount of € 5.7 million per 31 December 2011 compared to € 5.9 million per 31 December 2010.

Key financials

in € 1,000	2011	2010	1H 2011	2H 2011
Research and development services	10,412	12,451	5,849	4,563
Sales of goods	15,081	8,284	11,927	3,154
Total revenue	**25,493**	**20,735**	**17,776**	**7,717**
Cost of goods sold	-13,477	-8,711	-9,354	-4,123
Gross profit	**12,016**	**12,024**	**8,422**	**3,594**
EBITDA	-4,559	-3,921	1,077	-5,636
Operating result (EBIT)	-6,301	-6,191	216	-6,517
Net loss of the period	**-7,048**	**-7,141**	**-255**	**-6,793**

in € 1,000	31/12/2011	31/12/2010
Cash and cash equivalents (*)	44,269	28,819

(*) Including cash restricted in its use for € 5,718 ('000) per 31 December 2011 and € 5,866 ('000) per 31 December 2010.

Revenues

Devgen's revenues amounted to € 25.5 million in 2011 compared to € 20.7 million in 2010. This 23% increase is due to the excellent performance of Devgen's seed business. Revenues from product sales amounted to € 15.1 million, nearly double the turnover of € 8.3 million reported in 2010. This excellent growth is mainly attributable to volume growth in hybrid rice seeds (+50%), hybrid sorghum seeds (+35%), hybrid pearl millet seeds (+12%) and to the start of the distribution of cotton seeds.

As anticipated, given the seasonality of the business, seed revenues in the second half of the year were much lower than in the first half of 2011. Seed sales in the second half of the year were comprised of sales of sunflower seeds in India and rice seeds in the Philippines, which were in line with expectations. These sales were further increased by realization of additional volumes of sorghum and cotton seeds in India in the second half of 2011.

Revenues associated with R & D activities (Monsanto Company and Sumitomo Chemical Company) were € 10.4 million in 2011 compared to € 12.5 million in the previous year. This lower figure was due to the completion of the 5 year research and licensing agreement with Monsanto Company in October 2011.

Gross profit

Devgen reported a gross profit of € 12.0 million in 2011 which is in line with the gross profit achieved in 2010. The sales and gross profit growth from the seed business was able to fully compensate for the lower revenues from research contracts.

Devgen achieved a gross profit of € 1.6 million on the sales of goods in 2011 compared to a gross loss of € 0.4 million in 2010. This significant improvement in the gross profit from sales of goods resulted from volume increases and was further due to improved production efficiencies and better production conditions in 2011.

Due to the seasonality in the sales of seeds and write down of obsolete inventories at the end of the season, the gross profit in the second half of 2011 is lower than in the first half of the year.

Operating result

Devgen's operating loss amounted to € 6.3 million in 2011, which is slightly above the € 6.2 million operating loss reported in 2010, but in line with expectations.

Marketing and distribution expenses of € 4.4 million were slightly below last year's € 4.5 million. Devgen is benefitting from the market building investment it has made in previous years. This allows the company to realize significant sales growth while total marketing and distribution expenses remain at the same level.

Reported R & D expenses were € 8.1 million, compared to € 8.5 million in 2010. General and administration expenses amount to € 6.2 million in 2011, slightly above last year's € 6.1 million.

Other operating income amounted to € 0.4 million in 2011 compared to € 0.9 million in 2010. In 2010, other operating income included a € 0.5 million gain on the contribution in kind of part of Devgen's human therapeutic assets to Amakem NV, a new start-up company focused on eye disease.

Net result

Devgen reported a net loss for the period of € 7.0 million, compared to € 7.1 million loss reported for 2010. Operating expenses were stable. A reduction in R & D income was compensated by growth in the gross profit of the seed business.

Cash flow

Devgen had an operating cash outflow of € -8.1 million in 2011, compared to an outflow of € -14.2 million in 2010. With an operating result equivalent to last year's result, the net operating cash outflow improved by € 6.1 million compared to 2010. This improvement mainly results from favorable changes in trade receivable and inventory balances during 2011.

The cash outflow on investment activities amounted to € 0.6 million, including € 0.3 million nematicides development expenses.

The company generated € 24.2 million from financing activities in 2011. This consists of the € 26.8 million capital increase dated 4 April 2011 offset by debt repayments of € 1.7 million and net financial expenses of € 0.9 million.

Balance sheet

In April 2011, Devgen raised € 26.8 million through an equity private placement with pre-identified investors at a price of € 5.85 per share. The principal new investors were Gimv and Gimv-managed funds who jointly invested € 9 million, while € 17.8 million was invested by other new and existing investors including O.G.B.B. A. Van Herk B.V., Madeli Participaties B.V. and Biovest Comm.VA.

As a result of this transaction, the company's solvency ratio (equity versus total assets) improved to 82% at the end of December 2011, compared to 64% at the end of December 2010.

Devgen's non-current assets remained stable at € 29.0 million as at 31 December 2011 versus € 30.5 million as at 31 December 2010.

The net working capital (excluding cash and cash equivalents) increased from € -4.5 million as of 31 December 2010 to € -0.2 million per end of 2011. This € 4.3 million change is the effect of the usage of the prepayment received from Monsanto Company and the decrease of the inventory and trade receivable balances.

Cash and cash equivalents amount to € 44.3 million as of 31 December 2011, including € 5.7 million restricted cash. The increase of € 15.5 million compared to end December 2010 is due to the € 26.8 million proceeds from the above mentioned private placement offset by € 11.3 million cash used in operating, investing and other financing activities.

Taxation

The losses incurred by the company over the last years imply that no income taxes were payable. On 31 December 2011, the company had net tax losses carried forward for an amount of € 111.8 million, resulting in a potential deferred tax asset of € 38.0 million. However, due to the uncertainty surrounding Devgen's ability to realize taxable profits in the near future, the company did not recognize any deferred tax assets on the balance sheet.

3. Capital increases and issuance of financial instruments

The following capital increases took place in 2011:

- Through a private placement of 4,584,549 new shares on 4 April 2011 at an issue price of € 5.85 per share, resulting in a capital increase of € 0.3 million and an increase of the share premium account with € 26.5 million.

- Through the exercise of 2,245 warrants into the same number of new shares on 8 April 2011, resulting in a capital increase of € 168 and an increase of the share premium account with € 7,689.

- Through the exercise of 2,964 warrants into the same number of new shares on 6 October 2011, resulting in a capital increase of € 222 and an increase of the share premium account with € 10,152.

Following the decision of the Extraordinary Shareholders' meeting of 1 June 2011, the following warrants have been granted and accepted:

- 85,436 warrants for the benefit of the CEO with a lifetime of 5 years after the creation date, granting for free and vesting on acceptance;

- 30,000 warrants for the benefit of the members of the Board with a lifetime of 5 years after the creating date, granting for free and vesting on 31 May 2012.

On 31 December 2011, a total of 6,000 warrants were cancelled.

4. Corporate governance statement

4.1 Corporate governance code

Devgen's corporate governance is based on the principles described in the 2009 Belgian corporate governance code, issued by the Belgian corporate governance committee. In view of this code, Devgen has described the main aspects of its corporate governance in a corporate governance charter, which together with applicable law and the company's articles of association, governs the way Devgen is managed and controlled.

This charter can be obtained free of charge at the registered office of the company and is available on the company's website (www.devgen.com under the section Investor Relations / Corporate Governance).

4.2 Compliance with the corporate governance code

Devgen has adopted the 2009 Belgian corporate governance code as its reference code. It complies with the provisions of this code with the exception of the deviations enumerated hereunder;

- The chairman of the Board of Directors, Mr. Remi Vermeiren, is also chairman of the Audit Committee, which deviates from provision 5.2./3 of the corporate governance code. The Board of Directors finds that this deviation is justified as it is beliefs that, given his experience and skills, Mr. Remi Vermeiren is best suited to fulfill the function of chairman of the Audit Committee next to the function of chairman of the Board of Directors. Mr. Remi Vermeiren holds a degree in commercial and financial sciences and has a strong financial experience as former chairman of the Executive Committee of KBC Group and as member of the administrative, management or supervisory bodies of various companies. See section on "Expertise within the Audit Committee" in paragraph 4.5 of this annual report for additional information.

- Devgen does not comply with the provision 5.2./4 of the corporate governance code which states that a majority of the Audit Committee's members should be independent. As of 1 July 2011, no member out of the 3 members of the Audit Committee qualifies as independent director as set out in provision 2.4./1 of the corporate governance code. Mr. Remi Vermeiren and Mr. Jan Leemans have been appointed director for more than three subsequent directorships since they joined the Board of Directors in April 2005 and Mr. Marien represents more than 10% of the shares. The Board of Directors considers that the members of the Audit Committee have the necessary business, industry and financial experience to fulfill their role. The Board of Directors will propose the necessary actions to remedy the non-compliance.

- Devgen does not fully comply with provision 5.2./17 which states that an independent internal audit function should be established. In view of the size of the company, Devgen has no overall formal internal audit function. However, as explained further in Devgen's corporate governance charter, the Audit Committee regularly evaluates the need for particular internal audits and the steps to be taken given the findings of such evaluations.

- Devgen does not comply with provisions 5.3./1 and 5.4./1 of the corporate governance code which state that the majority of the members of the Nomination and Remuneration Committee should be independent. As of 1 July 2011, there is only one member, Mr. Orlando de Ponti, of the five member committee who qualifies as independent director as set out in provision 2.4./1 of the corporate governance code. The other formerly independent directors in the Nomination and Remuneration Committee, Mr. Remi Vermeiren and Mr. Jan Leemans have been appointed director for more than three directorships since they joined the Board in April 2005. The Board of Directors considers that the members of the Nomination and Remuneration Committee have the necessary experience and competences to fulfill their role. The Board of Directors will propose the necessary actions to remedy the non-compliance.

- Contrary to provision 7.7 of the corporate governance code, which sets out that non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, the Extraordinary Shareholders meeting of 1 June 2011 granted each non-executive director, or its permanent representative, 6,000 warrants on Devgen shares. Through warrants the company can remunerate its non-executive directors without using the company's cash resources, which is in the interest of a growth company such as Devgen. In addition to these warrants, the non-executive directors, with the exception of the chairman, are entitled to a compensation of € 1,500 per attended meeting of the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of € 7,500 for every fully performed Board mandate year. The chairman of the Board of Directors is entitled to a monthly fee of € 4,000. Devgen believes that this remuneration package is justified, as it corresponds with market practice and expectations for similar listed companies in the biotechnology field and allows the company to offer an appropriate remuneration to attract and retain experienced independent directors from different economic sectors.

- Unlike set out in provision 7.18 of the corporate governance code, the contract between the CEO and Devgen does not specify that the severance package excludes variable cash bonuses in case the departing CEO did not meet the performance criteria referred to in the contract. The termination indemnity is calculated on the basis of the fixed remuneration applicable at the time of termination and the average variable cash bonus paid in previous 3 years. The Board of Directors believes this arrangement to be fair and in the interest of the company.

4.3 Internal controls and risk management

Devgen has implemented a risk management system and an internal control structure, which are monitored by the Audit Committee.

a. Control environment

Organization of internal control

The internal control environment is organized by Devgen's executive management and is monitored by the Audit Committee. The role of the Audit Committee is stipulated in Devgen's corporate governance charter. The Audit Committee evaluates on a regular basis the needs with respect to internal auditing based on a risk assessment. The Audit Committee takes the necessary action relating to the findings of this evaluation.

Today the company does not have an internal audit department. The company is assigning these tasks to staff members with appropriate qualifications and if necessary field experts from outside the company are engaged to perform these audits. Based upon a 3-year rotation plan, all important business cycles across all legal entities are subject to an internal audit.

Ethical values

The Audit Committee prepared a "Code of Conduct" which applies for all Devgen companies and employees. Furthermore, the employment contracts of all employees contain stipulations with respect to ethical conduct of business.

b. Risk analysis

We refer to section 6 "Risks" of this annual report for a detailed risk analysis of the Devgen group.

c. Control activities

Control activities include the measures taken by Devgen to ensure that the risks under its control are appropriately controlled and mitigated.

- Devgen appoints highly qualified personnel in key positions within all entities of the group.

- The management has clearly aligned responsibilities as set out in the job descriptions which are prepared for all employees of the company.

- The management is also responsible to comply with internal regulations and the Board of Directors is ensuring that the management is respecting the general policies and the corporate plans.

- The implementation of a set of procedures amongst others with respect to purchasing and payments based on double signatures, periodical stock takings, to be systematically applied within all entities of the company.

- The external legal counsel of the group together with the CEO and the management team has set up internal procedures in order to ensure that acts performed within or by the company are in compliance with the existing laws and external regulations.

- Risks with respect to infrastructure - as there are: fire, unwanted access and power failures - have been minimized by taking appropriate measures. For assets which are crucial for the continuity of the company, being IT equipment for R & D or production but also the stored biological material such as seeds, measures have been taken to duplicate these assets and to spread them over different locations. Next to avoiding risks in this respect, where possible, insurance has been taken to cover loss of these assets, always based however on an economic justification whereby the risk is evaluated against the price to insure the risk.

- With respect to complying with regulations concerning safety at work, working with biotechnological material and environmental matters in general, appropriate measures were taken within the company to guarantee compliance with these regulations and to operate with and within the required permits in this respect. Amongst others Devgen applies the guidelines as prescribed in the international standards of "Excellence through Stewardships".

- The IT-department is responsible for the continuity of the IT-platforms used by the company to support its operations as well as for the implementation of system access controls and safely storing data. Appropriate measures were taken to assure the continuity of the operations of the company taking into account the requirements of the different departments.

- The IP-portfolio, for the protection of knowledge and proprietary technology, is managed in a deliberated way by evaluating on a regular basis the costs to maintain such protection versus the benefits of doing this. Furthermore it is clearly communicated to employees on how to deal with confidential information ("gate keeping") and rules are in place on how to share such information with third parties (CDA's). Within the lab the progress of the research is registered and relevant documentation is stored in an electronic lab note book with registration of the date of entry.

- In addition procedures are in place with respect to in- and outgoing material flows in order to protect the rights of the parties involved at all times.

- The company has procedures in place with respect to managing crisis situations.

- Risks related to "Insider trading" are managed through clear communications to the parties involved, the availability of guidelines ("dealing code") and the appointment of a compliance officer.

- We refer to Note 24 "Financial instruments" of the consolidated financial statements for a detailed discussion on the managing of the credit risks, interest risks, exchange risks and liquidity risks.

d. Information and communication

The following policies and procedures have been implemented relating to the information and communication processes:

- A standardized process is in place which enables the corporate finance department of the group to prepare consolidated financial statements on a quarterly basis.

- Manuals are being used in order to assure preparing and reporting financial information in a consistent manner.

- The valuation rules, compliant with IFRS, are documented and are published in the annual accounts.

- Management support systems have been implemented generating consistent financial and operational information (ERP-applications).

- Procedures are in place in order to verify the accuracy of the reporting figures, such as comparison with prior period results and with budgets.

- The external auditors of the company are requested to pay special attention to area's with specific company and industry risk which can have an immediate effect on the financial information provided by the company.

e. Supervision and monitoring

Supervision and monitoring activities are performed by the executive and senior management on a daily basis. The Audit Committee monitors the control activities with the company.

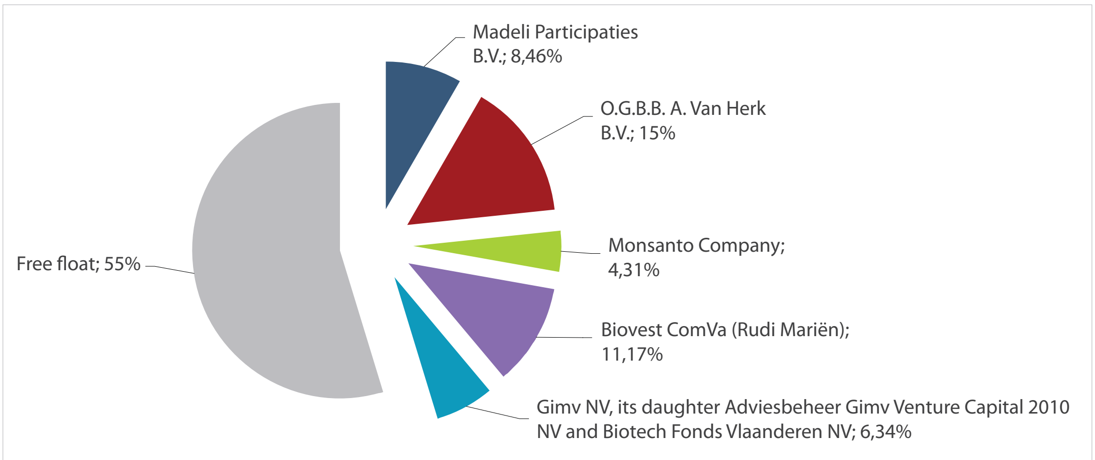
4.4 Shareholders' structure at balance sheet date

The table below provides an overview of the transparency declarations that Devgen NV has received to date.

Party	Date of declaration	Shares Number	Total voting securities on date of declaration	
			Number	% (1)
1 O.G.B.B. A. Van Herk B.V.	01/09/2008	2,277,266	2,277,266	12.74 %
2 Petercam NV	01/09/2008	1,423,430	1,423,430	7.96 %
3 Monsanto Company	01/09/2008	1,045,400	1,045,400	5.85 %
4 BPTS	01/09/2008	633,000	633,000	3.54 %
5 KBC Asset Management NV	01/09/2008	558,863	558,863	3.13 %
6 Biovest ComVa (Rudi Mariën)	13/11/2008	1,082,574	1,082,574	6.05 %
7 Petercam NV	24/12/2008	771,504	771,504	4.31 %
8 Petercam NV	28/04/2009	-	-	< 3 %
9 KBC Asset Management NV	30/04/2009	-	-	< 3 %
10 Biovest ComVa (Rudi Mariën)	12/10/2009	2,195,668	2,195,668	11.17 %
11 BT Pension Scheme Trustees Limited (BPTS)	19/10/2009	590,500	590,500	3.01%
12 O.G.B.B. A. Van Herk B.V.	13/11/2009	2,947,569	2,947,569	15%
13 Undisclosed party	31/08/2010	591,295	591,295	3.01%
14 Undisclosed party	22/11/2010	1,002,628	1,002,628	5.10 %
15 BT Pension Scheme Trustees Limited (BPTS)	10/03/2011	574,749	547,749	2.92%
16 Gimv NV, its daughter Adviesbeheer Gimv Venture Capital 2011 NV and Biotech Fonds Vlaanderen NV	08/04/2011	1,538,462	1,538,462	6.34%
17 Madeli Participaties B.V.	21/04/2011	2,052,476	2,052,476	8.46%
18 Monsanto Company	25/04/2011	1,045,400	1,045,400	4.31%

(1) The percentage of voting securities is calculated on the basis of the outstanding voting securities at the time of the declaration.

Overview of the major shareholders as of 31 December 2011, based upon the above mentioned transparency declaration.



The remuneration report, included in paragraph 5 of this document, contains an overview of the number of shares held by the directors per 31 December 2011.

4.5 Composition of the Board of Directors and its Committees

The Board of Directors

At the beginning of 2011, the Board of Directors consisted of the following seven members: Mr. Remi Vermeiren (chairman), Thierry Bogaert BVBA, represented by Mr. Thierry Bogaert, Mr. Orlando de Ponti, Blenar BVBA represented by Mr. Jan Leemans, Gengest BVBA represented by Mr. Rudi Mariën, Mr. Patrick Van Beneden and Mr. Alan Williamson.

On 1 June 2011, Van Herk Global Agri B.V., represented by Mr. Aat van Herk was appointed as non-executive director of the company. On 1 June 2011, Mr. Wouter de Ruiter was appointed as non-executive director of the company. On 28 September Mr. Wouter de Ruiter voluntarily resigned and the same day the Board of Directors co-opted Madeli Participaties B.V., having as only director Madeli B.V., represented by Mr. Wouter de Ruiter. Therefore the Board of Directors consists of nine members on 31 December 2011.

Up to 1 July 2011 Mr. Remi Vermeiren and Blenar BVBA, represented by Mr. Jan Leemans, qualified as independent directors under the Company Code. Mr. Orlando de Ponti and Mr. Wouter de Ruiter qualify until present as independent directors. The only executive director is Thierry Bogaert BVBA, managing director and Chief Executive Officer (CEO).

Operation

In 2011 the Board of Directors held seven ordinary meetings. The date and attendance of these Board meetings are set out in the table below.

Name	03/03	30/03	11/04	14/06	26/08	28/09	14/12
Remi Vermeiren	X	X	X	X	X	X	X
Thierry Bogaert (Thierry Bogaert BVBA)	X	X	X	X	o	X	X
Patrick Van Beneden	X	-	-	X	X	X	X
Jan Leemans (Blenar BVBA)	X	-	-	X	o	X	X
Alan Williamson	X	-	-	X	o	X	X
Rudi Mariën (Gengest BVBA)	X	o	-	X	X	X	X
Orlando de Ponti	-	o	-	X	o	X	X
Aat van Herk (Van Herk Global Agri B.V.)	n/a	n/a	n/a	-	-	-	-
Wouter de Ruiter	n/a	n/a	n/a	X	o	X	n/a
Wouter de Ruiter (Madeli Participaties B.V.)	n/a	n/a	n/a	n/a	n/a	n/a	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable

The Audit Committee

In 2011, the Audit Committee was composed of Mr. Remi Vermeiren (chairman), Blenar BVBA represented by Mr. Jan Leemans and Gengest BVBA, represented by Mr. Rudi Mariën.

Currently, the Audit Committee does not have a member who qualifies as an independent director in the sense of article 526ter of the Company Code and therefore the Audit Committee is not validly composed in accordance with article 526bis of the Company Code.

The Board of Directors will propose the necessary actions to remedy the non-compliance, by proposing to the next general shareholders meeting the appointment of a new independent director who has the necessary expertise to become chairman of the Audit Committee.

The Audit Committee met four times in 2011 as set out in the table below.

Name	02/03	14/06	25/08	13/12
Remi Vermeiren	X	X	X	X
Jan Leemans (Blenar BVBA)	X	o	X	X
Rudi Mariën (Gengest BVBA)	X	X	X	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable.

Expertise within the Audit Committee

The Board of Directors believes that at least one member of the Audit Committee, namely Mr. Remi Vermeiren, has the necessary expertise in the field of accounting and audit, because Mr. Remi Vermeiren holds a degree in Commercial and Financial Science and gained experience in accounting and audit as former chairman of the Executive Committee of KBC Group and as a member of the administrative, management or supervisory bodies of various companies.

The Nomination and Remuneration Committee

Mr. Remi Vermeiren (chairman), Mr. Patrick Van Beneden, Gengest BVBA, represented by Mr. Rudi Mariën, Mr. Orlando de Ponti and Blenar BVBA, represented by Mr. Jan Leemans, were part of the Nomination and Remuneration Committee in 2011.

Currently, the Nomination and Remuneration Committee does not incorporate a majority of independent directors in the sense of article 526ter of the Company Code and therefore the Nomination and Remuneration Committee is not validly composed in accordance with article 526quater of the Company Code.

The Board of Directors will propose the necessary actions to remedy the non-compliance.

The Nomination and Remuneration Committee met three times as set out in the table below.

Name	03/03	28/09	14/12
Remi Vermeiren	X	X	X
Patrick Van Beneden	X	X	X
Rudi Mariën (Gengest BVBA)	X	X	X
Orlando de Ponti	-	X	X
Jan Leemans (Blenar BVBA)	-	X	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable.

4.6 Overview of the efforts made to ensure that at least one third of the members of the Board of Directors is of another gender than the other members

The Nomination and Remuneration Committee will develop a plan to attract suitable future Board members of both genders in the years up to 2017.

5. Remuneration report

5.1 Remuneration of the non-executive directors

The remuneration of the non-executive directors is decided upon by the General Shareholders' meeting.

The Nomination and Remuneration Committee makes proposals to the Board of Directors on the remuneration policy and the remuneration for non-executive directors, taking into account the corporate governance code, market practice and the characteristics of listed growth companies. The Board of Directors subsequently proposes a remuneration package to the General Shareholders' meeting, based upon the proposal of the Nomination and Remuneration Committee.

According to the code, the remuneration of non-executive directors should take into account their responsibilities and time commitment, and the non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits.

The Nomination and Remuneration Committee consists of the 5 following members:

- Mr. Remi Vermeiren, chairman;
- Gengest BVBA, represented by Mr. Rudi Mariën;
- Blenar BVBA, represented by Mr. Jan Leemans;
- Mr. Patrick Van Beneden;
- Mr. Orlando de Ponti.

The General Shareholders' meeting of 2 June 2009 resolved that the non-executive directors, with the exception of the chairman, are entitled to a compensation of € 1,500 per attended meeting of the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of € 7,500 for every fully performed Board mandate year. Said General Shareholders' meeting also confirmed that the remuneration of the chairman consists of a monthly fee of € 4,000.

The following remuneration has been paid by the company to the non-executive directors during 2011:

Director	Attendances (*)	Amount (€)
Remi Vermeiren	Board - AC - RemCo	48,000
Gengest BVBA – Rudi Mariën	Board - AC - RemCo	22,500
Blenar BVBA - Jan Leemans	Board - AC - RemCo	18,000
Patrick Van Beneden	Board - RemCo	-
Alan Williamson	Board	13,500
Orlando de Ponti	Board - RemCo	13,500
Wouter de Ruiter	Board	3,000
Madeli Participaties - Wouter de Ruiter	Board	1,500
Van Herk Global AGRI - Aat van Herk	Board	-

(*) AC = Audit Committee; RemCo = Nomination and Remuneration Committee.

In addition to foregoing cash remuneration and as a deviation from the code all non-executive directors or their permanent representatives were offered 6,000 warrants on Devgen's shares by the Extraordinary Shareholders meeting of 1 June 2011. Said warrants were granted at the beginning of the mandate and become vested warrants on 31 May 2012.

There is no agreement between the company and the non-executive directors that would entitle such directors to any compensation or indemnity triggered by termination of their mandate and Devgen has not made any loans to the members of the Board of Directors.

The managing director and CEO, Thierry Bogaert BVBA, does not receive remuneration in his capacity of director of Devgen NV. His remuneration as executive manager is specified further on.

In the next two years, 2012 and 2013, the remuneration of the non-executive directors will be on the same basis as in 2011.

5.2 Shares and warrants held by non-executive directors

The table below provides an overview of the shares and warrants held by the non-executive directors on 31 December 2011. For the key features of these warrants,

please refer to IFRS note 22 of the consolidated financial statements.

Board of Directors on 31 December 2011	Shares	Warrants		
		Outstanding	Exercise price	Vested
Orlando de Ponti	-	6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Jan Leemans	13,000	2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Blenar BVBA	-	-	-	-
Rudi Mariën	385,000	6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Gengest BVBA	-	-	-	-
Biovest ComVa (*)	2,708,489	-	-	-
Remi Vermeiren	20,000	3,000	9.49 €	3,000
		3,000	14.25 €	3,000
		3,000	20.73 €	3,000
		2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Patrick Van Beneden	-	-	-	-
Alan Williamson	1,146	3,000	14.25 €	3,000
		3,000	20.73 €	3,000
		2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Wouter de Ruiter,	-	-	-	-
BV Madeli Participaties	2,083,863	-	-	-
Aat van Herk	-	-	-	-
Van Herk Global Agri BV	-	-	-	-
O.G.B.B. A. Van Herk B.V. (**)	4,507,700	-	-	-

(*) Biovest ComVa is an investment company controlled by Mr. Rudi Mariën.

(**)O.G.B.B. A. Van Herk B.V. is an investment company controlled by Mr. Aat van Herk.

5.3 Remuneration of the executive and senior management

The remuneration of Thierry Bogaert BVBA as CEO, as well the remuneration of the CFO and the senior managers are determined by the Board of Directors, upon proposal of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee determines the relevant benchmark and makes proposals on the remuneration policy and individual remuneration, taking into account the skills, experience, performance and responsibilities of the individual.

The CEO makes proposals to the Board and the Committee, with respect to the remuneration of the executive and senior management of the company and its subsidiaries.

The Board of Directors has adopted a remuneration policy for the executive and senior management in line with the market standard in the sector and the performance of the managers. The remuneration policy is designed to retain the managers and to give them the incentive to achieve the short and long term goals of the company. The remuneration consists of the following:

- a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions;

- a variable remuneration, both as a cash bonus and in the form of an offer of warrants to the company's shares, depending on the extent to which the manager met his objectives in the past year;

- extra-legal benefits, including participation in a pension scheme, a disability and healthcare insurance, a company car, mobile phone, laptop and meal vouchers.

The following table provides the remuneration of the executive and senior management in 2011:

in € 1,000	Note	CEO	CFO	Senior management	Total
Fixed remuneration		359	168	857	1,383
Expenses and allowances		24	18	78	120
Variable remuneration					
- in cash	(a)	215	25	146	386
- in warrants	(b)	140	37	141	318
Total variable remuneration		355	62	287	704
Post employment benefits		-	12	56	68
Total remuneration		**737**	**260**	**1,279**	**2,276**

(a) Variable remuneration earned in 2011, paid in 2012 for CFO and senior management, paid in 2012, 2013 and 2014 for CEO (see below).

(b) Warrants granted by the Nomination and Remuneration Committee per 7 March 2012, not yet accepted per date of this report. The valuation of this part of the variable remuneration is done using the Black & Scholes model for the calculation of the fair value of the warrants.

The relative portions of the fixed and variable remuneration are as follows:

	CEO	CFO	Senior management
Fixed remuneration	49%	64%	68%
Expenses and allowances	3%	7%	6%
Variable remuneration			
- in cash	29%	10%	11%
- in warrants	19%	14%	11%
Total variable remuneration	48%	24%	22%
Post employment benefits	0%	5%	4%
Total remuneration	**100%**	**100%**	**100%**

The variable remuneration paid out in cash or granted in warrants during 2011 as part of the remuneration over services in 2010 is as follows:

in € 1,000	CEO	CFO	Senior management	Total
Variable remuneration				
- in cash	213	16	128	357
- in warrants	95	31	110	235
Total variable remuneration	**307**	**47**	**238**	**593**

In the next two years, 2012 and 2013, the remuneration of the CFO and senior managers will be on the same basis. The Board of Directors furthermore expects the total remuneration package of the CEO in the coming 2 years to be in line with the total remuneration package in 2011, assuming an equivalent performance.

The post-employment benefits for the CFO and the majority of senior management are payments into a defined contribution pension plan, under which the company pays a fixed percentage of the fixed gross salary to an insurance company.

The CEO, the CFO and the senior management are eligible for variable annual cash and warrant bonuses.

In accordance with the provisions of the Company Code the variable bonus of the CEO will be based on the performances for 3 years, where only 50% of the bonus shall be based on the performances of 2011, 25% on the performances of 2012 and 25% on the performances of 2013.

During the first quarter of each year, the Board of Directors will, at the recommendation of the Nomination and Remuneration Committee and in common agreement with the CEO, determine performance criteria of the CEO (i) for the then current calendar year (the "One Year Performance Criteria"), (ii) for the two years' period including the then current and the next calendar year (the "Two Years Performance Criteria") and (iii) for the three years' period including the then current and the next two calendar years (the "Three Years Performance Criteria"). The One Year Performance Criteria, the Two Year Performance Criteria and the Three Year Performance Criteria may include quantitative as well as qualitative objectives (such as objectives in terms of cash burn, revenues, EBIT and technical and business milestones).

The variable annual bonus shall be calculated as following. During the first quarter of each year, the Board of Directors will, at the recommendation of the Nomination and Remuneration Committee, determine the CEO's performance (expressed as a percentage) against the One Year Performance Criteria for the previous calendar year (the "One Year Performance Percentage"), against the Two Years Performance Criteria for the two previous calendar years (the "Two years Performance Percentage") and against the performance criteria for the three previous calendar years (the "Three Years Performance Percentage").

During the first quarter of the year, when the budget for the coming year has been defined, the CEO determines the quantitative and qualitative goals for CFO and senior management. At the end of the year the CEO evaluates the goals. Based on this evaluation the CEO makes a proposal for variable annual cash and warrant bonuses to the Nomination and Remuneration Committee. The Board Directors decides on the variable annual cash and warrant bonuses for the CFO and the senior management, at the recommendation of the Nomination and Remuneration Committee.

The severance pay contractually foreseen for the CEO, the CFO and senior management to be paid in the event of early termination does not exceed 12 months' basic and variable remuneration.

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the CEO and the CFO whose contractual arrangements entered into at the time of their appointment provide for notice periods of 12 and 9 months respectively.

There are no provisions allowing the company to reclaim any variable remuneration paid to executive management based on incorrect financial information.

5.4 Shares and warrants held by executive and senior managers

The table below provides an overview of the warrants held directly or indirectly by the executive and senior managers on 31 December 2011.

Name	Year of grant	Exercise price	Outstanding per 31.12.2010	Exercised in 2011	Cancelled in 2011	Outstanding per 31.12.2011	Vested per 31.12.2011
Thierry Bogaert	2005	9.49 €	100,000	-	-	100,000	100,000
	2006	11.67 €	5,256	-	-	5,256	5,256
	2007	20.73 €	200,016	-	-	200,016	200,016
	2007	21.61 €	24,588	-	-	24,588	24,588
	2009	6.65 €	300,000	-	-	300,000	300,000
	2011	6.78 €	-	-	-	85,436	85,436
Sabine Drieghe	2007	21.61 €	1,404	-	-	1,404	1,404
	2009	3.50 €	13,574	-	-	13,574	11,402
	2010	10.49 €	1,008	-	-	1,008	560
	2011	5.61 €	-	-	-	15,228	3,384
Wim Goemaere	2008	13.26 €	10,008	-	-	10,008	10,008
	2009	3.50 €	13,032	-	-	13,032	11,584
	2010	10.49 €	5,292	-	-	5,292	2,940
	2011	5.61 €	-	-	-	13,212	2,936
Geert Plaetinck	2008	13.00 €	1,296	-	-	1,296	1,296
Bipin Solanki	2008	13.26 €	15,000	-	-	15,000	15,000
	2009	3.50 €	150,000	-	-	150,000	-
	2010	10.49 €	10,008	-	-	10,008	-
	2011	5.61 €	-	-	-	15,388	-
Luc Maertens	2006	11.67 €	1,224	-	-	1,224	1,224
	2007	21.61 €	612	-	-	612	612
	2008	13.00 €	900	-	-	900	900
	2009	3.50 €	3,924	-	-	3,924	3,488
	2010	10.49 €	1,008	-	-	1,008	560
	2011	5.61 €	-	-	-	1,620	360
Ann Viaene	2005	9.49 €	1,112	-	-	1,112	1,112
	2007	21.61 €	612	-	-	612	612
	2008	13.00 €	1,116	-	-	1,116	1,116
	2009	3.50 €	3,625	2,610	-	1,015	435
	2010	10.49 €	7,992	-	-	7,992	4,440
	2011	5.61 €	-	-	-	14,796	3,288

For the key features of these warrants, please refer to Note 22 "Share-based payment schemes" of the consolidated financial statements.

Per 31 December 2011, the CEO, the CFO and the senior management held the following number of shares of the company:

- Mr. Thierry Bogaert: 47,732 shares
- Mrs. Ann Viaene: 2,610 shares

6. Risks

In application of the Company Code, Devgen has decided to inform the shareholders of the risk factors involved in the company's business. In 2011, Devgen was potentially subjected to the following inherent risks:

- Early stage of development in its crop protection and trait development activities.

- Business environment that is characterized by rapid technological change, complexity and severe competition.

- The seed business is subject to various agricultural risks that could affect the results of operations, such as:
  - weather factors, diseases and pests, which make operational results relatively unpredictable.
  - high seasonality of sales.
  - risk of further intervention by regulatory authorities and governments with regard to registration, import/export, pricing, safety etc.
  - dependency on the stability of a good distribution network.
  - transportation risks.
  - dependency on third parties for the growing and production and processing of seeds.
  - risk of theft of parental lines of seeds.
  - risk of product defects in the seeds.
  - risk that growers attribute poor crop yields or crop failure to perceived seed defects.
  - risk that commercial seed stored in one or more of Devgen's seed inventory locations might get damaged.
  - risk of Devgen's inability to charge through price increases affecting its production costs into the price charged to the final customer.

- The inability to effectively implement growth strategies or manage growth in the agricultural business could adversely affect operation results.

- Dependence on research and development to develop new and improved products.

- Negative reaction to the use of biotechnology.

- Inability to obtain and maintain adequate patents and/or other intellectual property right protection for its technologies and products.

- Reliance on collaborative partners to generate short to medium term revenues, and in the long-term to assure the expertise relating to manufacturing, sales and marketing, licenses and technology rights.

- Natural calamities, political, economic and social developments in the countries where Devgen operates may adversely affect Devgen's business.

- National and international government regulations relating to biotechnological and agrochemical research and development, as well as to the testing, approval, manufacturing, labeling, import and export and marketing of products.

- Dependence on key personnel, both principal management and scientific personnel.

- Potential liability relating to products, testing, sales and marketing, and use of future products based thereon.

- Lack of operating profitability due to the significant research and development expenditures since 1997.

- Additional financing requirements and access to capital that might be needed to fund future activities.

- Changes in tax legislation could impact the determination of Devgen's tax liabilities and Devgen could be subject to double taxation on any dividends paid by Devgen subsidiaries.

- Devgen is exposed to international regulatory risks.

- Devgen relies on the IT systems in managing its sales, supply chain, production process, logistics, research and development and other integral parts of Devgen's business.

- Devgen has received and expects to continue to receive subsidies and grants under various research and technology development programs and granting governments may reduce, stop funding in the future or even re-claim subsidies granted.

- The sales, marketing and use of its products may expose Devgen to liability claims.

- Use of potentially harmful materials in the research and development activities.

- Financial risks: The company is exposed to financial risks, such as financing risks, credit risks, interest risks, currency risks and liquidity risks. We refer to Note 24 "Financial instruments" in the consolidated financial statements per 31 December 2011 for a detailed discussion of these financial risks.

7. Listing of elements which by their nature would have consequences in case of a public takeover bid on the company

The elements which by their nature would have consequences in case of a public take-over bid on the company are listed below. Outside the elements listed below, the company has no knowledge of any other elements which by their nature would have consequences in case of a public take-over bid on the company required to be disclosed by law.

Important agreements which would undergo changes or would be terminated in case of a change of control of the company after a public take-over bid:

The 6 February 2007 Research and License Option Agreement entered into between Devgen NV and Monsanto Company provides that Monsanto Company is entitled to terminate the Research and License Option Agreement in the event that a company that is engaged in the agricultural biotechnology and/or seed industry acquires a controlling interest in Devgen. Such termination would have effect on the funded research, but no effect on licenses already granted by Monsanto Company to Devgen under the Research and License Option Agreement. This Research and License Option Agreement ended per 31 October 2011.

8. Research and development

Total R & D expenses of the Devgen group amounted to € 8.1 million in 2011, compared to € 8.5 million in 2010. For an update of the research programs, please refer to section 1 Strategic and business highlights of this annual report.

9. Use of authorized capital

By virtue of the resolution of the Extraordinary Shareholders' meeting held on 25 August 2008, the Board of Directors has been expressly authorized to increase the share capital within a time frame of five years as of the publication of the minutes in the annexes to the Belgian Official Gazette, in one or more transactions, with a total amount of € 1,341,110.15.

The Board of Directors decided to make use of the authorized capital on 1 October 2009 in the framework of a private placement for an amount of € 131,500.43 so that a balance of authorized capital of € 1,209,609.72 remained.

At the meeting of the Board of Directors on 30 March 2011 the Board decided to increase the capital within the authorization as set out above. Consequentially, on 4 April 2011 Devgen NV issued 4,584,549 new shares in a private placement with pre-identified investors for a total amount of € 26,819,611, resulting in a statutory capital increase of € 343,841.18.

After this capital increase the remainder of the authorized capital amounts to € 865,768.54.

10. Conflict of interest according article 523 of the Company Code

In 2011 the procedure of conflict of interest of article 523 of the Company Code was applied, namely during the meeting of the Board of Directors of 30 March 2011 with regard to the proposal to have a capital increase by means of a private placement in the framework of the authorized capital as set out in section 3 of this annual report.

Gengest BVBA, with as permanent representative Mr. Rudi Mariën, acting in its capacity as director of Devgen NV, informs the Board of Directors, before the commencement of the deliberations, that it, in respect to the transaction that is on the agenda, possibly might have a financial interest that conflicts with the interest of the company. Mr. Rudi Mariën is the permanent representative of Gengest BVBA in respect to its capacity of director of the company.

In the framework of the capital increase as described in the agenda, the Board of Directors intends, in the interest of the company, to nullify the preferential subscription rights of the existing shareholders (and, as far as required and applicable, the existing holders of warrants and/or bonds) of the company in the framework of the proposed increase of the authorized capital of the company by means of the issuance of new shares on the occasion of a private placement.

Following the proposed capital increase, Gengest BVBA and/or its permanent representative, Mr. Rudi Mariën directly, or by means of an affiliated company, subscribes to the to be issued new shares in the framework of the private placement. It cannot be excluded that Gengest BVBA and/or its permanent representative Mr. Rudi Mariën may have a personal financial interest that could potentially conflict with the interests of the company. In particular, this director has a direct interest in the lowest possible subscription price. This personal interest is not necessarily compatible with the interests of the company. The exact financial consequences of this potential conflict can however only be assessed and/or calculated after the final subscription price has been determined by the Board of Directors.

Given the above and pursuant to article 523 of the Company Code, the Director concerned therefore proposes to not participate in the deliberations and decisions on the first four items on the agenda of this meeting. The other members of the Board align themselves with this proposal.

Thereafter, Mr. Remi Vermeiren reads a statement on the account of Mr. Patrick Van Beneden, acting in his capacity as director of Devgen NV, in which it is identified that the preferential subscription right of shareholders is nullified in favor of, among others the Gimv-group. Mr. Patrick Van Beneden is employed by the Gimv-group and holds several mandates in Gimv-group affiliated companies. Mr. Patrick Van Beneden emphasizes that he did not intervene, nor will intervene in the decision of the Gimv-group to, or not, effectively subscribe.

Mr. Patrick Van Beneden explains that, following the above explanation there is no legal obligation to apply article 523 of the Company Code; if there would be any proprietary interest in connection with his person, this would not be in conflict with the interests of the company in the framework of this decision of the Board of Directors.

Nonetheless, in view of his mandates and interests within the Gimv-group, Mr. Patrick Van Beneden elects to, as far as necessary and applicable, in accordance with article 523 of the Company Code, not participate in the deliberations and decisions on the first four agenda items.

It is, as far as necessary and applicable, also stated that currently it is not possible to assess and/or calculate the possible financial consequences of the above mentioned facts. The other members of the Board of Directors concur with the proposal of Mr. Patrick Van Beneden.

Gengest BVBA, with as its permanent representative Mr. Rudi Mariën then puts down the phone and does not participate to the meeting during the deliberation and decision making on the first four items on the agenda in accordance with article 523 of the Company Code. The statutory auditor of the company will be informed of the aforementioned statements made by the directors.

Article 524 of the Company Code was not applicable in 2011.

11. Subsequent events

There are no major subsequent events to the balance sheet date which have a material impact on the further evolution of the company.

Done on 7 March 2012,

On behalf of the Board of Directors.

14.3. Auditor's report on the consolidated financial statements for the year ended 31 December 2011

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2011 to the shareholders' meeting

The original text of this report is in Dutch

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Devgen NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 74,031 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 7,048 (000) EUR.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2011, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 17 April 2012
The statutory auditor

14.4. Auditor's report on the consolidated financial statements for the year ended 31 December 2010

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2010 to the shareholders' meeting

The original text of this report is in Dutch

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Devgen NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 63,582 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 7,141 (000) EUR.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 4 March 2011
The statutory auditor

14.5. Auditor's report on the consolidated financial statements for the year ended 31 December 2009

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2009 to the shareholders' meeting

The original text of this report is in Dutch

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Devgen NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 80,051 ('000) EUR and the consolidated income statement shows a consolidated loss for the year then ended of 8,651 ('000) EUR.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2009, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 11 March 2010
The statutory auditor

15. Statutory financial statements 2011-2009

15.1. Statutory income statement 2011 – 2009

Statutory income statement '000 of €/ year ended 31 December		2011	2010	2009
I.	**Operating income**	**10,790**	**14,115**	**10,091**
	Turnover	10,411	12,561	9,252
	Own construction capitalised	33	-	-
	Other operating income	346	1,554	839
II.	**Operating charges**	**11,682**	**13,545**	**16,726**
	Cost of goods sold	-	1,023	75
	Services and other goods	6,445	6,520	10,166
	Remuneration, social security costs, pensions	3,436	3,726	4,048
	Depreciation and amounts written off fixed assets	1,756	2,249	2,425
	Provisions for liabilities and charges	-	-20	-
	Other operating charges	45	47	12
III.	**Operating profit/(loss)**	**-892**	**570**	**-6,635**

Statutory income statement '000 of €/ year ended 31 December		2011	2010	2009
III.	**Operating profit/(loss)**	**-892**	**570**	**-6,635**
IV.	**Financial income**	**940**	**246**	**213**
	Income from current assets	509	131	179
	Other	431	115	34
V.	**Financial charges**	**304**	**349**	**114**
	Interest and other debt charges	28	65	48
	Other	276	284	66
VI.	**Current profit/(loss) before taxes**	**-256**	**467**	**-6,536**
VII.	**Extraordinary income**	**-**	**465**	**198**
	Take-back of depreciations and amortizations	-	-	30
	Gain on disposal of fixed assets	-	115	168
	Other exceptional income	-	350	-
VIII.	**Extraordinary charges**	**41**	**41**	**76**
	Extraordinary depreciation charges	-	28	-
	Loss on disposal fixed assets	41	13	76
	Other	-	-	-
IX.	**Profit/(loss) before taxes**	**-297**	**891**	**-6,414**
X.	**Income taxes**	**23**	**82**	**13**
XI.	**Profit/(loss) for the year after taxes**	**-274**	**973**	**-6,401**

Statutory income statement '000 of €/ year ended 31 December		2011	2010	2009
A.	Loss to be appropriated	-56,126	-55,852	-56,825
	Profit /(loss) for the period available for appropriation	-274	973	-6,401
	Loss brought forward	-55,852	-56,826	-50,424
B.	Transfer from capital and reserves	-	-	-
	from capital and share premium account	-	-	-
D.	Result to be carried forward	-56,126	-55,852	-56,825
	Loss to be carried forward	-56,126	-55,852	-56,825

15.2. Statutory balance sheet 2011 – 2009

Statutory balance sheet '000 of €/ year ended 31 December		2011	2010	2009
	ASSETS			
	Fixed assets	**30,722**	**27,644**	**21,679**
I.	Formation expenses	-	-	-
II.	Intangible fixed assets	9,354	10,366	12,377
III.	Tangible fixed assets	774	934	1,044
	Land and buildings	-	5	13
	Plant, machinery and equipment	20	98	196
	Furniture and vehicles	66	64	77
	Leasing and other similar rights	1	2	21
	Other tangible assets	687	734	567
	Assets under construction	-	31	170
IV.	Financial fixed assets	20,594	16,344	8,258
	Affiliated enterprises - participating interests	20,092	15,842	8,256
	Other financial assets - shares	500	500	-
	Other financial assets - receivable	2	2	2
	Current assets	**50,093**	**34,182**	**48,637**
V.	Amounts receivable after one year	322	293	210
VI.	Inventory	-	-	187
	Raw materials	-	-	187
VII.	Amounts receivable within one year	7,114	5,622	4,246
	Trade debtors	1,239	3,408	3,017
	Other amounts receivable	5,875	2,214	1,229
VIII.	Investments	24,875	5,815	5,600
	Other investments and deposits	24,875	5,815	5,600
IX.	Cash at bank and in hand	16,812	21,393	37,083
X.	Deferred charges and accrued income	970	1,059	1,311
	TOTAL ASSETS	**80,815**	**61,825**	**70,315**

Statutory balance sheet '000 of €/ year ended 31 December		2011	2010	2009
	Equity	**79,288**	**52,724**	**51,656**
I.	Capital	1,820	1,476	1,474
	Issued capital	1,820	1,476	1,474
II.	Share premium account	133,594	107,100	107,008
V.	Accumulated profit/(loss)	-56,126	-55,852	-56,826
VI.	Investment grants	-	-	-
VII.	Provisions and deferred taxation	-	-	20
	Provisions for liabilities and charges	-	-	20
	Amounts payable	**1,527**	**9,101**	**18,640**
VIII.	Amounts payable after more than one year	-	104	1
	Financial debts	-	104	1
IX.	Amounts payable within one year	1,469	2,059	3,405
	Current portion of amounts payable after one year	104	104	132
	Financial debts	-	-	-
	Trade debts	978	1,585	2,771
	Taxes, remuneration & social security	387	370	503
	Other amounts payable	-	-	-
X.	Accrued charges and deferred income	58	6,938	15,234
	TOTAL LIABILITIES	**80,815**	**61,825**	**70,315**

The major differences between the loss of the year in the statutory financial statements of Devgen NV (€ -0.3 million) and the loss of the year in the consolidated financial statements (€ -7.0 million) are due to:

- Differences in valuation rules between BE GAAP and IFRS relating to Devgen NV. The net impact of the IFRS restatements is € +0.7 million in 2011, resulting in a restated result of the year for Devgen NV of € 0.4 million profit.
- The consolidation of the subsidiaries. The aggregated impact on the consolidated result is € -7.4 million and mainly relates to Devgen Seeds and Crop Technology Pvt Ltd which has realized in 2011 a loss of € -4.2 million.

The statutory auditor has delivered an unqualified opinion on the financial statements. The entire version of the financial statements, the unqualified audit opinion of the statutory auditor as well as the statutory annual report, that has not been included entirely herein, will be published according to the statutory provisions and can be obtained free of charge upon request.

15.3. Annual report of the Board of Directors on the statutory financial statements of Devgen NV

Dear Madam/ Sir, Shareholder,

We are pleased to present to you the statutory financial statements for the fiscal year that ended 31 December 2011.

1. Strategic and business highlights

Devgen NV is the holding company of the Devgen group, which totals 7 legal entities. The strategic and business highlights of Devgen NV and its subsidiaries can be summarized as follows.

Business highlights

- Breakthrough results in multi-location field trials of Devgen's Next Generation Hybrid Rice varieties.
- Solid growth in seed sales in India and Southeast Asia.
- Introduction of new hybrid sorghum and pearl millet varieties and successful start of distribution of cotton seeds in India.
- Registration of three new hybrid rice varieties in the Philippines.
- Progression of key rice biotech traits into the regulatory process in India and strengthening of biotech activities and infrastructure in India and Singapore.
- Cheminova appointed as distributor for Southern Europe for Devgen's nematicide Devguard®.
- Two reference investors appointed to the Board of Directors.

Next Generation Hybrid Rice and Biotech Rice

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice in order to develop Next Generation Hybrid Rice (NGHR™) seeds. The company uses an advanced breeding platform that is considerably more efficient than hybrid rice technology currently in the market in India and Southeast Asia.

Devgen's improved varieties are expected to offer farmers significant performance benefits over existing varieties, including substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste.

In 2011, Devgen's researchers in India and the Philippines produced hundreds of new and proprietary hybrid rice varieties based on NGHR™-technology. These were then tested during the July 2011 ricegrowing season in multi-location trials in India, the Philippines and Vietnam. The recently completed data analysis identified a substantial number of NGHR™-varieties that gave in these trials a more than 20% yield advantage over the best conventional varieties and a more than 10% yield advantage over the current-best hybrid rice varieties in the market.

Historical examples in many field crops (such as cotton, corn and sorghum) and in many vegetable crops, learn that farmers only prefer to plant hybrid varieties over conventional varieties once they offer a yield advantage of 20% or more. A substantial number of Devgen's NGHR™-varieties now reach this commercial breakthrough threshold. The company is therefore confident that it is on track to deliver hybrid rice varieties that have the potential to fundamentally change the farmer's economics and to drive the adoption of hybrid rice varieties in India and Southeast Asia.

The best NGHR™-varieties identified in the 2011 season now undergo seed production research and are scheduled to enter multi-location performance trials in the upcoming planting season mid-2012. In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production and market entry through large-scale farmer trials in July 2013. The full start of sales is targeted for 2014.

Regarding biotech rice, Devgen's pipeline of crop protection (insect resistance and herbicide tolerance) and stress traits in rice made progress as planned. Activities in Devgen's government certified biotech greenhouse facilities in Hyderabad (India) and Singapore were further expanded.

Devgen's current hybrid rice seed business in India and Southeast Asia

Devgen's existing hybrid rice business in India and Southeast Asia is centered on a number of premium seeds which offer advantages to farmers over traditional varieties. This product portfolio has allowed the company to establish a significant presence in the hybrid seed segment of these markets.

Devgen strengthened its market access in 2011 and achieved a 40% increase in the sales of hybrid rice seeds versus 2010. This was amongst others due to:

- The solid performance in the Indian private hybrid rice seed market of Devgen's current hybrid rice seed portfolio.
- The success of Devgen's hybrid rice seed DG 1 SHS, that is in high demand from Indonesian farmers because of its high yield, excellent taste and adaptation to the farmer's needs.
- The successful introduction in the Philippines of Frontline Gold™, one of Devgen's newly registered varieties that offers farmers superior yield and grain quality versus currently grown conventional and hybrid rice varieties.

Investments in 2011 have led to a strengthening of Devgen's product portfolio with new hybrid rice seed products set for launch in India, Indonesia and the Philippines in 2012.

In India, Devgen saw the successful conclusion of farmer trials of two new premium hybrid rice varieties. During these trials, Devgen's new hybrid rice varieties were grown in several hundred locations across key rice markets in India's Eastern states. Over 125,000 farmers visited the sites as part of the pre-launch marketing campaign. The farmers who conducted the tests and those who visited the fields gave highly positive feedback on yield, grain quality and plant type. The market potential of these improved hybrid rice varieties is therefore substantially validated. Furthermore, extensive seed production trials showed that these products have improved production efficiency over current hybrid seed products, hence an expected lower cost of goods and reduced production risk. Sales of these new products start in the planting season that begins in May 2012.

In the Philippines, Devgen obtained registration for three additional new hybrid rice varieties.

These various necessary steps taken last year, pave the way for the further expansion of Devgen's seed business in 2012.

Devgen's activities in other hybrid crops in India

Devgen strengthened its market access in India in its existing seed business in three other strategic crops – sorghum, pearl millet and sunflower. Devgen produces and sells across India proprietary premium seeds of these crops that are seasonally and geographically complementary to rice. The company also started to distribute cotton seeds which complements its portfolio of proprietary hybrid seeds.

In 2011, Devgen realized a 40% growth in hybrid sorghum seed revenues. Devgen introduced an important new hybrid sorghum variety in the market. This product is designed to strengthen Devgen's current leadership of the Indian hybrid sorghum market by having the potential to capture an important share of the so far non-hybridized Rabi (winter) sorghum market which accounts for more than two thirds of the total sorghum market. This new product is expected to offer growers, for the first time, a hybrid variety with equivalent grain quality and taste to traditional Rabi sorghum varieties, whilst provi-ding a significant grain and fodder yield advantage.

Devgen saw a 29% increase in hybrid pearl millet seed sales in 2011. The company successfully completed the first sales season of its first hybrid pearl millet seed adapted to all pearl millet growing areas in India. In its first sales season the new seed was purchased, planted and harvested by over 15,000 farmers across all the pearl millet growing areas in India. The feedback from farmers was most encouraging, referring to a number of advantages over currently available products including higher yields of premium grain and fodder combined with desirable color and quality. Until the market introduction of this new product, Devgen's hybrid pearl millet seeds were suited only for the South of India (15% of the market). The new hybrid pearl millet seed is important for Devgen as it gives the company first time access to farmers in North India, which account for almost 85% of the 10 million hectare pearl millet market.

The market for sunflower seeds was again limited in 2011. Farmer economics were slightly better than last year but still not at sufficient levels to convince them to grow sunflower in a much larger acreage. Devgen performed well against this difficult market background achieving respectable volumes at prices exceeding last year's net sales prices. This solid performance was due to the quality of the company's hybrid sunflower seed portfolio.

In 2011, Devgen acted for the first time as a distributor of hybrid cotton seeds in-licensed from a third party. This distribution activity leveraged Devgen's marketing and sales capabilities and increased the company's revenue without increasing its sales force or G & A costs. This activity carries no seed production or stock risk, but contributes only a distributor margin.

Nematicides

Devgen's novel nematicide for agrochemical use offers a superior environmental and worker exposure profile compared to other currently marketed nematicides. The company's product is already sold in Turkey under the Devguard® brand to protect tomatoes, peppers, eggplants and cucumbers from infestation by plant parasitic nematodes.

At the end of March 2011, Cheminova was appointed as the distributor for Devgen's nematicide Devguard® in Southern Europe. This cooperation led to successful joint pre-launch activities in that region.

Last year, the Russian Federation granted permission to import tomatoes and cucumbers treated with Devguard® 500SC from Turkey and other countries. Market opportunities for Devgen are thus expanding in regions that cultivate vegetables for export to Russia.

Data from the first full season of peanut trials with Enclosure® in the US, using a modified label that permitted more flexible applications, confirmed that it performed as well as its main competitor in the market. Sales based on this new label are expected to start once the trials have been fully evaluated and support from key opinion leading agronomists advising farmers has been gained.

The full season evaluation of vegetable trials in the U.S. indicates that Enclosure® delivers crop yields comparable to standard nematicide treatments and significantly higher yields than untreated crops. These results confirm previous observations in Europe.

Devgen is closely monitoring the progress in the review of its registration dossiers by the regulatory authorities. Registrations of Enclosure® and Devguard® in more crops and countries are expected in the course of 2012.

Other corporate developments

Devgen appointed two reference investors to its Board of Directors:

- Mr. Aat Van Herk is an important shareholder of the company since Devgen was listed on Euronext in 2005 through the investment company O.G.B.B. A. Van Herk B.V. He has an eminent track record as biotechnology investor and entrepreneur;
- Mr. Wouter de Ruiter is an important shareholder through Madeli Participaties B.V. He built his career at De Ruiter Seeds and brings with him 20 years of experience in the seed industry. De Ruiter Seeds was purchased by Monsanto Company in 2008.

2. Financial review

The statutory accounts are drawn up in accordance with BE GAAP and have been approved by the Board of Directors on 7 March 2012.

Key financials

in € 1,000	2011	2010
Turnover	10,412	12,561
Other operating income	379	1,554
Raw materials, consumables and goods for resale	-	-1,023
Services and other goods	-6,445	-6,520
Remuneration, social security costs and pensions	-3,436	-3,727
Depreciation charges and write-offs	-1,755	-2,229
Other operating charges	-45	-47
Operating profit (+) / loss (-)	**-892**	**570**
Net financial income (+) / loss (-)	636	-103
Net extraordinary income	-41	424
Income taxes	23	83
Profit (+) / loss (-) of the period	**-274**	**973**
in € 1,000	**31 Dec. 2011**	**31 Dec. 2010**
Equity	79,287	52,724
Cash and cash equivalents	41,687	27,208

Income statement

The turnover in 2011 amounts to € 10.4 million compared to € 12.6 million in the previous year. The current year turnover is mainly composed of income from research collaboration agreements with Monsanto Company and Sumitomo. The agreement with Monsanto Company ended per 31 October 2011, which has a negative impact on the turnover of € 2.0 million.

The current year other operating income amounts to € 0.3 million and mainly consists of rent income from the sub-lease of part of the office and laboratory facilities in the building in Ghent (Belgium). Previous year other operating income included non-recurring intercompany sales of goods for an amount of € 1,109 ('000). The relating cost of goods sold amounted to € 1.0 million in 2010.

Services and other goods amount to € 6.4 million in 2011, which is slightly below the € 6.5 million in 2010. This decrease mainly relates to lower subcontracting expenses for Devgen's nematicides business. The payroll costs amount to € 3.4 million in 2011, compared to € 3.7 million in 2010. This decrease is mainly caused by the decrease in the average number of full time equivalents with 5% to 44.9 full time equivalents in 2011. Depreciations charges amount to € 1.8 million in 2011, compared to € 2.2 million in 2010. This decrease is due to the overall low investment level in research equipment over the past few years. Furthermore, the dealer relationships acquired from Monsanto Company in 2007 were fully depreciated at the end of 2010, resulting in € 0.4 million lower depreciation charges in 2011.

As a result, the operating loss of the period amounts to € -0.9 million in 2011 compared to an operating profit of € 0.6 million in 2010.

Devgen has realized a net financial income of € 0.6 million in 2011, compared to a net financial loss of € 0.1 million in the previous year. This improvement of € 0.7 million is the combined effect of higher interest income earned on the cash and cash equivalents and positive net realized and unrealized exchange rate differences in 2011.

Taking into account the extraordinary charges on the disposal of assets and the positive income taxes resulting from the Belgian tax incentives on R & D investment, Devgen NV has realized a net loss of the period of € 0.3 million in 2011. In 2010, the company realized € 1.0 million net profit of the year.

Balance sheet

Total assets per 31 December 2011 amount to € 80.8 million, compared to € 61.8 million at the end of the previous year.

The net book value of the intangible fixed assets is € 9.3 million per 31 December 2011, compared to € 10.4 million per 31 December 2010. During 2011, investments in intangible fixed assets amount to € 0.1 million and consist of software licenses. As of 31 December 2011, the intangible fixed assets mainly relate to technical know-how, trademarks, vendor relationships and goodwill relating to the acquired business activities in India at the end of 2007. The net book value of the tangible fixed assets amounts to € 0.8 million at the end of 2011, compared to € 0.9 million per 31 December 2010.

At 31 December 2011, the financial fixed assets amount to € 20.6 million, compared to € 16.3 million at the end of the previous year. This increase fully relates to a capital increase in Devgen Pte Ltd.

Per 31 December 2011, the affiliated enterprises mainly include participations in:

- Devgen Pte Ltd, a Singapore based research centre and parent company of Devgen's Indian subsidiary, for € 19.4 million;
- Devgen Seeds and Crop Technology Pte Ltd, a Singapore based company with a branch office in the Philippines, for € 0.2 million; and
- Devgen US Inc., operating for Devgen's nematicids business, for € 0.5 million.

Other financial assets amount to € 0.5 million, remaining unchanged during 2011 and mainly consisting of the participation in Amakem NV following the contribution in kind of part of Devgen's remaining pharma assets earlier 2010.

The participations are valued at acquisition value. As per 31 December 2011, the Board of Directors is confident that there are no factors indicating possible less values on these participations based on the expected evolution of the businesses in the different regions Devgen is operating today. Both the seed business in India and the Philippines and the nematicide business in the US have the potential to generate positive future cash flows.

Amounts receivable within one year amount to € 7.1 million, of which € 1.2 million trade debtors and € 5.8 million other amounts receivable. In total an € 5.5 million relates to intercompany receivables. On 31 December 2011, the cash and cash investments amount to € 41.7 million, compared to € 27.2 million as of 31 December 2011. The cash and cash investments included € 5.7 million restricted cash per 31 December 2011, compared to € 5.8 million at the end of the previous year.

Per 31 December 2011, the net equity amounts to € 79.3 million, compared to € 52.7 million in the previous year. This increase with € 26.6 million is the net effect of the appropriation of the loss of the year and € 26.8 million capital increases.

The total amounts payable amount to € 1.5 million per 31 December 2011, compared to € 9.1 million at the end of the previous year. The decrease mainly relates to the usage of € 6.7 million deferred technology income during 2011, following the € 20.0 million prepayment received from Monsanto Company in 2009.

3. Capital increases and issuance of financial instruments

The following capital increases took place in 2011:

- Through a private placement of 4,584,549 new shares on 4 April 2011 at an issue price of € 5.85 per share, resulting in a capital increase of € 0.3 million and an increase of the share premium account with € 26.5 million.

- Through the exercise of 2,245 warrants into the same number of new shares on 8 April 2011, resulting in a capital increase of € 168 and an increase of the share premium account with € 7,689.

- Through the exercise of 2,964 warrants into the same number of new shares on 6 October 2011, resulting in a capital increase of € 222 and an increase of the share premium account with € 10,152.

Following the decision of the Extraordinary Shareholders' meeting of 1 June 2011, the following warrants have been granted and accepted:

- 85,436 warrants for the benefit of the CEO with a lifetime of 5 years after the creation date, granting for free and vesting on acceptance;

- 30,000 warrants for the benefit of the members of the Board with a lifetime of 5 years after the creating date, granting for free and vesting on 31 May 2012.

On 31 December 2011, a total of 6,000 warrants were cancelled.

4. Corporate governance statement

4.1 Corporate governance code

Devgen's corporate governance is based on the principles described in the 2009 Belgian corporate governance code, issued by the Belgian corporate governance committee. In view of this code, Devgen has described the main aspects of its corporate governance in a corporate governance charter, which together with applicable law and the company's articles of association, governs the way Devgen is managed and controlled.

This charter can be obtained free of charge at the registered office of the company and is available on the company's website (www.devgen.com under the section Investor Relations / Corporate Governance).

4.2 Compliance with the corporate governance code

Devgen has adopted the 2009 Belgian corporate governance code as its reference code. It complies with the provisions of this code with the exception of the deviations enumerated hereunder;

- The chairman of the Board of Directors, Mr. Remi Vermeiren, is also chairman of the Audit Committee, which deviates from provision 5.2./3 of the corporate governance code. The Board of Directors finds that this deviation is justified as it is beliefs that, given his experience and skills, Mr. Remi Vermeiren is best suited to fulfill the function of chairman of the Audit Committee next to the function of chairman of the Board of Directors. Mr. Remi Vermeiren holds a degree in commercial and financial sciences and has a strong financial experience as former chairman of the Executive Committee of KBC Group and as member of the administrative, management or supervisory bodies of various companies. See section on "Expertise within the Audit Committee" in paragraph 4.5 of this annual report for additional information.

- Devgen does not comply with the provision 5.2./4 of the corporate governance code which states that a majority of the Audit Committee's members should be independent. As of 1 July 2011, no member out of the 3 members of the Audit Committee qualifies as independent director as set out in provision 2.4./1 of the corporate governance code. Mr. Remi Vermeiren and Mr. Jan Leemans have been appointed director for more than three subsequent directorships since they joined the Board of Directors in April 2005 and Mr. Marien represents more than 10% of the shares. The Board of Directors considers that the members of the Audit Committee have the necessary business, industry and financial experience to fulfill their role. The Board of Directors will propose the necessary actions to remedy the non-compliance.

- Devgen does not fully comply with provision 5.2./17 which states that an independent internal audit function should be established. In view of the size of the company, Devgen has no overall formal internal audit function. However, as explained further in Devgen's corporate governance charter, the Audit Committee regularly evaluates the need for particular internal audits and the steps to be taken given the findings of such evaluations.

- Devgen does not comply with provisions 5.3./1 and 5.4./1 of the corporate governance code which state that the majority of the members of the Nomination and Remuneration Committee should be independent. As of 1 July 2011, there is only one member, Mr. Orlando de Ponti, of the five member committee who qualifies as independent director as set out in provision 2.4./1 of the corporate governance code. The other formerly independent directors in the Nomination and Remuneration Committee, Mr. Remi Vermeiren and Mr. Jan Leemans have been appointed director for more than three directorships since they joined the board in April 2005. The Board of Directors considers that the members of the Nomination and Remuneration Committee have the necessary experience and competences to fulfill their role. The Board of Directors will propose the necessary actions to remedy the non-compliance.

- Contrary to provision 7.7 of the corporate governance code, which sets out that non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, the Extraordinary Shareholders meeting of 1 June 2011 granted each non-executive director, or its permanent representative, 6,000 warrants on Devgen shares. Through warrants the company can remunerate its non-executive directors without using the company's cash resources, which is in the interest of a growth company such as Devgen. In addition to these warrants, the non-executive directors, with the exception of the chairman, are entitled to a compensation of € 1,500 per attended meeting of the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of € 7,500 for every fully performed Board mandate year. The chairman of the Board of Directors is entitled to a monthly fee of € 4,000. Devgen believes that this remuneration package is justified, as it corresponds with market practice and expectations for similar listed companies in the biotechnology field and allows the company to offer an appropriate remuneration to attract and retain experienced independent directors from different economic sectors.

- Unlike set out in provision 7.18 of the corporate governance code, the contract between the CEO and Devgen does not specify that the severance package excludes variable cash bonuses in case the departing CEO did not meet the performance criteria referred to in the contract. The termination indemnity is calculated on the basis of the fixed remuneration applicable at the time of termination and the average variable cash bonus paid in previous 3 years. The Board of Directors believes this arrangement to be fair and in the interest of the company.

4.3 Internal controls and risk management

Devgen has implemented a risk management system and an internal control structure, which are monitored by the Audit Committee.

a. Control environment

Organization of internal control

The internal control environment is organized by Devgen's executive management and is monitored by the Audit Committee. The role of the Audit Committee is stipulated in Devgen's corporate governance charter. The Audit Committee evaluates on a regular basis the needs with respect to internal auditing based on a risk assessment. The Audit Committee takes the necessary action relating to the findings of this evaluation.

Today the company does not have an internal audit department. The company is assigning these tasks to staff members with appropriate qualifications and if necessary field experts from outside the company are engaged to perform these audits. Based upon a 3-year rotation plan, all important business cycles across all legal entities are subject to an internal audit.

Ethical values

The Audit Committee prepared a "Code of Conduct" which applies for all Devgen companies and employees. Furthermore, the employment contracts of all employees contain stipulations with respect to ethical conduct of business.

b. Risk analysis

We refer to section 6 "Risks" of this annual report for a detailed risk analysis of the Devgen group.

c. Control activities

Control activities include the measures taken by Devgen to ensure that the risks under its control are appropriately controlled and mitigated.

- Devgen appoints highly qualified personnel in key positions within all entities of the group.

- The management has clearly aligned responsibilities as set out in the job descriptions which are prepared for all employees of the company.

- The management is also responsible to comply with internal regulations and the Board of Directors is ensuring that the management is respecting the general policies and the corporate plans.

- The implementation of a set of procedures amongst others with respect to purchasing and payments based on double signatures, periodical stock takings, to be systematically applied within all entities of the company.

- The external legal counsel of the group together with the CEO and the management team has set up internal procedures in order to ensure that acts performed within or by the company are in compliance with the existing laws and external regulations.

- Risks with respect to infrastructure - as there are: fire, unwanted access and power failures - have been minimized by taking appropriate measures. For assets which are crucial for the continuity of the company, being it equipment for R & D or production but also the stored biological material such as seeds, measures have been taken to duplicate these assets and to spread them over different locations. Next to avoiding risks in this respect, where possible, insurance has been taken to cover loss of these assets, always based however on an economic justification whereby the risk is evaluated against the price to insure the risk.

- With respect to complying with regulations concerning safety at work, working with biotechnological material and environmental matters in general, appropriate measures were taken within the company to guarantee compliance with these regulations and to operate with and within the required permits in this respect. Amongst others Devgen applies the guidelines as prescribed in the international standards of "Excellence through Stewardships".

- The IT-department is responsible for the continuity of the IT-platforms used by the company to support its operations as well as for the implementation of system access controls and safely storing data. Appropriate measures were taken to assure the continuity of the operations of the company taking into account the requirements of the different departments.

- The IP-portfolio, for the protection of knowledge and proprietary technology, is managed in a deliberated way by evaluating on a regular basis the costs to maintain such protection versus the benefits of doing this. Furthermore it is clearly communicated to employees on how to deal with confidential information ("gate keeping") and rules are in place on how to share such information with third parties (CDA's). Within the lab the progress of the research is registered and relevant documentation is stored in an electronic lab note book with registration of the date of entry.

- In addition procedures are in place with respect to in- and outgoing material flows in order to protect the rights of the parties involved at all times.

- The company has procedures in place with respect to managing crisis situations.

- Risks related to "Insider trading" are managed through clear communications to the parties involved, the availability of guidelines ("dealing code") and the appointment of a compliance officer.

- We refer to Note 24 "Financial instruments" of the consolidated financial statements for a detailed discussion on the managing of the credit risks, interest risks, exchange risks and liquidity risks.

d. Information and communication

The following policies and procedures have been implemented relating to the information and communication processes:

- A standardized process is in place which enables the corporate finance department of the group to prepare consolidated financial statements on a quarterly basis.

- Manuals are being used in order to assure preparing and reporting financial information in a consistent manner.

- The valuation rules, compliant with IFRS, are documented and are published in the annual accounts.

- Management support systems have been implemented generating consistent financial and operational information (ERP-applications).

- Procedures are in place in order to verify the accuracy of the reporting figures, such as comparison with prior period results and with budgets.

- The external auditors of the company are requested to pay special attention to area's with specific company and industry risk which can have an immediate effect on the financial information provided by the company.

e. Supervision and monitoring

Supervision and monitoring activities are performed by the executive and senior management on a daily basis. The Audit Committee monitors the control activities with the company.

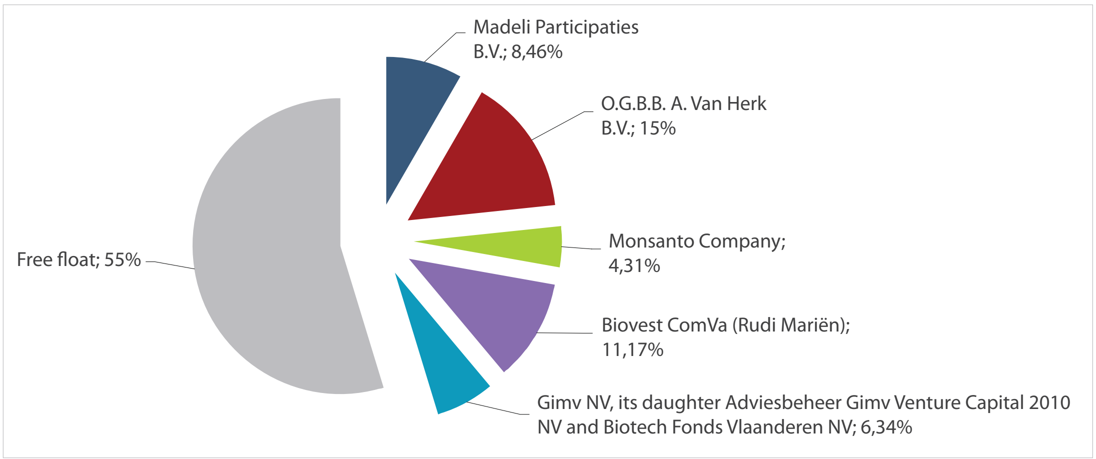
4.4 Shareholders' structure at balance sheet date

The table below provides an overview of the transparency declarations that Devgen NV has received to date.

Party	Date of declaration	Shares Number	Total voting securities on date of declaration	
			Number	% (1)
1 O.G.B.B. A. Van Herk B.V.	01/09/2008	2,277,266	2,277,266	12.74 %
2 Petercam NV	01/09/2008	1,423,430	1,423,430	7.96 %
3 Monsanto Company	01/09/2008	1,045,400	1,045,400	5.85 %
4 BPTS	01/09/2008	633,000	633,000	3.54 %
5 KBC Asset Management NV	01/09/2008	558,863	558,863	3.13 %
6 Biovest ComVa (Rudi Mariën)	13/11/2008	1,082,574	1,082,574	6.05 %
7 Petercam NV	24/12/2008	771,504	771,504	4.31 %
8 Petercam NV	28/04/2009	-	-	< 3 %
9 KBC Asset Management NV	30/04/2009	-	-	< 3 %
10 Biovest ComVa (Rudi Mariën)	12/10/2009	2,195,668	2,195,668	11.17 %
11 BT Pension Scheme Trustees Limited (BPTS)	19/10/2009	590,500	590,500	3.01%
12 O.G.B.B. A. Van Herk B.V.	13/11/2009	2,947,569	2,947,569	15%
13 Undisclosed party	31/08/2010	591,295	591,295	3.01%
14 Undisclosed party	22/11/2010	1,002,628	1,002,628	5.10 %
15 BT Pension Scheme Trustees Limited (BPTS)	10/03/2011	574,749	547,749	2.92%
16 Gimv NV, its daughter Adviesbeheer Gimv Venture Capital 2011 NV and Biotech Fonds Vlaanderen NV	08/04/2011	1,538,462	1,538,462	6.34%
17 Madeli Participaties B.V.	21/04/2011	2,052,476	2,052,476	8.46%
18 Monsanto Company	25/04/2011	1,045,400	1,045,400	4.31%

(1) The percentage of voting securities is calculated on the basis of the outstanding voting securities at the time of the declaration.

Overview of the major shareholders as of 31 December 2011, based upon the above mentioned transparency declaration.



The remuneration report, included in paragraph 5 of this document, contains an overview of the number of shares held by the directors per 31 December 2011.

4.5 Composition of the Board of Directors and its Committees

The Board of Directors

At the beginning of 2011, the Board of Directors consisted of the following seven members: Mr. Remi Vermeiren (chairman), Thierry Bogaert BVBA, represented by Mr. Thierry Bogaert, Mr. Orlando de Ponti, Blenar BVBA represented by Mr. Jan Leemans, Gengest BVBA represented by Mr. Rudi Mariën, Mr. Patrick Van Beneden and Mr. Alan Williamson.

On 1 June 2011, Van Herk Global Agri B.V., represented by Mr. Aat van Herk was appointed as non-executive director of the company. On 1 June 2011, Mr. Wouter de Ruiter was appointed as non-executive director of the company. On 28 September Mr. Wouter de Ruiter voluntarily resigned and the same day the Board of Directors co-opted Madeli Participaties B.V., having as only director Madeli B.V., represented by Mr. Wouter de Ruiter. Therefore the Board of Directors consists of nine members on 31 December 2011.

Up to 1 July 2011 Mr. Remi Vermeiren and Blenar BVBA, represented by Mr. Jan Leemans, qualified as independent directors under the Company Code. Mr. Orlando de Ponti and Mr. Wouter de Ruiter qualify until present as independent directors. The only executive director is Thierry Bogaert BVBA, managing director and Chief Executive Officer (CEO).

Operation

In 2011 the Board of Directors held seven ordinary meetings. The date and attendance of these Board meetings are set out in the table below.

Name	03/03	30/03	11/04	14/06	26/08	28/09	14/12
Remi Vermeiren	X	X	X	X	X	X	X
Thierry Bogaert (Thierry Bogaert BVBA)	X	X	X	X	o	X	X
Patrick Van Beneden	X	-	-	X	X	X	X
Jan Leemans (Blenar BVBA)	X	-	-	X	o	X	X
Alan Williamson	X	-	-	X	o	X	X
Rudi Mariën (Gengest BVBA)	X	o	-	X	X	X	X
Orlando de Ponti	-	o	-	X	o	X	X
Aat van Herk (Van Herk Global Agri B.V.)	n/a	n/a	n/a	-	-	-	-
Wouter de Ruiter	n/a	n/a	n/a	X	o	X	n/a
Wouter de Ruiter (Madeli Participaties B.V.)	n/a	n/a	n/a	n/a	n/a	n/a	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable

The Audit Committee

In 2011 the Audit Committee was composed of Mr. Remi Vermeiren (chairman), Blenar BVBA represented by Mr. Jan Leemans and Gengest BVBA, represented by Mr. Rudi Mariën.

Currently, the Audit Committee does not have a member who qualifies as an independent director in the sense of article 526ter of the Company Code and therefore the Audit Committee is not validly composed in accordance with article 526bis of the Company Code.

The Board of Directors will propose the necessary actions to remedy the non-compliance, by proposing to the next general shareholders meeting the appointment of a new independent director who has the necessary expertise to become chairman of the Audit Committee.
The Audit Committee met four times in 2011 as set out in the table below.

Name	02/03	14/06	25/08	13/12
Remi Vermeiren	X	X	X	X
Jan Leemans (Blenar BVBA)	X	o	X	X
Rudi Mariën (Gengest BVBA)	X	X	X	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable.

Expertise within the Audit Committee

The Board of Directors believes that at least one member of the Audit Committee, namely Mr. Remi Vermeiren, has the necessary expertise in the field of accounting and audit, because Mr. Remi Vermeiren holds a degree in Commercial and Financial Science and gained experience in accounting and audit as former chairman of the Executive Committee of KBC Group and as a member of the administrative, management or supervisory bodies of various companies.

The Nomination and Remuneration Committee

Mr. Remi Vermeiren (chairman), Mr. Patrick Van Beneden, Gengest BVBA, represented by Mr. Rudi Mariën, Mr. Orlando de Ponti and Blenar BVBA, represented by Mr. Jan Leemans, were part of the Nomination and Remuneration Committee in 2011.

Currently, the Nomination and Remuneration Committee does not incorporate a majority of independent directors in the sense of article 526ter of the Company Code and therefore the Nomination and Remuneration Committee is not validly composed in accordance with article 526quater of the Company Code.

The Board of Directors will propose the necessary actions to remedy the non-compliance.

The Nomination and Remuneration Committee met three times as set out in the table below.

Name	03/03	28/09	14/12
Remi Vermeiren	X	X	X
Patrick Van Beneden	X	X	X
Rudi Mariën (Gengest BVBA)	X	X	X
Orlando de Ponti	-	X	X
Jan Leemans (Blenar BVBA)	-	X	X

X = present in person, o = participated by phone, - = absent or represented by proxy, n/a = not applicable.

4.6 Overview of the efforts made to ensure that at least one third of the members of the Board of Directors is of another gender than the other members

The Nomination and Remuneration Committee will develop a plan to attract suitable future board members of both genders in the years up to 2017.

5. Remuneration report

5.1 Remuneration of the non-executive directors

The remuneration of the non-executive directors is decided upon by the General Shareholders' meeting.

The Nomination and Remuneration Committee makes proposals to the Board of Directors on the remuneration policy and the remuneration for non-executive directors, taking into account the corporate governance code, market practice and the characteristics of listed growth companies. The Board of Directors subsequently proposes a remuneration package to the General Shareholders' meeting, based upon the proposal of the Nomination and Remuneration Committee.

According to the code, the remuneration of non-executive directors should take into account their responsibilities and time commitment, and the non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits.

The Nomination and Remuneration Committee consists of the 5 following members:

- Mr. Remi Vermeiren, chairman;
- Gengest BVBA, represented by Mr. Rudi Mariën;
- Blenar BVBA, represented by Mr. Jan Leemans;
- Mr. Patrick Van Beneden;
- Mr. Orlando de Ponti.

The General Shareholders' meeting of 2 June 2009 resolved that the non-executive directors, with the exception of the chairman, are entitled to a compensation of € 1,500 per attended meeting of the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee and other meetings of ad hoc committees, as well as a fixed amount of € 7,500 for every fully performed board mandate year. Said General Shareholders' meeting also confirmed that the remuneration of the chairman consists of a monthly fee of € 4,000.

The following remuneration has been paid by the company to the non-executive directors during 2011:

Director	Attendances (*)	Amount (€)
Remi Vermeiren	Board - AC - RemCo	48,000
Gengest BVBA – Rudi Mariën	Board - AC - RemCo	22,500
Blenar BVBA - Jan Leemans	Board - AC - RemCo	18,000
Patrick Van Beneden	Board - RemCo	-
Alan Williamson	Board	13,500
Orlando de Ponti	Board - RemCo	13,500
Wouter de Ruiter	Board	3,000
Madeli Participaties - Wouter de Ruiter	Board	1,500
Van Herk Global AGRI - Aat van Herk	Board	-

(*) AC = Audit Committee; RemCo = Nomination and Remuneration Committee.

In addition to foregoing cash remuneration and as a deviation from the code all non-executive directors or their permanent representatives were offered 6,000 warrants on Devgen's shares by the Extraordinary Shareholders meeting of 1 June 2011. Said warrants were granted at the beginning of the mandate and become vested warrants on 31 May 2012.

There is no agreement between the company and the non-executive directors that would entitle such directors to any compensation or indemnity triggered by termination of their mandate and Devgen has not made any loans to the members of the Board of Directors.

The managing director and CEO, Thierry Bogaert BVBA, does not receive remuneration in his capacity of director of Devgen NV. His remuneration as executive manager is specified further on.

In the next two years, 2012 and 2013, the remuneration of the non-executive directors will be on the same basis as in 2011.

5.2 Shares and warrants held by non-executive directors

The table below provides an overview of the shares and warrants held by the non-executive directors on 31 December 2011. For the key features of these warrants, please refer to IFRS note 22 of the consolidated financial statements.

Board of Directors on 31 December 2011	Shares	Warrants		
		Outstanding	Exercise price	Vested
Orlando de Ponti	-	6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Jan Leemans	13,000	2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Blenar BVBA	-	-	-	-
Rudi Mariën	385,000	6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Gengest BVBA	-	-	-	-
Biovest ComVa (*)	2,708,489	-	-	-
Remi Vermeiren	20,000	3,000	9.49 €	3,000
		3,000	14.25 €	3,000
		3,000	20.73 €	3,000
		2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Patrick Van Beneden	-	-	-	-
Alan Williamson	1,146	3,000	14.25 €	3,000
		3,000	20.73 €	3,000
		2,931	14.40 €	2,931
		6,000	6.65 €	6,000
		6,000	8.78 €	6,000
		6,000	6.78 €	-
Wouter de Ruiter,	-	-	-	-
BV Madeli Participaties	2,083,863	-	-	-
Aat van Herk	-	-	-	-
Van Herk Global Agri BV	-	-	-	-
O.G.B.B. A. Van Herk B.V. (**)	4,507,700	-	-	-

(*) Biovest ComVa is an investment company controlled by Mr. Rudi Mariën

(**)O.G.B.B. A. Van Herk B.V. is an investment company controlled by Mr. Aat van Herk

5.3 Remuneration of the executive and senior management

The remuneration of Thierry Bogaert BVBA as CEO, as well the remuneration of the CFO and the senior managers are determined by the Board of Directors, upon proposal of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee determines the relevant benchmark and makes proposals on the remuneration policy and individual remuneration, taking into account the skills, experience, performance and responsibilities of the individual.

The CEO makes proposals to the Board and the Committee, with respect to the remuneration of the executive and senior management of the company and its subsidiaries.

The Board of Directors has adopted a remuneration policy for the executive and senior management in line with the market standard in the sector and the performance of the managers. The remuneration policy is designed to retain the managers and to give them the incentive to achieve the short and long term goals of the company. The remuneration consists of the following:

- a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions;
- a variable remuneration, both as a cash bonus and in the form of an offer of warrants to the company's shares, depending on the extent to which the manager met his objectives in the past year;
- extra-legal benefits, including participation in a pension scheme, a disability and healthcare insurance, a company car, mobile phone, laptop and meal vouchers.

The following table provides the remuneration of the executive and senior management in 2011:

in € 1,000	Note	CEO	CFO	Senior management	Total
Fixed remuneration		359	168	857	1,383
Expenses and allowances		24	18	78	120
Variable remuneration					
- in cash	(a)	215	25	146	386
- in warrants	(b)	140	37	141	318
Total variable remuneration		355	62	287	704
Post employment benefits		0	12	56	68
Total remuneration		**737**	**260**	**1,279**	**2,276**

(a) Variable remuneration earned in 2011, paid in 2012 for CFO and senior management, paid in 2012, 2013 and 2014 for CEO (see below).

(b) Warrants granted by the Nomination and Remuneration Committee per 7 March 2012, not yet accepted per date of this report. The valuation of this part of the variable remuneration is done using the Black & Scholes model for the calculation of the fair value of the warrants.

The relative portions of the fixed and variable remuneration are as follows:

	CEO	CFO	Senior management
Fixed remuneration	49%	64%	68%
Expenses and allowances	3%	7%	6%
Variable remuneration			
- in cash	29%	10%	11%
- in warrants	19%	14%	11%
Total variable remuneration	48%	24%	22%
Post employment benefits	0%	5%	4%
Total remuneration	**100%**	**100%**	**100%**

The variable remuneration paid out in cash or granted in warrants during 2011 as part of the remuneration over services in 2010 is a follows:

in € 1,000	CEO	CFO	Senior management	Total
Variable remuneration				
- in cash	213	16	128	357
- in warrants	95	31	110	235
Total variable remuneration	**307**	**47**	**238**	**593**

In the next two years, 2012 and 2013, the remuneration of the CFO and senior managers will be on the same basis. The Board of Directors furthermore expects the total remuneration package of the CEO in the coming 2 years to be in line with the total remuneration package in 2011, assuming an equivalent performance.

The post-employment benefits for the CFO and the majority of senior management are payments into a defined contribution pension plan, under which the company pays a fixed percentage of the fixed gross salary to an insurance company.

The CEO, the CFO and the senior management are eligible for variable annual cash and warrant bonuses.

In accordance with the provisions of the Company Code the variable bonus of the CEO will be based on the performances for 3 years, where only 50% of the bonus shall be based on the performances of 2011, 25% on the performances of 2012 and 25% on the performances of 2013.

During the first quarter of each year, the Board of Directors will, at the recommendation of the Nomination and Remuneration Committee and in common agreement with the CEO, determine performance criteria of the CEO (i) for the then current calendar year (the "One Year Performance Criteria"), (ii) for the two years' period including the then current and the next calendar year (the "Two Years Performance Criteria") and (iii) for the three years' period including the then current and the next two calendar years (the "Three Years Performance Criteria"). The One Year Performance Criteria, the Two Year Performance Criteria and the Three Year Performance Criteria may include quantitative as well as qualitative objectives (such as objectives in terms of cash burn, revenues, EBIT and technical and business milestones).

The variable annual bonus shall be calculated as following. During the first quarter of each year, the Board of Directors will, at the recommendation of the Nomination and Remuneration Committee, determine the CEO's performance (expressed as a percentage) against the One Year Performance Criteria for the previous calendar year (the "One Year Performance Percentage"), against the Two Years Performance Criteria for the two previous calendar years (the "Two years Performance Percentage") and against the performance criteria for the three previous calendar years (the "Three Years Performance Percentage").

During the first quarter of the year, when the budget for the coming year has been defined, the CEO determines the quantitative and qualitative goals for CFO and senior management. At the end of the year the CEO evaluates the goals. Based on this evaluation the CEO makes a proposal for variable annual cash and warrant bonuses to the Nomination and Remuneration Committee. The Board Directors decides on the variable annual cash and warrant bonuses for the CFO and the senior management, at the recommendation of the Nomination and Remuneration Committee.

The severance pay contractually foreseen for the CEO, the CFO and senior management to be paid in the event of early termination does not exceed 12 months' basic and variable remuneration.

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the CEO and the CFO whose contractual arrangements entered into at the time of their appointment provide for notice periods of 12 and 9 months respectively.

There are no provisions allowing the company to reclaim any variable remuneration paid to executive management based on incorrect financial information.

5.4 Shares and warrants held by executive and senior managers

The table below provides an overview of the warrants held directly or indirectly by the executive and senior managers on 31 December 2011.

Name	Year of grant	Exercise price	Outstanding per 31.12.2010	Exercised in 2011	Cancelled in 2011	Outstanding per 31.12.2011	Vested per 31.12.2011
Thierry Bogaert	2005	9.49 €	100,000	-	-	100,000	100,000
	2006	11.67 €	5,256	-	-	5,256	5,256
	2007	20.73 €	200,016	-	-	200,016	200,016
	2007	21.61 €	24,588	-	-	24,588	24,588
	2009	6.65 €	300,000	-	-	300,000	300,000
	2011	6.78 €	-	-	-	85,436	85,436
Sabine Drieghe	2007	21.61 €	1,404	-	-	1,404	1,404
	2009	3.50 €	13,574	-	-	13,574	11,402
	2010	10.49 €	1,008	-	-	1,008	560
	2011	5.61 €	-	-	-	15,228	3,384
Wim Goemaere	2008	13.26 €	10,008	-	-	10,008	10,008
	2009	3.50 €	13,032	-	-	13,032	11,584
	2010	10.49 €	5,292	-	-	5,292	2,940
	2011	5.61 €	-	-	-	13,212	2,936
Geert Plaetinck	2008	13.00 €	1,296	-	-	1,296	1,296
Luc Maertens	2006	11.67 €	1,224	-	-	1,224	1,224
	2007	21.61 €	612	-	-	612	612
	2008	13.00 €	900	-	-	900	900
	2009	3.50 €	3,924	-	-	3,924	3,488
	2010	10.49 €	1,008	-	-	1,008	560
	2011	5.61 €	-	-	-	1,620	360
Ann Viaene	2005	9.49 €	1,112	-	-	1,112	1,112
	2007	21.61 €	612	-	-	612	612
	2008	13.00 €	1,116	-	-	1,116	1,116
	2009	3.50 €	3,625	2,610	-	1,015	435
	2010	10.49 €	7,992	-	-	7,992	4,440
	2011	5.61 €	-	-	-	14,796	3,288

For the key features of these warrants, please refer to Note 22 "Share-based payment schemes" of the consolidated financial statements.

Per 31 December 2011, the CEO, the CFO and the senior management held the following number of shares of the company:

- Mr. Thierry Bogaert: 47,732 shares
- Mrs. Ann Viaene: 2,610 shares

6. Risks

In application of the Company Code, Devgen has decided to inform the shareholders of the risk factors involved in the company's business. In 2011, Devgen was potentially subjected to the following inherent risks:

- Early stage of development in its crop protection and trait development activities.
- Business environment that is characterized by rapid technological change, complexity and severe competition.
- The seed business is subject to various agricultural risks that could affect the results of operations, such as:
  - weather factors, diseases and pests, which make operational results relatively unpredictable.
  - high seasonality of sales.
  - risk of further intervention by regulatory authorities and governments with regard to registration, import/export, pricing, safety etc.
  - dependency on the stability of a good distribution network.
  - transportation risks.
  - dependency on third parties for the growing and production and processing of seeds.
  - risk of theft of parental lines of seeds.
  - risk of product defects in the seeds.
  - risk that growers attribute poor crop yields or crop failure to perceived seed defects.
  - risk that commercial seed stored in one or more of Devgen's seed inventory locations might get damaged.
  - risk of Devgen's inability to charge through price increases affecting its production costs into the price charged to the final customer.
- The inability to effectively implement growth strategies or manage growth in the agricultural business could adversely affect operation results.
- Dependence on research and development to develop new and improved products.
- Negative reaction to the use of biotechnology.
- Inability to obtain and maintain adequate patents and/or other intellectual property right protection for its technologies and products.
- Reliance on collaborative partners to generate short to medium term revenues, and in the long-term to assure the expertise relating to manufacturing, sales and marketing, licenses and technology rights.
- Natural calamities, political, economic and social developments in the countries where Devgen operates may adversely affect Devgen's business.
- National and international government regulations relating to biotechnological and agrochemical research and development, as well as to the testing, approval, manufacturing, labeling, import and export and marketing of products.
- Dependence on key personnel, both principal management and scientific personnel.
- Potential liability relating to products, testing, sales and marketing, and use of future products based thereon.
- Lack of operating profitability due to the significant research and development expenditures since 1997.
- Additional financing requirements and access to capital that might be needed to fund future activities.
- Changes in tax legislation could impact the determination of Devgen's tax liabilities and Devgen could be subject to double taxation on any dividends paid by Devgen subsidiaries.
- Devgen is exposed to international regulatory risks.
- Devgen relies on the IT systems in managing its sales, supply chain, production process, logistics, research and development and other integral parts of Devgen's business.

- Devgen has received and expects to continue to receive subsidies and grants under various research and technology development programs and granting governments may reduce, stop funding in the future or even reclaim subsidies granted.
- The sales, marketing and use of its products may expose Devgen to liability claims.
- Use of potentially harmful materials in the research and development activities.
- Financial risks: The company is exposed to financial risks, such as financing risks, credit risks, interest risks, currency risks and liquidity risks. We refer to Note 24 "Financial instruments" in the consolidated financial statements per 31 December 2011 for a detailed discussion of these financial risks.

7. Listing of elements which by their nature would have consequences in case of a public take-over bid on the company

The elements which by their nature would have consequences in case of a public take-over bid on the company are listed below. Outside the elements listed below, the company has no knowledge of any other elements which by their nature would have consequences in case of a public take-over bid on the company required to be disclosed by law.

Important agreements which would undergo changes or would be terminated in case of a change of control of the company after a public take-over bid:

The 6 February 2007 Research and License Option Agreement entered into between Devgen NV and Monsanto Company provides that Monsanto Company is entitled to terminate the Research and License Option Agreement in the event that a company that is engaged in the agricultural biotechnology and/or seed industry acquires a controlling interest in Devgen. Such termination would have effect on the funded research, but no effect on licenses already granted by Monsanto Company to Devgen under the Research and License Option Agreement. This Research and License Option Agreement ended per 31 October 2011.

8. Research and development

Total R & D expenses of the Devgen group amounted to € 8.1 million in 2011, compared to € 8.5 million in 2010. For an update of the research programs, please refer to section 1 Strategic and business highlights of this annual report.

9. Use of authorized capital

By virtue of the resolution of the Extraordinary Shareholders' meeting held on 25 August 2008, the Board of Directors has been expressly authorized to increase the share capital within a time frame of five years as of the publication of the minutes in the annexes to the Belgian Official Gazette, in one or more transactions, with a total amount of € 1,341,110.15.

The Board of Directors decided to make use of the authorized capital on 1 October 2009 in the framework of a private placement for an amount of € 131,500.43 so that a balance of authorized capital of € 1,209,609.72 remained.

At the meeting of the Board of Directors on 30 March 2011 the Board decided to increase the capital within the authorization as set out above. Consequentially, on 4 April 2011 Devgen NV issued 4,584,549 new shares in a private placement with pre-identified investors for a total amount of € 26,819,611, resulting in a statutory capital increase of € 343,841.18.

After this capital increase the remainder of the authorized capital amounts to € 865,768.54.

10. Conflict of interest according article 523 of the Company Code

In 2011 the procedure of conflict of interest of article 523 of the Company Code was applied, namely during the meeting of the Board of Directors of 30 March 2011 with regard to the proposal to have a capital increase by means of a private placement in the framework of the authorized capital as set out in section 3 of this annual report.

Gengest BVBA, with as permanent representative Mr. Rudi Mariën, acting in its capacity as director of Devgen NV, informs the Board of Directors, before the commencement of the deliberations, that it, in respect to the transaction that is on the agenda, possibly might have a financial interest that conflicts with the interest of the company. Mr. Rudi Mariën is the permanent representative of Gengest BVBA in re spect to its capacity of director of the company.

In the framework of the capital increase as described in the agenda, the Board of Directors intends, in the interest of the company, to nullify the preferential subscription rights of the existing shareholders (and, as far as required and applicable, the existing holders of warrants and/or bonds) of the company in the framework of the proposed increase of the authorized capital of the company by means of the issuance of new shares on the occasion of a private placement.

Following the proposed capital increase, Gengest BVBA and/or its permanent representative, Mr. Rudi Mariën directly, or by means of an affiliated company, subscribes to the to be issued new shares in the framework of the private placement. It cannot be excluded that Gengest BVBA and/or its permanent representative Mr. Rudi Mariën may have a personal financial interest that could potentially conflict with the interests of the company. In particular, this director has a direct interest in the lowest possible subscription price. This personal interest is not necessarily compatible with the interests of the company. The exact financial consequences of this potential conflict can however only be assessed and/or calculated after the final subscription price has been determined by the Board of Directors.

Given the above and pursuant to article 523 of the Company Code, the director concerned therefore pro-poses to not participate in the deliberations and decisions on the first four items on the agenda of this meeting. The other members of the board align themselves with this proposal.

Thereafter, Mr. Remi Vermeiren reads a statement on the account of Mr. Patrick Van Beneden, acting in his capacity as director of Devgen NV, in which it is identified that the preferential subscription right of shareholders is nullified in favor of, among others the Gimv-group. Mr. Patrick Van Beneden is employed by the Gimv-group and holds several mandates in Gimv-group affiliated companies. Mr. Patrick Van Beneden emphasizes that he did not intervene, nor will intervene in the decision of the Gimv-group to, or not, effectively subscribe.

Mr. Patrick Van Beneden explains that, following the above explanation there is no legal obligation to apply article 523 of the Company Code; if there would be any proprietary interest in connection with his person, this would not be in conflict with the interests of the company in the framework of this decision of the Board of Directors.

Nonetheless, in view of his mandates and interests within the Gimv-group, Mr. Patrick Van Beneden elects to, as far as necessary and applicable, in accordance with article 523 of the Company Code, not participate in the deliberations and decisions on the first four agenda items.

It is, as far as necessary and applicable, also stated that currently it is not possible to assess and/or calculate the possible financial consequences of the above mentioned facts. The other members of the Board of Directors concur with the proposal of Mr. Patrick Van Beneden.

Gengest BVBA, with as its permanent representative Mr. Rudi Mariën then puts down the phone and does not participate to the meeting during the deliberation and decision making on the first four items on the agenda in accordance with article 523 of the Company Code. The statutory auditor of the company will be informed of the aforementioned statements made by the directors.

Article 524 of the Company Code was not applicable in 2011.

11. Going concern assessment

In accordance with article 96, 6° of the Company Code, the Board of Directors has decided, after consideration, to apply the valuation rules "assuming going concern", for the following reasons:

- Through a private placement in 2011, Devgen NV increased its cash position with € 26.8 million.
- The ratio between Devgen's equity and the total assets amounts to 98% per 31 December 2011.
- On 31 December 2011, the total cash position amounts to € 41.7 million, including € 5.7 million restricted cash.
- All Devgen's business activities, amongst which the seeds, traits and nematicides businesses, have the potential to generate future operating cash flows.

Since the company is currently able to satisfy all financial liabilities and is able to fulfill all payments, the Board of Directors believes that the continuity of the company is not threatened. Based on the current strong cash position, the Board of Directors believes that the future of the research programs and the continuing support of the subsidiaries can be guaranteed for at least 12 months following the next Annual General Shareholders' meeting to be held on 1 June 2012.

12. Subsequent events

There are no major subsequent events to the balance sheet date which have a material impact on the further evolution of the company.

13. Discharge of the Board of Directors and the statutory auditor

We ask you to approve the annual accounts as drawn up by the Board of Directors and audited by the statutory auditor. We ask you to grant the directors and the statutory auditor who were in office during the fiscal year ended on 31 December 2011 the discharge of liability for the exercise of their respective mandates during the said fiscal year.

We specifically ask you to discharge the directors and the statutory auditor who were in office during the fiscal year ended on 31 December 2011 from any liability in relation to the breach of article 526bis § 2 of the Company Code, due to the fact that none of the members of the Audit Committee currently qualifies as an independent director, with the required skills in the field of accounting and audit.

We specifically ask you to discharge the directors and the statutory auditor who were in office during the fiscal year ended on 31 December 2011 from any liability in relation to the breach of article 526quater § 2 of the Company Code, due to the fact that just one of the five members of the Nomination and Remuneration Committee currently qualifies as an independent director.

Done on 7 March 2012,

On behalf of the Board of Directors

16. Articles of association

Below is a summary of the salient terms of the company's articles of association, with regard to the topics listed. For a full description of the provisions relating thereto, reference is made to the articles of association themselves, an updated version of which can be found at all times on the company's website (www.devgen.com).

The description hereafter is only a summary and does not purport to give a complete overview of the articles of association, nor of all relevant provisions of Belgian law.

16.1. Company purpose

Article 3 of the articles of association of the company provides for the following company purpose:

to engage in Belgium and abroad, in its own name and on behalf of third parties, alone or in collaboration with third parties, in the following activities:

- all forms of research and development on biological and chemical compounds and organisms, as well as the industrialization and commercialization of the results thereof;

- the research and development of biotechnological or derivative products that could have a market value in agro chemical and agro biotech applications related to crop protection and seed businesses, in nutrition, and in human and animal health care, diagnostics and therapeutics, based amongst other things on the technology of genetics, genetic engineering, chemistry and cell biology;

- the commercialization of the aforementioned products and application domains;

- the acquisition, disposal, exploitation, commercialization and management of intellectual property, property and usage rights, trade marks, patents, drawings, licenses, etc.

The company is also authorized to engage into all commercial, industrial, financial and real estate transactions, which are directly or indirectly related to, or that may be beneficial to the achievement of its corporate purpose.

It can, by means of subscription, contribution, merger, collaboration, financial participation or otherwise, take interests or participate in any company, existing or to be incorporated, undertakings, businesses and associations in Belgium or abroad.

The company can manage, valorize or sell these interests and can also, directly or indirectly, participate in the Board of Directors, management, control and dissolution of companies, undertakings, business and associations in which it has an interest or participation. The company can provide guarantees and sureties for the benefit of these companies, undertakings, business and associations, act as their agent or representative, and grant advances, credit, mortgages, or other securities.

16.2. Governance and representation

16.2.1. Board of Directors

The company is managed by its Board of Directors, acting as collective body and consisting of at least five directors, which has the authority to carry out all actions that are useful or serve to achieve the corporate purpose of the company, with the exception of those that according to law are reserved to the General Shareholders' meeting. The directors are elected by the General Shareholders' meeting for a term not to exceed six years.

The General Shareholders' meeting can dismiss the directors at any time. A director whose mandate has ended can be re-elected.

The General Shareholders' meeting determines the remuneration of the directors. In case of conflict of interest, the directors must comply with the provisions of the Company Code.

The Board of Directors elects a chairperson.

The Board of Directors meets whenever the interest of the company so requires, as well as each time two directors request so. Board meetings are in principle convened by the chairperson.

Resolutions of the Board of Directors are passed by majority vote, unless otherwise required by the articles of association or applicable law. In the event votes are tied, the director chairing the meeting has a casting vote.

The Board of Directors may delegate its management powers, in whole or in part, to an Executive Committee or to one or more persons, director or not.
Without prejudice to the general representative powers of the Board of Directors as a collective body, the company shall be validly represented in and out of court by two directors, acting jointly.

16.2.2. Statutory auditors

The control of the financial situation, the financial statements and the validity of the transactions to be reported in the financial statements, is entrusted to one or more statutory auditors.

16.2.3. General Shareholders' meeting

The Annual General Shareholders' meeting must each year be held on the first business day of the month of June at eleven o'clock.

The Board of Directors and each statutory auditor can independently convene a General Shareholders' meeting.

The Board of Directors and the statutory auditor are obliged to convene a special or extraordinary meeting if one or more shareholders that represent, alone or together, one fifth of the share capital so demand.

16.3. Rights attached to shares

The shares of the company are in registered or dematerialized form, at the choice of the shareholders. Each shareholder can at any time, at his expense, demand that his shares be converted from one form to another. There are no different categories of shares. The Board of Directors can at the time it determines call for full payment of any not fully paid-up shares.

16.3.1. Voting rights

Each shareholder of Devgen is entitled to one vote per share. Shareholders may vote by proxy. Towards the company, the shares are deemed to be indivisible. If several owners own one share, or the rights attached to a share are divided among several persons, Devgen may suspend the exercise of rights attached to such share until one person (a "common representative") is appointed as the owner of the share for Devgen's purpose. Devgen's articles of association provide that if a share is subject to a right of usufruct, the exercise of the voting right attached to such share is exercised by the common representative, and, failing a common representative, by the usufructor. The voting rights attached to shares that have been pledged, are exercised by the owner-pledgor.

Voting rights can further be suspended, inter alia, (i) by a competent court, (ii) in the event that the shares were not fully paid-up notwithstanding a request thereto by the Board of Directors, and (iii) in respect of shares which entitle their holder to voting rights above the threshold of 3%, 5% or any multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of Devgen on the date of the relevant General Shareholders' meeting, except where the shareholder has notified Devgen and the FSMA at least 20 days prior to the relevant Shareholders' meeting on which he wishes to vote. Voting rights attached to redeemed shares are also suspended, as long as the owner of the shares or a subsidiary thereof holds the shares concerned.

16.3.2. Right to attend and vote at Shareholders' meetings and formalities

The Annual Shareholders' meeting is held on the first business day of June, or, if this date falls on a public holiday, the meeting will be held at the same time on the next business day at the registered office of Devgen or at the place determined in the convening notice.

Principally, all shareholders and holders of warrants and bonds (if any) issued by Devgen and all holders of certificates issued with the co-operation of Devgen (if any) are entitled to attend the Shareholders' meeting, it being understood that only shareholders can vote at a Shareholders' meeting.

The right to participate in a general meeting and to exercise voting rights is only granted on the basis of the recording of shares in the name of the shareholder, on the fourteenth (14th) day before the General Meeting at midnight (24:00 hours) ("the record date"), either

- by their record in the register of registered shares of the company
- by their record in the accounts of an acknowledged account holder or clearing agent.

The account holder or clearing agent delivers a certificate to the shareholder evidencing the amount of shares for which the shareholder, on the record date, has indicated his intention to participate in the general meeting.

Ultimately on the sixth (6th) day before the meeting, the shareholder informs the company or the person appointed thereto by the company of his intention to participate in the meeting.

In a special register designated by the Board of Directors is recorded for each shareholder who has expressed the intention to participate in the general meeting:

- the name, and the address (or the registered office),
- the number of shares possessed on the record date and for which he has expressed the intention to participate in the general meeting,
- a description of the documents evidencing that he was in possession of the shares on the record date.

The holders of other securities issued by the company (including holders of warrants and bonds issued by the company) who have the right to participate in the general meeting mutatis mutandis have to fulfill the same formalities. In accordance with Article 537 of the Company Code, the holders of warrants and bonds issued by the company may attend any General Meeting, but only with an advisory vote.

Prior to participating in the meeting the shareholders or their proxy holders must sign the attendance list, indicating:

- the identity of the shareholder
- if applicable, the identity of the proxy holder, and
- the number of shares they represent.

At the opening of the meeting the bureau of the meeting completes the attendance list with details of the persons attending the General Meeting from a distance.

16.3.3. Notices convening the Shareholders' meeting

The notice convening the Shareholders' meeting must state the place, date, time of the meeting and must include an agenda indicating the items to be discussed.

In accordance with article 533 of the Company Code, the notice must be published in the Belgian Official Gazette (Belgisch Staatsblad / Moniteur belge) at least 30 days prior to the meeting or the registration date (if so specified in the convening notice). The notice must also be published in a national newspaper 30 days before the meeting or the registration date (if so specified in the convening notice), except if it concerns an Annual Shareholders' meeting held at the municipality, place, day and hour mentioned in the articles of association of Devgen and whose agenda is limited to the examination and approval of the annual accounts, the Board of Directors' annual report, the statutory auditor's annual report, the vote on the discharge of the directors and the statutory auditor, and, the case being, the matters referred to in article 554, section 3 and 4 of the Company Code. The notice must also be published in media of which reasonably can be expected that it provides for an effective distribution of the information with the public in the European Economic Area and, which is swiftly and in a non-discriminatory way accessible.

The annual accounts, the Board of Directors' annual report and the statutory auditor's annual report are made available to the shareholders, holders of bonds, warrants and certificates issued with the cooperation of Devgen at the latest at the same date as the convening of the Annual Shareholders' meeting.

Convening notices will be sent 30 days prior to the meeting to holders of registered shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the cooperation of Devgen, the directors and the statutory auditor of Devgen. This communication is made by ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfillment of such formality.

In accordance with applicable laws, shareholders can have items put on the agenda of the General Shareholders' meeting and submit resolution proposals.

16.3.4. Powers of attorney and electronic forms

Each shareholder may be represented at the meeting by a proxy holder to whom a written proxy was granted, or can vote through an electronic form as provided for in the relevant legislation in force. Such proxies or forms have to bear the signature of the principal (which can be an electronic signature as referred to in Article 1322, paragraph 2 of the Civil Code or as otherwise permitted by applicable legislation) and at least mention:

- the complete and correct identity of the shareholder, including residence address or registered office,
- the number of shares for which the shareholder participates in the deliberations and voting,
- the form of the shares,
- the agenda of the meeting, including the proposed resolutions,
- the positive or negative vote or the abstention regarding each proposed resolution.

A shareholder can appoint a separate proxy holder for every form of shares that he owns for each of his securities accounts, if he owns shares of the company which are deposited on more than one securities account.

Assembled proxies, proxies granted by substitution, or proxies granted by financial institutions, trusts, fund managers or account holders in the name and on behalf of several shareholders, have to contain the information stated above for each individual shareholder in whose name and on whose behalf they participate in the general meeting.

In accordance with the applicable statutory provisions, the signed and dated proxy has to be sent to the registered office or to a place specified in the notice convening the meeting, by mail, fax, e-mail or other means mentioned in article 2281 of the Civil Code. For notary deeds the original signed proxy is required.

The Board of Directors can determine the text of these proxies and demand that the proxies, or electronic forms be deposited at the registered office of the company at the latest in the course of the sixth (6^{th}) calendar day before the date of the meeting.

Legal persons are represented by the body charged with the representation according to their articles of association, or by a person, shareholder or not, to whom a proxy has been granted in accordance with the provisions of the articles of association.

16.3.5. Quorum and majorities

There is no attendance quorum at the Shareholders' meeting, except as provided by law in relation to decisions regarding certain matters. Decisions are taken by a simple majority of the votes cast, except where the law or the articles of association of Devgen provide for a special majority. Matters involving special quorum and majority requirements include, among others, amendments to the articles of association, including amendments to the rights attached to the shares, the issue of new shares (save for capital increases and corresponding share issues which are decided by the Board of Directors within the framework of the authorized capital), the issue of convertible bonds or warrants and decisions regarding mergers and de-mergers, which require at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. Amendments to the corporate purpose of Devgen require at least 50% of the share capital and 50% of the profit sharing certificates (if any) to be present or represented and the affirmative vote of at least 80% of the votes cast at the Shareholders' meeting.

If the quorum is not reached, a second meeting may be convened which can validly deliberate and resolve regardless of the quorum. The special majority requirements, however, remain applicable.

16.3.6. Dividends

All shares participate in the same manner in Devgen's profits (if any). Shares carry the right to receive dividends (if any) payable with respect to the entire preceding financial year.

Pursuant to a proposal of the Board of Directors, the balance of the net annual profit is presented to the General Shareholders' meeting, which has the sole authority to resolve on its attribution by simple majority of the votes cast, and this within the restrictions established by articles 617 to 619 of the Company Code.

No dividend may be issued when the net assets as established in the annual accounts, at the close of the last financial year, pursuant to such distribution, are lower than or would fall below the amount of the paid-up capital or, if this amount is higher, of the called-on capital, increased with all reserves which may not be distributed in accordance with the law or Devgen's articles of association.

The Board of Directors may, subject to compliance with the provisions of the Company Code, issue an advance payment on the annual dividend which must be deducted from the dividend issued on the results of the entire financial year. It determines the amount of these advance payments and the payment date.

Dividends are paid at the date and on the location determined by the Board of Directors.

In principle, the distribution obligation of dividends on registered and dematerialized shares expires after five years in accordance with article 2277 of the Belgian Civil Code. In principle, the distribution obligation of dividends on bearer shares cannot expire. Pursuant to the Law of 24 July 1921, as amended by the Law of 22 July 1991, Devgen has the possibility to deposit these dividends with the Deposit and Consignation Office ("Deposito- en Consignatiekas"). The dividend deposited with the Deposit and Consignation Office which was not claimed within thirty years, will accrue to the Belgian State.

Devgen has never declared or paid any dividends on its shares. Devgen's dividend policy will be determined and may change from time to time by decision of Devgen's Board of Directors. Any issue of dividends will be based upon Devgen's future earnings, financial condition, cash needs, capital adequacy, compliance with applicable statutory and regulatory requirements, general business conditions and other factors considered as important by Devgen's Board of Directors.

The Board of Directors expects to retain all earnings generated by Devgen's operations for the development and growth of its business and does not anticipate paying any dividend to the shareholders for the coming years.

16.3.7. Rights regarding dissolution and liquidation

In accordance with article 633 of the Company Code, if, as a result of losses, Devgen's net assets are less than 50% of its share capital, the directors must submit the question whether or not to dissolve Devgen and any other possible steps to the Shareholders' meeting for consideration.

The Board of Directors must justify its proposals in a special report to the Shareholders' meeting. If the Board of Directors proposes that Devgen's activities be continued, it must detail the measures that it proposes taking to remedy Devgen's financial situation. The directors must convene a Shareholders' meeting within 2 months after the loss is noted, or should have been noted under legal or statutory provisions, with a view to discussing the continuation or the dissolution or not of Devgen.

If, as a result of losses, Devgen's net assets are less than 25% of Devgen's share capital, the Shareholders' meeting may approve Devgen's dissolution with only 25% of the votes cast in favor of dissolution.

Furthermore, pursuant to article 634 of the Company Code, if Devgen's net assets are less than the legal minimum share capital (i.e. € 61,500), any interested party may ask the court to dissolve Devgen. The court may grant Devgen a grace period to allow it to remedy its situation.

In the event Devgen is dissolved for any reason, Devgen's shareholders, acting at the general Shareholders' meeting, will appoint one or more liquidators and determine at the same time the liquidation method to be used. After settlement of all debts, charges and expenses relating to the liquidation, the net assets will be equally distributed amongst all the shareholders, after deduction of that portion, if any, of their shares that are not fully paid.

These are no liquidation preferences for certain shares.

16.4. Changes to the share capital

16.4.1. Changes to the share capital decided by the shareholders

Pursuant to the Company Code, Devgen may increase or decrease its share capital by decision of Devgen's Shareholders' meeting, taken with a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of Devgen is present or represented. If the quorum is not reached at a first meeting, a second meeting can be convened with the same agenda but without quorum requirements.

16.4.2. Authorized capital

Article 6 of the articles of association sets out that by virtue of the resolution of the Extraordinary General Shareholders' meeting held on 25 August 2008, the Board of Directors has been expressly authorized to increase the share capital in one or more transactions with an amount of € 1,341,110.15.

The Board of Directors can exercise this power for a period of five (5) years as of the publication of the resolution in the annexes to the Belgian Official Gazette. This authorization may be renewed in accordance with the relevant legal provisions.

The Board of Directors has made use of the power under the authorized capital on 1 October 2009. The share capital was increased with € 131,500,43 during a capital increase through which 1,753,339 new shares were placed with pre-identified institutional investors for a total amount of € 14.7 million. As a result, the remaining available amount to increase the share capital within the framework of the authorized capital was equal to € 1,209,609.72.

At the meeting of the Board of Directors on 30 March 2011, the Board decided to increase the capital within the authorization as set out above. Consequentially, on 4 April 2011 Devgen NV issued 4,584,549 new shares in a private placement with pre-identified investors for a total amount of € 26,819,611, resulting in a statutory capital increase of € 343,841.18.

After this capital increase the remainder of the authorized capital amounts to € 865,768.54.

16.4.3. Preferential subscription right – amendments to the shareholders rights

Belgian company law and Devgen's articles of association give shareholders preferential subscription rights to subscribe on a pro rata basis to any issue of new shares subscribed for in cash, convertible bonds or warrants. These preferential subscription rights are transferable during the subscription period and within the limits of the transferability of the shares to which they relate. They can be exercised during a period determined by the Shareholders' meeting, with a legal minimum of 15 days.

When considering the possibility of amending the rights of the shareholders, the articles of association do not contain conditions more strict than the legal provisions in Belgium. Events where shareholders' rights can be amended, include the decision of the General Shareholders' meeting to limit or cancel the preferential subscription right of the shareholders in the framework of a capital increase. Such decision is subject to the quorum and voting requirements required for any amendment to the articles of association, and to special reporting requirements. The Shareholders' meeting may also authorize the Board of Directors to restrict or withdraw the preferential subscription rights when issuing securities within the framework of Devgen's authorized capital.

The Board of Directors of Devgen is authorized, within the limits of the authorized capital, to cancel or restrict the preferential subscription rights granted by law to the holders of existing shares in accordance with article 596 et seq. of the Company Code. The Board of Directors is authorized to cancel or restrict the preferential subscription rights in favor of one or more persons, even if such persons are not members of the personnel of Devgen or its subsidiaries.

16.5. Anti-takeover provisions

16.5.1. Takeover bids

Public takeover bids on the company's shares and other voting securities (such as warrants or convertible bonds, if any) are subject to the supervision of the FSMA. Public takeover bids must be made for all of the company's voting securities, as well as for all other securities that entitle the holders thereof to the subscription to, the acquisition of or the conversion in new voting securities. Prior to making a bid, a bidder must issue and disseminate a prospectus, which must be approved by the FSMA. The bidder must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of the company.

In addition, as soon as a person or group of persons acting in concert, holding more than 30% of the voting securities issued by the company would (whether through an acquisition or a subscription etc.) be holding more than 30% of the voting right bearing securities, the outstanding voting rights bearing or voting rights conferring securities of the company will become subject to a takeover bid, at a price compliant with the provisions of the Belgian takeover legislation. There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the transparency regulations requiring the disclosure of important shareholdings (see further under section 13.4) and merger control, that may apply to the company and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the company's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

In addition, the Board of Directors of Belgian companies may in certain circumstances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (within the framework of the authorized capital - see section 13.2 above) or through share buy-backs (i.e. purchase of own shares).

Normally, the authorization of the Board of Directors to increase the share capital of the company within the authorized capital through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the company by the FSMA of a public takeover bid on the securities of the company.

The General Shareholders' meeting can, however, authorize the Board of Directors to increase the share capital by issuing shares in an amount of not more than 10% of the existing shares of the company at the time of such a public takeover bid. The Board of Directors was not granted the specific authorization to increase the share capital of the company at the time of a public takeover bid. The Board of Directors was also not granted the specific authorization to purchase own shares in case of a threatening serious disadvantage to the company.

16.5.2. Squeeze out

Pursuant to article 513 of the Company Code, or the regulations promulgated there-under, a person or entity, or different persons or entities acting alone or in concert, who, together with the company, own 95% of the securities conferring voting rights in a public company, can acquire the totality of the securities conferring (potential) voting rights in that company following a squeeze-out offer. The shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the offer, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

16.5.3. Sell-out right

Holders of securities conferring (potential) voting rights may require an offeror who, acting alone or in concert, following a takeover bid, owns 95% of the voting capital or 95% of the securities conferring voting rights in a public company to buy their securities at the price of the bid, upon the condition that the offeror has acquired, through the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

17. Business objectives and financial outlook

Excerpt from press release dd. 8 March 2012

Devgen believes that it is well positioned to achieve a further increase in seed sales in 2012 because of:

- The solid foundation the company laid in its improved product portfolio, its management systems and market access in India, the Philippines and Indonesia.

- The favorable status of the company's ongoing field production in India which is currently running according to plan.

Devgen's investments over the last years and those continuing in 2012 are expected to deliver a series of value creating milestones including:

- New proprietary hybrid rice varieties entering the market in Southeast Asia.

- Final advancement in December 2012 of selected NGHR™ varieties, from research to pre-commercial seed production, pre-launch activities and registration trials thus delivering confirmation that Devgen's NGHR™-technology can deliver the yield and productivity increases required to shape the field of hybrid rice.

- New product registrations and first sales of new Devgen hybrid rice seeds in selected countries.

- Regulatory approval for Devgen's nematicides in more countries and crops.

- Although revenues from research and development are expected to decline following the contractually agreed completion of the deal with Monsanto Company in October 2011, the company is confident that Devgen's biotech and breeding technology and IP portfolio has the potential to deliver revenues and value through corporate partnerships.

The company is confident that the available cash is sufficient to continue its investments in R & D and market access in India and Southeast Asia.

Devgen NV

18. Available documents

The documents below are available on the company's registered office or on the company's website www.devgen.com or can be provided upon request to:

Devgen NV
Investor Relations
Technologiepark 30
B-9052 Zwijnaarde,
Belgium

Tel: +32 9 324 24 24
Fax: +32 9 324 24 25

info@devgen.com

- Memorandum of association and the articles of association of Devgen;
- Reports of the Board of Directors;
- Historical financial information of Devgen and its subsidiaries for the financial years preceding this registration document.

ANNEX V: BUSINESS UPDATE AND THREE-MONTH FINANCIAL RESULTS PER 31 MARCH 2012

Regulated information

Devgen NV – Business update

Ghent, Belgium – 15 May 2012 – Devgen nv (Euronext Brussels: DEVG), an agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today issued a business update and its three-month financial results ending 31 March 2012.

Business highlights

- Devgen and Syngenta signed a six-year license and research agreement in the field of sprayable RNAi-based crop protection applications, that includes an upfront payment to Devgen of € 22 million and € 4.8 million per year to fund research over the course of the agreement. This new partnership with a leading industry player in crop protection, has the potential to open up a new area of applications of Devgen's RNAi technology. Devgen's out-licensing to date had focused on trait applications of this technology. For further information, Devgen refers to its press release of yesterday 14 May 2012.
- Hybrid rice seed production in the 2012 dry season in India went up 20% compared to last year. A cold spell during the production season impacted productivity. This is expected to influence to a limited extent Devgen's gross margin on the sale of rice seeds.
- The production of other hybrid seeds (sorghum, pearl millet and sunflower) is well in line with expectations, with equal or better productivity than last year.
- Devgen's premium hybrid rice seed Frontline Gold™ – which is already sold through the private channel in India – successfully completed the last year of notification trials in an important number of Indian rice states, paving the way to distribute this premium product through the subsidized channel as of next year.
- The seed production of Devgen's research and development pipelines of Next Generation Hybrid Rice (NGHR™) is on track to deliver seeds for extensive yield trials in the upcoming Kharif (summer) planting season.
- Devgen's new premium hybrid sorghum for the Rabi (winter) season introduced in 2011 was well received by farmers.
- Devgen obtained regulatory approval in South Africa of Devguard® for application on potatoes, a major field crop with significant nematode infestations.

Financial highlights Q1 2012

- Overall revenues were at € 1.8 million with seed revenues at € 1.3 million – up 51% and research and development service revenues at € 0.5 million – down 83%.
- Research and development services revenues were € 0.5 million, down from € 2.9 million over the same period last year due to completion of the research and licensing agreement with Monsanto Company in October 2011.
- EBITDA for the first three months of 2012 amounted to € -3.3 million compared to € -0.7 million over the same period last year, mainly due to lower research income.
- Cash and cash equivalents at the end of March 2012 amounted to € 40.6 million, including € 5.7 million restricted cash, representing a cash usage of € 3.7 million during the first quarter of 2012.

"The new partnership with Syngenta in the field of RNAi crop protection is yet another major milestone for Devgen and bolsters our cash position and research activities." **commented Thierry Bogaert, CEO of Devgen. "***Combined with the strong progress in our pipeline of Next Generation Hybrid Rice seeds, it places Devgen in a good position to strategically develop its core activities: innovation in crop protection technologies and building of a leading hybrid rice seed and trait business."*

Outlook 2012

- Devgen believes that it is well positioned to achieve a further increase in seed sales in 2012.
- Less favorable weather conditions have not substantially affected the volumes produced but are expected to impact on the production cost of rice seed.
- New proprietary Devgen hybrid rice varieties are expected to enter the market in India and Southeast Asia.
- Devgen expects regulatory approval for its nematicides in more countries and crops.
- The deal with Syngenta will contribute to the revenues and strengthen the cash position as from Q2. The company is confident that the available cash is sufficient to continue its investments in R&D and market access in India and Southeast Asia.

About Devgen nv

Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners. Since 1997, Devgen has conducted pioneering research in RNAi-based crop protection applications and has developed enabling technology, RNAi sprays and RNAi-based biotech traits for itself and on behalf of corporate partners.

Devgen is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals. Thereto, Devgen uses advanced biotechnology and molecular breeding technology to develop the Next Generation Hybrid Rice (NGHR™) seeds:

- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions. This product is currently sold in Turkey and was recently introduced on the market in the US.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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These forward looking statements speak only as of the date of publication of this document. Devgen disclaims any obligation to update such forward looking statements in this document to reflect any change in its expectations, conditions or circumstances on which such statement is based, unless required by law or regulation. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any securities issued by Devgen nv.

ANNEX VI: HALFYEAR RESULTS OF DEVGEN PER 30 JUNE 2012

deVGen

INTERIM FINANCIAL STATEMENTS

for the 6 months ending 30 June 2012

Devgen half year report 2012

Strategic and operational highlights

Business highlights

- Devgen and Syngenta signed a six-year agreement to develop and commercialize sprayable RNAi-based crop protection products. The new agreement generates committed funding for Devgen of more than € 50 million, including an upfront payment of € 22 million.
- The development of the next generation hybrid rice continued to progress with seed production research and agronomic performance trials ongoing in India and the Philippines.
- Devgen's core activities in hybrid rice seed showed excellent performance (+37% in sales) in H1 2012. This solid growth is driven both by existing and newly marketed hybrid seeds with higher production efficiency for the company and farmers.
- Sorghum seed sales performed well during H1, while lower pearl millet seed sales are expected to be mostly compensated for in Q3 as farmers are buying their seeds when the Monsoon rains arrive.
- Cotton seed sales declined due to general market conditions, but with limited impact on the bottom line as the company only generates a distribution margin without any inventory risk.
- Devgen obtained regulatory approval of its nematicide Devguard® in South Africa for use on potatoes.

Thierry Bogaert, CEO of Devgen, stated: "*Devgen had a successful first half of 2012 with significant progress being made with both our RNAi platform and our next generation hybrid rice. The new partnership we have signed with Syngenta in the field of RNAi is a very important milestone for Devgen. It validates our crop protection technology and provides the company with a strong cash position as well as significant research funds committed for a period of six years. We are also making excellent progress in the development of our next generation hybrid rice seeds with extensive performance trials now on-going. In parallel we are clearly extending and improving our market access in India and Southeast Asia resulting in significantly higher rice seed sales and more efficient production capabilities.*"

Devgen and Syngenta enter insect control research partnership

In May, Devgen and Syngenta announced a six-year global license and research agreement to protect crops from harmful insects. The partnership is focused on the development of new biological solutions based on Devgen's RNAi technology:

- Under the agreement, Syngenta will develop and commercialize sprayable RNAi-based crop protection products originating from Devgen.
- Devgen will benefit financially from this agreement through an upfront payment of € 22 million and research funding of € 4.8 million per annum. Devgen is eligible to receive royalties from Syngenta on its sales of products developed as a result of this agreement.
- As of April 2013, the joint development will start. Recognition of revenue resulting from the agreement will happen from then onwards.

RNAi insect control offers various key advantages, such as the high selectivity for the target insect species and the biological nature of the product. Devgen has been conducting pioneering research into RNAi technology since 1997 and as a result it has one of the strongest IP portfolio's covering this important technology.

Up until the agreement with Syngenta, Devgen's out-licensing had focused on trait applications of RNAi. This new partnership with a leading industry player in crop protection has the potential to open up a new area of applications of Devgen's RNAi technology.

Next Generation Hybrid Rice

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice using its advanced molecular breeding platform to deliver the next generation of hybrid rice. Devgen's improved NGHR™-seeds are expected to offer farmers significant performance benefits over both existing hybrid and non-hybrid rice seeds. These include substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste.

In the first six months of 2012, Devgen has continued to make excellent progress in its program to develop NGHR™. The best NGHR™-varieties are currently undergoing seed production research and have entered extensive performance trials at the start of this year's wet season.

In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production.

Devgen's current hybrid seed business

Devgen is well placed to commercialize its NGHR™-seed given the strength of its current hybrid rice seed business in India and Southeast Asia. In India, Devgen complements its core rice activities with three other strategic crops that it produces with its own technologies: sorghum, pearl millet and sunflower. In H1 2012, Devgen's total sales of seeds resulting from its own production and technology (rice, sorghum, pearl millet and sunflower) were up 16% compared to the first half of last year.

Rice

Devgen's hybrid rice seeds sales increased by 37% compared to H1 2011. This strong performance illustrates Devgen's technological edge and growing presence in the region in rice. In addition, the company considerably strengthened its rice seed portfolio this first half year:

- In India, Devgen launched two new premium hybrid rice products that have improved yield and production efficiency over current products, thereby creating the potential of generating significantly higher margins in its core crop in the future. Devgen's existing portfolio includes the top hybrid Frontline Gold™, already sold through the private channel in India. This product has recently been registered by an important number of Indian rice states, enabling the distribution of this product through the subsidized channel in these states. In India hybrids can be distributed without registration throughout the country through the private distribution channel.
- In the Philippines, Frontline Gold™ and Frontline Maagap™ were introduced on the market. Frontline Gold™ is a long, slender, premium grain product of early maturity. Frontline Maagap™ is an early maturity, semi-dwarf rice hybrid making it ideally suited for early harvesting in the wet season, thereby avoiding most of the typhoon season. Next to various other hybrids out of Devgen's pipeline, both products showed excellent results in the Philippines' government trials in terms of yield and tolerance to diseases and insects.

- Beginning of July, Devgen and PT Sang Hyang Seri (SHS), the government owned seed company in Indonesia, obtained registration for the commercial sale in Indonesia of DG 5 SHS. This new Devgen premium hybrid rice seed is particularly well adapted to the tropical climate. Pilot production of this new seed is currently ongoing. Devgen and SHS already have two premium hybrid rice seeds on offer in the Indonesian market. Since their first sales in 2010, they have established a good track record with the Indonesian farmers. Both deliver substantial yield improvements in wet and dry season and have the taste profile desired by Indonesian consumers. Demand for both products increased substantially in the reported period.

Sorghum and pearl millet

Devgen realized substantial growth in H1 2012 in hybrid sorghum seed revenues in India, with particularly strong growth in fodder sorghum. Sales of pearl millet seeds suffered from the late arrival of the Monsoons but sales in the third quarter are expected to compensate for this shortfall as farmers are buying their seeds closer to the actual rain period. Sales of sunflower seeds take place in the dry (Rabi) season (Q4).

Cotton

In 2011, Devgen started the distribution of cotton seeds for a third party to make optimal use of Devgen's sales and marketing capabilities by adding low margin business without additional risk or investment. This first half year, these distribution activities generated substantially lower sales than in H1 2011 due to difficult market conditions and shifting demand. This affected the company's realised turnover but has had limited impact (€ 0.2 million) on the bottom line.

Nematicides

Devgen's nematicide is an agrochemical that offers crop protection against parasitic nematode worms. The product has a superior environmental and worker exposure profile compared to currently used nematicides.

- The key milestone in H1 was the regulatory approval in South Africa of Devguard® for application on potatoes, an important field crop with significant nematode infestations. While Devgen's nematicide has already received registration approval in Turkey (for use on tomatoes, peppers, cucumbers and eggplants) and the US (for use on peanuts), this new approval for use on an important food crop as potatoes confirms the potential for the use of this highly novel product across various parts of the world.
- The company continued its efforts during the first half to gain registration for Devguard® in Southern Europe.

Other corporate developments

Devgen strengthened its Board of Directors with the appointment of Ruth Devenyns as independent director. Mrs. Devenyns has a long standing experience in the biotechnology sector. A former analyst and investment banker, she was in charge of the venture capital activities in the sector at KBC Private Equity until end of March 2012. She was involved in several IPO's, private placements and M&A-transactions and held various directorships. At KBC Private Equity she also managed various investments in agro-biotech and seed companies. Currently, Ruth Devenyns is an Investment Director at Korys and director of FlandersBio, the biotech sector organisation in Flanders.

Financial highlights H1 2012

in € 1,000	June 30, 2012	June 30, 2011
Sales of goods	11,359	12,093
Sales from research contracts	940	5,849
Total revenue	12,299	17,942
Gross profit	4,365	8,588
EBITDA	-4,634	1,077
Operating result (EBIT)	**-5,454**	**214**
Net loss for the period	-5,570	-257

in € 1,000	June 30, 2012	December 31, 2011
Cash and cash equivalents *	33,911	44,270

* Including restricted cash for an amount of € 5.6m per 30 June 2012 and € 5.7m as per 31 December 2011.

Financial highlights

- Total revenues amounted to € 12.3 million compared to € 17.9 million in H1 2011, largely attributable to a lower research and development income given the completion of the Monsanto agreement and revenues from the Syngenta contract not yet recognized.
- Due to an improvement in product mix Devgen's seed business delivered a 25% increase in gross profit of € 3.4 million in H1 2012 compared to € 2.7 million in H1 2011.
- As a result of the lower R&D income the company recorded an operational loss of € 5.5 million, compared to an operational profit of € 0.2 million in H1 2011.
- Cash and cash equivalents at the end of June 2012 amounted to € 33.9 million compared to € 44.3 million at YE2011, including restricted cash for an amount of € 5.6m per 30 June 2012 and € 5.7m as per 31 December 2011. Cash excludes the € 22 million upfront payment from Syngenta received in July.

Revenues

Following the completion of the research agreement with Monsanto Company in October 2011, Devgen has entered into a partnership with Syngenta in May 2012. Revenue recognition from the Syngenta agreement will start as of Q2 2013 in line with the start of the joint development of products as of April 2013. As a result, there was as anticipated a € 4.9 million decline in R&D service revenues in the first half of this year.

There was a strong increase in sales by Devgen's core rice seed business (€ +1.8 million or +37%). This was offset in terms of revenues by lower sales from the distribution of cotton seeds (€ -2.2 million). The bottom line impact of these lower cotton sales was limited to € 0.2 million. Total revenues from seed sales amounted to € 11.4 million, compared to € 12.1 million in H1 2011.

Gross profit

Devgen reports a gross profit of € 4.4 million in H1 2012 compared to € 8.6 million in H1 2011. This decrease is entirely attributable to the temporary interruption in research and development income.

The seed business generated a higher gross profit contribution than last year. Devgen achieved a gross profit margin on sales of seeds of 30.2% in H1 2012 compared to 22.7% in H1 2011. This improvement resulted to a large extent from the difference in product mix with a much lower portion of sales of cotton seeds. Seeds sold under a distribution agreement have a considerably lower margin compared to Devgen produced seeds. As a result, the gross profit contribution from the seed business increased by 25% to € 3.4 million (€ 2.7 million in H1 2011).

Operating result

Devgen recorded an operating loss of € 5.5 million, compared to the € 0.2 million operating profit achieved in the first half of 2011. The loss can be almost entirely attributed to the temporary interruption of research and development income as explained above.

Marketing and distribution expenses of € 2.1 million were in line with the first half of last year.

Reported R&D expenses were € 4.1 million in the first half of this year, compared to € 3.1 million in the first half of 2011. This higher level of spending reflects Devgen's increased investment in NGHR™. In H1 2011 there was a reversal of provisions for € 0.5 million relating to nematicides for which there were no further financial obligations resulting in lower R&D costs reported for that period.

General and administration expenses amounted to € 3.8 million in the first half of the year, compared to last year's € 3.2 million. This increase was due to investment in management and staff in the company's Southeast Asian operations and business development activities.

Net result

Devgen reported a net loss for the period of € 5.6 million, compared to a € 0.3 million loss reported for the first half of 2011.

Cash flow

Devgen reported a net operating cash outflow of € 9.8 million in the first half of 2012 compared to a net operating cash outflow of € 6.8 million in the same period last year. This increase in cash outflow stems to a large extent from a € 2.3 million higher inventory movement, mainly relating to cotton seeds which will be returned to the supplier who bears the inventory risk.

In the first half year cash outflow from investment activities amounted to € 0.2 million mainly related to investment in nematicide activities. Cash outflow from financing activities was € 0.4 million.

Devgen's overall net decrease in cash during the first half of 2012 was € 10.4 million of which € 5.3 million working capital movements resulting from seasonal effects in the seed business.

Balance Sheet

Devgen's non-current assets remained stable at € 28.2 million as at 30 June 2012 versus € 29.0 million as at 31 December 2011.

Trade receivables of € 28.0 million include the € 22 million upfront payment by Syngenta received post period (July 2012) which is also reflected in the deferred income line. Total assets increased to € 91.9 million (€ 74.0 million in H1 2011).

Cash and cash equivalents (including restricted cash of € 5.6 million) at the end of June 2012 amounted to € 33.9 million. This figure does not yet include the € 22 million upfront payment from Syngenta which was received in July.

Outlook 2012

Devgen expects a growth of turnover in hybrid rice seed sales for the full year 2012. Revenues from its cotton distribution activities will be lower than last year.

As 2012 is an intermediary period between the completion of the Monsanto Company agreement and revenue recognition from the Syngenta contract, there will be substantially less research and development service revenues this year.

Also due to the receipt of € 22 million, the cash position at year end is expected to be largely sufficient to finance the further development of Devgen for several years.

Risk factors

We refer to the description of the risk factors in Devgen's annual report for 2011 (on page 148 and 149), which remain valid for 2012. In case of fulfillment of certain external factors and/or events, refunding obligations may arise from sales contracts.

In view of the reporting on the 2012 half year report of Devgen, it is worth referring to the seasonality of the revenue streams. The main sales season, the Kharif season, runs from April to September, followed by the Rabi season from November to February. Devgen's main sales season is the Kharif season.

Interim financial statements

Condensed income statement

in € 1,000	June 30, 2012	June 30, 2011
Revenues	**12,299**	**17,942**
Research and development services	940	5,849
Sales of goods	11,359	12,093
Cost of goods sold	-7,934	-9,354
Gross profit	**4,365**	**8,588**
Marketing and distribution expenses	-2,107	-2,145
Research and development expenses	-4,055	-3,137
General and administrative expenses	-3,801	-3,205
Other operating income	145	113
Operating profit / (loss)	**-5,454**	**214**
Financial income	233	199
Financial expenses	-370	-670
Profit / (loss) before taxes	**-5,591**	**-257**
Income taxes	21	-
Total profit / (loss)	**-5,570**	**-257**
Attributable to		
Shareholders Devgen	-5,570	-258
Minority interest	-	1
Loss per share (in €)		
Basic loss per share	-0.23	-0.01
Diluted loss per share	-0.23	-0.01

The notes are an integral part of these condensed consolidated financial statements.

Condensed statement of comprehensive income

in € 1,000	June 30, 2012	June 30, 2011
Total loss for the period	**-5,570**	**-257**
Exchange differences on translating foreign companies	43	-98
Total other comprehensive income	**43**	**-98**
Total comprehensive income	**-5,527**	**-355**
Attributable to		
Shareholders Devgen	-5,527	-356
Minority interest	-	1

The notes are an integral part of these condensed consolidated financial statements.

Condensed balance sheet

in € 1,000	June 30, 2012	December 31, 2011
ASSETS		
Goodwill	7,855	7,855
Intangible assets	4,440	4,812
Property plant and equipment	2,355	2,473
Building held under lease	4,797	4,889
Investment property	2,361	2,406
Deferred tax assets	-	-
Cash restricted in its use	5,578	5,718
Other financial assets	500	500
Other long term loans and receivables	286	324
Non-current assets	**28,172**	**28,975**
Inventory	6,015	2,546
Biological assets	-	2
Trade receivables	28,024	2,666
Other current assets	1,377	1,291
Cash and cash equivalents	28,333	38,551
Current assets	**63,749**	**45,056**
TOTAL ASSETS	**91,921**	**74,031**
EQUITY AND LIABILITIES		
Share capital	1,821	1,820
Share premium account	128,563	128,526
Translation reserves	534	491
Share-based payment	5,498	5,309
Accumulated losses	-81,026	-75,456
Equity attributable to equity holders of the parent	**55,390**	**60,689**
Minority interest	-	-
Total equity	**55,390**	**60,689**
Provisions	29	67
Deferred tax liabilities	-	-
Long term debt	-	-
Long term debt lease	5,762	5,960
Non-current liabilities	**5,791**	**6,028**
Current portion of long term debt	52	104
Current portion of lease building	392	381
Short term debt	-	69
Trade payables	6,090	2,566
Current tax liabilities	-	-
Prepayments	882	2,805
Deferred income	22,059	59
Other current liabilities	1,265	1,330
Current liabilities	**30,740**	**7,313**
TOTAL EQUITY AND LIABILITIES	**91,921**	**74,031**

The notes are an integral part of these condensed consolidated financial statements.

Condensed cash flow statement

in € 1,000	June 30, 2012	June 30, 2011
Cash flow from operating activities		
Operating profit / (loss)	-5,453	214
Depreciation of tangible and intangible fixed assets	819	863
Changes in inventory reserves	47	260
Share-based payment expenses recognized as costs	186	178
Gross operating cash flow	**-4,400**	**1,515**
Changes in trade receivables	-3,364	-3,172
Changes in inventory	-3,534	-1,244
Changes in trade payables	3,545	3,453
Other changes in net working capital	-1,997	-7,314
Net operating cash flow	**-9,751**	**-6,762**
Cash flow from investing activities		
Investments in development expenses	-57	-390
Investments in intangible assets	-5	-36
Investments in property, plant and equipment	-154	-114
Cash flow from investing activities	**-215**	**-540**
Cash flow from financing activities		
Net financial result	-137	-471
Principal debt payments	-307	-1,287
Proceeds from capital increases	40	26,604
Cash flow from financing activities	**-404**	**24,845**
Net effect of currency translation on cash and cash equivalents	11	-96
Net increase / (decrease) in cash and cash equivalents	**-10,358**	**17,447**
Cash and cash equivalents at beginning of period	44,269	28,819
Cash and cash equivalents at end of period	33,911	46,266

The notes are an integral part of these condensed consolidated financial statements.

Consolidated statement of changes in shareholders' equity

in € 1,000 except for number of shares	Number of shares	Capital	Issuance premium	Accumulated loss	Share-based payment expenses	Cumulative translation adjustment	Equity attributable to equity holders of the parent
Balance at 1 January 2011	**19,676,642**	**1,476**	**102,275**	**-68,407**	**4,843**	**370**	**40,557**
Net loss for the first 6 months of 2011				-258			-258
Other comprehensive income						-98	-98
Total comprehensive income				**-258**		**-98**	**-356**
Capital increase through issue of new shares	4,584,549	344	26,476				26,819
Capital increase through exercise of warrants	2,245	0	7				7
Share-based payment expenses					178		178
Balance at 30 June 2011	**24,263,436**	**1,820**	**128,758**	**-68,667**	**5,021**	**272**	**67,204**
Balance at 31 December 2011	**24,266,400**	**1,820**	**128,527**	**-75,456**	**5,309**	**491**	**60,690**
Net loss for the first 6 months of 2012				-5,570			-5,570
Other comprehensive income						43	43
Total comprehensive income				**-5,570**		**43**	**-5,527**
Capital increase through exercise of warrants	11,479	1	36				37
Share-based payment expenses					189		189
Balance at 30 June 2012	**24,277,879**	**1,821**	**128,563**	**-81,027**	**5,498**	**534**	**55,390**

The notes are an integral part of these condensed consolidated financial statements.

Notes to the interim consolidated financial statements for the interim period ended 30 June 2012

1. Basis of presentation

The interim consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 *Interim Financial Reporting*. The financial statements are presented in thousands of Euro, unless otherwise mentioned.

These consolidated financial statements have been approved for issue by the Board of Directors on 24 August 2012.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2011.

New standards or interpretations applicable from 1 January 2012 do not have any impact on the condensed interim financial statements.

The consolidated financial statements have been established assuming the company in going concern. The company has generated losses since its incorporation, which is inherent to the current stage of Devgen's business life cycle as a biotech company. Sufficient funds have been raised since its incorporation in order to finance the cash needs of its operations. Since the company is currently able to satisfy all financial liabilities and is able to fulfill all payments, the Board of Directors believes that the continuity of the company is not threatened. Based on the current cash availability and anticipated revenues, the Board of Directors believes that the future of the research and business development programs can be guaranteed at least for the following 12 months.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries. Per 30 June 2012, Devgen NV has six subsidiaries:

(1) Devgen Pte Ltd in Singapore, incorporated on 26 February 2004
(2) Devgen Seeds and Crop Technology Pvt Ltd in India, incorporated on 28 March 2007
(3) Devgen US Inc in the Unites States of America, incorporated on 29 November 2007
(4) Devgen Rice Indonesia Pte Ltd in Singapore, incorporated on 12 May 2009
(5) Devgen Seeds and Crop Technology Pte Ltd in Singapore, incorporated on 12 April 2009
(6) PT Devgen Seeds and Crop Technology in Indonesia, incorporated on 2 December 2009

All of the shares are fully owned by the group, except for (4) where 75% of the shares are owned by Devgen and (6) where 95% of the shares are owned by Devgen. The impact of the non-controlling interest is not material at 30 June 2012.

The results of its subsidiaries are included in the consolidated income statement from the effective date of incorporation. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Seasonality of revenue and expenses

Revenues received or expenses of a seasonal nature incurred within the financial year have not been anticipated or deferred as of the interim date, because anticipation or deferral would not be appropriate at the end of the financial year. This is particularly the case for the seed business which is highly seasonal. The main sales season, the Kharif season, runs from April to September followed by the Rabi season from November to February.

4. Critical accounting estimates and judgments

Management has made the following judgments in the applications of the accounting policies having a significant effect on the amounts recognized in the financial statements:

- No impairment on goodwill was recognized after impairment testing analysis based on the key assumptions and sensitivities as declared by the management, these key assumptions and sensitivities did not materially change compared to those disclosed in the annual report of 2011.
- A provision for return of goods (impacting sales of seed) has been accounted for based on management's estimates supported by elaborate documentation on amounts which remained unsold in the market at the reporting date; see note on *Inventory* for details as of 30 June 2012. The methodology used for these calculations did not change compared to 31 December 2011.
- Based on management's judgment and taking into account available cash at 30 June 2012, going concern is at least assured for the next 12 months.

The management considers the following information about key assumptions and uncertainties concerning the future having a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

- Common business risks such as extreme weather conditions;
- Apart from general business risks assets might be affected by government interventions making particular business transactions impossible – e.g. exporting or importing material or withdrawal of permissions to sell certain material, which could lead to excess stocks and write-offs.

5. Segment reporting

General

Devgen reports its activities as one operating segment, since its core technologies finally will be incorporated in the same products, in particular hybrid seeds, and will result in one single revenue stream. The nematicides business is a developing one with limited revenues to date. Therefore the nematicides operations are not reported as a separated business segment.

Information about products and services

The revenue per group of products and services is composed as follows:

in € 1,000	June 30, 2012	June 30, 2011
Biotech and crop protection collaborations and licensing	**940**	**5,849**
Revenue from biotech and crop protection research collaboration and licensing agreements	940	5,849
Sales of goods	**11,359**	**12,093**
Sales of goods resulting from own production and technology	10,498	9,037
whereof sales of rice seeds	6,662	4,860
whereof sales of other goods	3,836	4,177
Sales of goods where Devgen acts as distributor	861	3,056
Total revenues	**12,299**	**17,942**

Following the completion of the research agreement with Monsanto Company in October 2011, Devgen has entered into a partnership with Syngenta in May 2012.

Revenue recognition from the Syngenta agreement will start as of Q2 2013 in line with the start of the joint development of products as of April 2013. As a result, there was as anticipated a € 4.9 million decline in R&D service revenues in the first half of this year.

There was a strong increase in sales by Devgen’s core rice seed business (€ +1.8 million or +37%). This was offset in terms of revenues by lower sales from the distribution of cotton seeds (€ -2.2 million). The bottom line impact of these lower cotton sales was limited to € 0.2 million. Total revenues from seed sales amounted to € 11.4 million, compared to € 12.1 million in H1 2011.

Information about geographical areas

Revenue from external customers can be split as follows based upon the location of the customers:

in € 1,000	June 30, 2012	June 30, 2011
United States of America	-	5,415
India	7,352	10,078
Southeast Asia	4,947	2,449
Total revenues	**12,299**	**17,942**

The non-current assets other than financial assets, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts can be split as follows based upon the location of the assets:

in € 1,000	June 30, 2012	December 31, 2011
Belgium	19,943	20,517
United States of America	193	148
Indian subcontinent	1,433	1,605
Southeast Asia	238	165
Total	**21,808**	**22,435**

Information about major customers

In the first 6 months of 2012, the revenues from biotech and crop protection research are entirely generated through 1 major customer. In H1 2011, the revenues from biotech and crop protection research are generated through 2 major customers, with one customer representing 92% out of the total revenue from biotech and crop protection research.

The sales of goods is realized through a large number of customers, with no customers representing more than 10% of the total sales of goods in the first 6 months of 2012 and 2011.

6. Loss per share

As the conversion of the warrants to ordinary shares would decrease the loss per share, these potential ordinary shares are anti-dilutive, hence diluted earnings per share are equal to basic earnings per share.

in €	June 30, 2012	June 30, 2011
Basic loss per share (in €)	-0.23	-0.01
Diluted loss per share (in €)	-0.23	-0.01

The calculation of the basic and diluted earnings per share is based on the following data:

in € 1,000 except for number of shares	June 30, 2012	June 30, 2011
Loss		
Loss for the purpose of basic loss per share (net loss of the period)	-5,570	-257
Effect of dilutive potential ordinary shares	-	-
Loss for the purpose of diluted loss per share	**-5,570**	**-257**
Number of shares		
Weighted average number of shares for the purpose of loss per share	24,277,879	24,263,436
Effect of dilutive potential ordinary shares	916,938	373,334
Share warrants	-	-
Weighted average number of ordinary shares for the purpose of diluted loss per share	**25,194,817**	**24,636,770**

7. Inventory and biological assets

The seed business is characterized by seasonality, resulting in the following evolution in the inventory and biological assets during the first 6 months of 2012:

in € 1,000	June 30, 2012	December 31, 2011
Raw materials and auxiliaries	2,363	743
Work in progress	130	1,204
Finished goods	3,522	599
Total inventory	**6,015**	**2,546**
Standing crops	-	2
Total biological assets	**-**	**2**

Compared to 31 December 2011, the inventory increased with € 3.5 million. Inventory per 30 June 2012 contains goods for sale during the 2012 Rabi season and the 2013 early Kharif season. Finished goods also comprise unsold cotton seed stock from the 2012 Kharif season which will be returned to the supplier.

In the seed business, Devgen accounts for sales returns and obsolescence on a seasonal basis and for each crop. Sales returns are provisioned to mitigate the right of return risk on seeds sold by Devgen based on management estimates of inventory data collected through the distribution channels at distributor and dealer level and estimates of volumes planted by farmers. Obsolescence allowances are recognized in order to mitigate the risk of seed inventory write-offs for returned or newly produced seeds based on seed quality testing and inventory aging data.

Per 30 June 2012 and 30 June 2011, the following provisions for sales returns and obsolescence reserve are included in the financial statements. Sales returns are presented in minus of the trade receivables; obsolescence provisions are presented in minus of inventory.

in € 1,000	Sales returns	Obsolescence
As per June 30, 2012		
Opening balance per 1 January 2012	202	1,434
Additions during the first 6 months of 2012	4,775	100
Used / Released during the first 6 months of 2012	-202	-52
Closing balance per June 30, 2012	**4,775**	**1,482**

in € 1,000	Sales returns	Obsolescence
As per June 30, 2011		
Opening balance per 1 January 2011	569	178
Additions during the first 6 months of 2011	4,087	438
Used / Released during the first 6 months of 2011	-569	-178
Closing balance per June 30, 2011	**4,087**	**438**

The additions to sales return accruals amount to 30% of gross sales over the first 6 months of 2012, which is slightly above the 25% over the same period in 2011. Late Monsoon affected the start of the planting season and hence the amount recognized as sales return provisions per 30 June 2012. The sales return accruals should be understood in relation to the optimization of the market supply in order to fulfill the peak market demands during the short sales season.

8. Cash and cash equivalents

in € 1,000	June 30, 2012	December 31, 2011
Cash at bank	12,679	19,327
Short-term deposits	15,640	19,200
Other cash equivalents	15	25
Total cash and cash equivalents	**28,333**	**38,551**
Cash restricted in its use	5,578	5,718
Total cash and cash equivalents, including restricted cash	**33,911**	**44,270**

The group has developed an appropriate risk management framework for the management of its short-term, medium and long-term funding and liquidity requirements. The group makes mainly use of liquid investments in term accounts. All instruments used have high grade credit ratings, capital reimbursement guarantees and limited time horizons up to maximum 12 months.

9. Borrowings

Per 30 June 2012, the short-term debts amounted to € 444 (‘000), compared to € 554 (‘000) per end of 2011, as a result of the repayment of € 110 (‘000) borrowing during the first 6 months of 2012.

The groups undrawn borrowing facilities at 30 June 2012 amounted to € 3.4 million, which remained unchanged compared to 31 December 2011.

During the current interim period, Devgen did not conclude new loan arrangements or renegotiate any of the existing loan arrangements.

10. Share capital

During the first 6 months of 2012, a capital increase took place through the exercise of 11,479 warrants into the same number of new shares on 5 April 2012, resulting in a capital increase of € 861 and an increase of the share premium account with € 39,316.

All new shares are listed on Euronext Brussels.

11. Share-based payment schemes

Share-based payment expenses
The share-based compensation expenses recognized in the income statement are as follows:

in € 1,000	June 30, 2012	June 30, 2011
Share-based compensation	189	178

New warrant pools
By a decision of the extraordinary shareholders’ meeting of 1 June 2012, the company has been allowed to issue two new warrant pools. The first warrant pool, called “Warrants Employees, CEO and Consultants 2012” contains 550,000 warrants with a lifetime of 10 years after the creation date for the benefit of the employees, the CEO and consultants. Per 30 June 2012, no warrants were granted out of this plan. The second warrant pool, called “Warrants CEO & Directors 2012” contains 80,311 warrants with a lifetime of 5 years after the creation date for the benefit of the CEO and the directors. Out of this plan, 80,311 warrants were granted, whereof 32,311 not yet accepted per 30 June 2012, and 6,000 warrants have been cancelled.

New warrant grants

The group has created several pools of warrants for grant to employees, CEO, directors, consultants and research institutions. In the first 6 months of 2012, the following warrants have been granted:

- Per 12 March 2012, from the warrant pool 2008 for employees, directors and consultants:
  - 81,828 warrants have been granted, with vesting on a monthly basis over a 3 year period starting from the grant date (1/36 per month).

- Per 1 June 2012, from the warrant plan CEO & Directors 2012:
  - 48,000 warrants have been granted to directors, vesting on 31 May 2013, whereof 42,000 warrants have been accepted on or before 30 June 2012; and
  - 32,311 warrants have been granted to the CEO, vesting upon acceptance, whereof acceptance took place between 30 June 2012 and date of approval of the interim financial statements.

All warrants have been granted for free.

The fair value of each warrant is estimated on the date of grant using the Black & Scholes model with the following assumptions:

	March 12, 2012	June 1, 2012
Number of warrants granted and accepted	81,828	42,000
Exercise price (in €)	5.53	5.43
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	46.95%	46.66%
Risk-free interest rate	1.95%	1.56%
Expected duration (in years)	3.14	4.00
Fair value (in €)	**1.89**	**2.81**

12. Significant agreements, commitments, contingencies and litigations

Compared to the significant agreements, commitments, contingencies and litigations as disclosed in the consolidated financial statements as per 31 December 2011, no significant changes occurred during the first 6 months of 2012, except for the entering into a 6-year insect control research partnership between Devgen NV and Syngenta Crop Protection AG. The partnership will enable Syngenta to add RNA interference (RNAi) technology to its crop protection pipeline. As of April 2013, the two companies will jointly develop new biological insect control solutions based on RNAi technology. Under the agreement, Syngenta will develop and commercialize sprayable RNAi-based crop protection products originating from Devgen. Devgen will bolster its research activities through funding and royalties from Syngenta, consisting of an upfront technology access payment of € 22m and € 4.8m per year to fund research over the course of the agreement. Per 30 June 2012 the € 22m upfront technology access payment is included in the trade receivable balance. Revenue recognition for this new contract will start in Q2 2013.

13. Capital commitments

The group does not have significant capital commitments as of 30 June 2012.

14. Related party transactions

There were no transactions with related parties during the first 6 months of 2012, except for the granting of warrants to key management personnel (49,032 warrants granted) and to the members of the Board of Directors and the CEO (respectively 48,000 and 32,311 warrants granted).

15. Subsequent events

No events occurred between the balance sheet date and the date on which these condensed consolidated financial statements were approved by the Board of Directors that would require adjustment to or disclosure in the condensed consolidated financial statements.

Between the balance sheet date and the date on which these condensed consolidated financial statements were approved by the Board of Directors, Devgen received an upfront technology access payment of € 22m relating to the insect control research partnership, which has been announced per 14 May 2012.

16. Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:

- The condensed financial statements being prepared in accordance with the applicable standards for annual reports, are giving a true representation of the equity, the financial position, the results of the emitting entity and of the consolidated entities.

- The interim report is giving a true overview of the important events and the most important transactions with related parties that have occurred during the first 6 months of the accounting year, and the effect thereof on the condensed financial overviews, as well as a description of the most important risks and uncertainties for the remaining months of the accounting year.

Undersigned by Thierry Bogaert BVBA represented by Thierry Bogaert, CEO and Wim Goemaere, CFO.

17. Forward looking statement

This document may contain forward-looking statements containing the words "anticipates", "expects" , "intends", "plans", "estimates", "may" and "continues" as well as similar expressions. Such forward looking statements may involve known and unknown risks, uncertainties and other factors which might cause the actual results, performance or achievements of Devgen to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: agricultural risks and difficulties, including weather factors, diseases and pests, the costs and requirements of regulatory compliance and the speed with which approvals are received; public acceptance of biotechnology products; political, economic and social developments in countries where Devgen operates and other risks and factors detailed in the company's most recent annual report.

These forward looking statements speak only as of the date of publication of this document. Devgen disclaims any obligation to update such forward looking statements in this document to reflect any change in its expectations, conditions or circumstances on which such statement is based, unless required by law or regulation.

Auditor’s report

Limited review report on the consolidated half-year financial information for the six-month period ended 30 June 2012

The original text of this report is in Dutch

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity and selective notes 1 to 17 (jointly the “interim financial information”) of Devgen NV (“the company”) and its subsidiaries (jointly “the group”) for the six-month period ended 30 June 2012.

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 international financial reporting standard IAS 34 – Interim Financial Reporting as adopted by the European Union.

Our limited review of the interim financial information was conducted in accordance with international standard ISRE 2410 – Review of interim financial information performed by the independent auditor of the entity. 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 International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on the interim financial information.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

Diegem, 27 August 2012

The statutory auditor
DELOITTE Bedrijfsrevisoren / Reviseurs d’Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

ANNEX VII: BUSINESS UPDATE AND THREE-MONTH FINANCIAL RESULTS PER 30 SEPTEMBER 2012

Devgen NV – Business update

Regulated information

Ghent, Belgium – 7 November 2012 – Devgen nv (Euronext Brussels: DEVG), the agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today issued a business update and its three-month financial results for the period ending 30 September 2012.

Business highlights – Q3 2012

- On 21 September 2012, Syngenta announced its intention to launch a public voluntary offer to acquire all outstanding shares and warrants of Devgen at a price of € 16.00 in cash per share. The intended bid represents a total consideration for the company of around € 403 million. Devgen's board of directors unanimously supports the offer. The board will provide its formal response to the proposed takeover bid in a memorandum that will be included in the bid prospectus. For full details of the bid, Devgen refers to the prospectus document that will be publicly available after approval by the FSMA.

- During the reported period, Devgen made progress with the implementation of its strategy:
  - The development of Devgen's program to create the next generation of hybrid rice remained on track, with seed production research and performance trials continuing as planned.
  - In India, the third quarter showed exceptionally high sales of Devgen's hybrid pearl millet seeds following the late arrival of the Monsoon rains and farmers buying their seeds closer to the actual rain period. Devgen's novel hybrid sorghum seed adapted to the Rabi season in India also performed strongly and well in line with expectations.
  - In the Philippines, preparations were made to launch Frontline Matibay™, a robust hybrid rice seed suited for the wet and dry season. This seed is characterized by long, slender grains and early maturity. It is now being sold for use in the coming dry season.
  - In Indonesia, Devgen and the government owned seed company SHS obtained registration of a third top performing rice hybrid, DG 5 SHS, a seed particularly well adapted to the tropical climate. Both companies already sell two premium hybrid rice seeds that have established a good track record with the Indonesian farmer.

Financial highlights – Q3 2012

- Seed revenues increased 60% to € 2.3 million compared to € 1.4 million in Q3 2011.
- Research and development income decreased to € 0.5 million in Q3 from € 3.2 million in the same period last year, following the completion of the agreement with Monsanto Company in October 2011.
- As a result of lower R&D income, overall revenues fell to € 2.8 million compared to € 4.6 million last year.
- EBITDA for the reported three months amounted to € -3.6 million compared to € -1.5 million over the same period last year.

- Devgen ended the third quarter with a strong cash position of € 54.1 million (including € 5.6 million restricted cash), compared to € 33.9 million at the end of June 2012. This increase stems from the receipt of the upfront payment by Syngenta of € 22 million as agreed in the recent license and research partnership for RNAi-based sprayable insect control solutions.

Thierry Bogaert, CEO of Devgen, said: *"Devgen's next generation hybrid rice seeds in India and the Philippines again delivered excellent trial results in the 2012 rainy season. Our long-term investment in a bottom up redesign of hybrid rice to deliver higher yield and quality is clearly paying off."*

Outlook full year 2012

- Devgen expects to end the year with an increase in revenues from sales of seeds resulting from its own production and technology (rice, sorghum, pearl millet and sunflower), with a significant growth of sales of hybrid rice and sorghum seeds.
- Research and development service revenues are expected to decline as previously communicated. Devgen will start to recognize revenue from the Syngenta partnership when the joint development activities start in April 2013.
- The cash position at year end is expected to be largely sufficient to finance the development of Devgen for several years.

About Devgen

Devgen is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using fewer inputs. Thereto, Devgen is using advanced biotechnology and molecular breeding technology to develop next generation hybrid rice seeds:

- Devgen is developing the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen is creating a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen has established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen has complemented its hybrid rice business with three other strategic crops that it produces with its own technologies: hybrid sorghum, pearl millet and sunflower.

Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners. Since 1997, Devgen has conducted pioneering research in RNAi-based crop protection applications and has developed enabling technology, RNAi sprays and RNAi-based biotech traits for itself and on behalf of corporate partners.

In its Crop Protection unit, Devgen has developed a novel nematicide, an agrochemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions. This product is currently sold in Turkey and was recently introduced on the market in the US.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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ANNEX VIII: RECENT DEVELOPMENTS

deVGen

Devgen issues new shares following the exercise of warrants

Regulated information

Ghent, Belgium – 5 October 2012 – In accordance with Article 15 §1 of the Act of 2 May 2007 on the disclosure of major shareholdings in listed companies, Devgen NV (Euronext Brussels: DEVG) today reports that it has issued 13,252 common shares following the exercise of warrants. As a result of this transaction, Devgen now has 24,291,131 shares outstanding.

Information as of 5 October 2012:

Basic data

Total share capital (EUR)	1,821,832.51
Total number of securities conferring voting rights	24,291,131
Total number of voting rights (the denominator):	24,291,131
Total number of securities conferring voting rights by category:	N/A
Total number of voting rights by category	N/A

Additional data

Total number of convertible bonds conferring voting rights	none
Total number of rights, materialized by certificates or not, to subscribe to not yet issued securities which confer voting rights	2,176,217 warrants
Total number of voting rights which result from the exercise of these conversion or subscription rights	2,176,217
Total number of shares without voting rights	none

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- Devgen has established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen has complemented its hybrid

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where Devgen operates and other risks and factors detailed in the company's most recent annual report.

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Devgen receives four shareholder notifications

Regulated information

Ghent – 28 September 2012 – In accordance with Article 14 of the Act of 2 May 2007 on the disclosure of major shareholdings in listed companies, Devgen NV (Euronext Brussels: DEVG) hereby reports that it has received four transparency declarations following the conclusion by Syngenta Crop Protection AG and certain shareholders of an agreement to act in concert.

The notifications are each time made by Syngenta and Syngenta Crop Protection AG and the following respective natural and legal persons:

(i) Aat Van Herk, Van Herk Global Agri BV and O.G.B.B.A. Van Herk BV,

(ii) Rudi Mariën and Biovest Comm VA,

(iii) Maurits Cornelis de Ruiter, Wouter Pieter Johannes de Ruiter, Hendrik Dirk de Ruiter Jr and Madeli Participaties BV, and

(iv) Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV.

Devgen provides the following details on each of these notifications:

(i) On 26 September 2012, Aat Van Herk, Van Herk Global Agri BV and O.G.B.B.A. Van Herk BV declared to hold the following shares and/or warrants of Devgen NV:

	Shares	Participation (%)	Warrants
Aat Van Herk	/	/	/
Van Herk Global Agri BV	/	/	6,000
O.G.B.B.A. Van Herk BV	4,822,342	19.86	/

Syngenta Crop Protection AG, Van Herk Global Agri BV and O.G.B.B.A. Van Herk BV declared to have entered into an agreement on 20 September 2012 to act in concert in accordance with article 3, §1, 13°, c) of the Act of 2 May 2007 on the disclosure of major shareholdings in listed companies.

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(ii) On 26 September 2012, Rudi Mariën and Biovest Comm VA declared to hold the following shares and/or warrants of Devgen NV:

	Shares	Participation (%)	Warrants
Rudi Mariën	385,000	1.59	24,000
Biovest Comm VA	2,708,489	11.16	/

Syngenta Crop Protection AG, Rudi Mariën and Biovest Comm VA declared to have entered into an agreement on 20 September 2012 to act in concert in accordance with article 3, §1, 13°, c) of the Act of 2 May 2007 on the disclosure of major shareholdings in listed companies.

(iii) On 26 September 2012, Maurits Cornelis de Ruiter, Wouter Pieter Johannes de Ruiter, Hendrik Dirk de Ruiter Jr and Madeli Participaties BV declared to hold the following shares and/or warrants of Devgen NV:

	Shares	Participation (%)	Warrants
Maurits Cornelis de Ruiter	/	/	/
Wouter Pieter Johannes de Ruiter	/	/	/
Hendrik Dirk de Ruiter Jr	/	/	/
Madeli Participaties BV	2,083,863	8.58	6,000

Syngenta Crop Protection AG and Madeli Participaties BV declared to have entered into an agreement on 20 September 2012 to act in concert in accordance with article 3, §1, 13°, c) of the Act of 2 May 2007 on the disclosure of major shareholdings in listed companies.

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(iv) On 26 September 2012, Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV declared to hold the following shares and/or warrants of Devgen NV:

	Shares	Participation (%)	Warrants
Gimv NV	448,718	1.85	/
Adviesbeheer Gimv Venture Capital 2010 NV	64,103	0.26	/
Biotech Fonds Vlaanderen NV	1,025,641	4.22	/

Syngenta Crop Protection AG, Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV declared to have entered into an agreement on 20 September 2012 to act in concert in accordance with article 3, §1, 13°, c) of the Act of 2 May 2007 on the disclosure of major shareholdings in listed companies.

At the date of these declarations, neither Syngenta AG nor Syngenta Crop Protection AG held any shares or warrants of Devgen NV.

For further details on the transparency declarations received by the company, reference is made to the website www.devgen.com (investor relations).

About Devgen

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public acceptance of biotechnology products; political, economic and social developments in countries where Devgen operates and other risks and factors detailed in the company's most recent annual report.
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Devgen receives a tender offer from Syngenta of €16 per share for all outstanding shares

Regulated information

Ghent, Belgium – 21 September 2012, 7am CET – Devgen nv (Euronext Brussels: DEVG), the agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today reports that Syngenta has announced an offer to acquire all outstanding shares of Devgen nv at a price of €16 in cash per share. The public tender offer will start after the approval of the bid prospectus and the memorandum of reply by the Belgian Financial Services and Markets Authority (FSMA).

Subject to review of the final bid prospectus, the board of directors of Devgen supports the offer. The offer price of €16 per share represents a premium of 70% to Devgen's closing price on NYSE Euronext Brussels as of 20 September 2012.

The board will provide its formal response to the proposed takeover bid in a memorandum which it will issue in due course in accordance with the applicable legal provisions. The availability of the prospectus and the board's memorandum will be announced, after the approval by the FSMA, via a press release and the company's website.

Thierry Bogaert, CEO of Devgen, *said: "This offer further confirms the value and achievements of Devgen's R&D, breeding and commercial activities in Belgium, Singapore, India, the Philippines and Indonesia. I congratulate the team that built Devgen, by discovering new chemical and biotech crop protection solutions, by pioneering the next generation of hybrid rice and by building seed businesses in India and Southeast Asia. Devgen's staff and management are committed to make this new opportunity a success and will be instrumental to leverage our proprietary technologies and products across Syngenta's global platforms, one of the leading players in the agro-industry."*

The offer is contingent upon the fulfillment of certain customary conditions, including receipt of acceptances in respect of at least 80% of the shares that are subject to the offer and the condition that Devgen does not suffer a material adverse change before the results of the offer are published.

KBC Securities is acting as sole financial advisor to Devgen in this transaction.

About Devgen nv

Devgen is a leading agro-biotech company that innovates in crop protection research, environment induced stress tolerance and advanced plant breeding and trait technologies. Devgen's seed business is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using fewer inputs. www.devgen.com

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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deVGen

Devgen Half Year Report 2012

Regulated information

Ghent, Belgium – 27 August 2012 – Devgen nv (Euronext Brussels: DEVG), the agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today provides a business update and its financial results for the first half of 2012.

Business highlights

- Devgen and Syngenta signed a six-year agreement to develop and commercialize sprayable RNAi-based crop protection products. The new agreement generates committed funding for Devgen of more than € 50 million, including an upfront payment of € 22 million.
- The development of the next generation hybrid rice continued to progress with seed production research and agronomic performance trials ongoing in India and the Philippines.
- Devgen's core activities in hybrid rice seed showed excellent performance (+37% in sales) in H1 2012. This solid growth is driven both by existing and newly marketed hybrid seeds with higher production efficiency for the company and farmers.
- Sorghum seed sales performed well during H1, while lower pearl millet seed sales are expected to be mostly compensated for in Q3 as farmers are buying their seeds when the Monsoon rains arrive.
- Cotton seed sales declined due to general market conditions, but with limited impact on the bottom line as the company only generates a distribution margin without any inventory risk.
- Devgen obtained regulatory approval of its nematicide Devguard® in South Africa for use on potatoes.

Financial highlights

- Total revenues amounted to € 12.3 million compared to € 17.9 million in H1 2011, largely attributable to a lower research and development income given the completion of the Monsanto agreement and revenues from the Syngenta contract not yet recognized.
- Due to an improvement in product mix Devgen's seed business delivered a 25% increase in gross profit of € 3.4 million in H1 2012 compared to € 2.7 million in H1 2011.
- As a result of the lower R&D income the company recorded an operational loss of € 5.5 million, compared to an operational profit of € 0.2 million in H1 2011.
- Cash and cash equivalents[1] at the end of June 2012 amounted to € 33.9 million compared to € 44.3 million at YE2011. Cash excludes the € 22 million upfront payment from Syngenta received in July.

[1] Including restricted cash of € 5.6 million at 30 June 2012 compared to restricted cash of € 5.7 million at 31 December 2011.

Thierry Bogaert, CEO of Devgen, stated: *"Devgen had a successful first half of 2012 with significant progress being made with both our RNAi platform and our next generation hybrid rice. The new partnership we have signed with Syngenta in the field of RNAi is a very important milestone for Devgen. It validates our crop protection technology and provides the company with a strong cash position as well as significant research funds committed for a period of six years. We are also making excellent progress in the development of our next generation hybrid rice seeds with extensive performance trials now on-going. In parallel we are clearly extending and improving our market access in India and Southeast Asia resulting in significantly higher rice seed sales and more efficient production capabilities."*

Business highlights

Devgen and Syngenta enter insect control research partnership

In May, Devgen and Syngenta announced a six-year global license and research agreement to protect crops from harmful insects. The partnership is focused on the development of new biological solutions based on Devgen's RNAi technology:

- Under the agreement, Syngenta will develop and commercialize sprayable RNAi-based crop protection products originating from Devgen.
- Devgen will benefit financially from this agreement through an upfront payment of € 22 million and research funding of € 4.8 million per annum. Devgen is eligible to receive royalties from Syngenta on its sales of products developed as a result of this agreement.
- As of April 2013, the joint development will start. Recognition of revenue resulting from the agreement will happen from then onwards.

RNAi insect control offers various key advantages, such as the high selectivity for the target insect species and the biological nature of the product. Devgen has been conducting pioneering research into RNAi technology since 1997 and as a result it has one of the strongest IP portfolio's covering this important technology.

Up until the agreement with Syngenta, Devgen's out-licensing had focused on trait applications of RNAi. This new partnership with a leading industry player in crop protection has the potential to open up a new area of applications of Devgen's RNAi technology.

Next Generation Hybrid Rice

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice using its advanced molecular breeding platform to deliver the next generation of hybrid rice. Devgen's improved NGHR^{TM}-seeds are expected to offer farmers significant performance benefits over both existing hybrid and non-hybrid rice seeds. These include substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste.

deVGen

In the first six months of 2012, Devgen has continued to make excellent progress in its program to develop NGHR™. The best NGHR™-varieties are currently undergoing seed production research and have entered extensive performance trials at the start of this year's wet season.

In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production.

Devgen's current hybrid seed business

Devgen is well placed to commercialize its NGHR™-seed given the strength of its current hybrid rice seed business in India and Southeast Asia. In India, Devgen complements its core rice activities with three other strategic crops that it produces with its own technologies: sorghum, pearl millet and sunflower. In H1 2012, Devgen's total sales of seeds resulting from its own production and technology (rice, sorghum, pearl millet and sunflower) were up 16% compared to the first half of last year.

Rice

Devgen's hybrid rice seeds sales increased by 37% compared to H1 2011. This strong performance illustrates Devgen's technological edge and growing presence in the region in rice. In addition, the company considerably strengthened its rice seed portfolio this first half year:

- In India, Devgen launched two new premium hybrid rice products that have improved yield and production efficiency over current products, thereby creating the potential of generating significantly higher margins in its core crop in the future. Devgen's existing portfolio includes the top hybrid Frontline Gold™, already sold through the private channel in India. This product has recently been registered by an important number of Indian rice states, enabling the distribution of this product through the subsidized channel in these states. In India hybrids can be distributed without registration throughout the country through the private distribution channel.

- In the Philippines, Frontline Gold™ and Frontline Maagap™ were introduced on the market. Frontline Gold™ is a long, slender, premium grain product of early maturity. Frontline Maagap™ is an early maturity, semi-dwarf rice hybrid making it ideally suited for early harvesting in the wet season, thereby avoiding most of the typhoon season. Next to various other hybrids out of Devgen's pipeline, both products showed excellent results in the Philippines' government trials in terms of yield and tolerance to diseases and insects.

- Beginning of July, Devgen and PT Sang Hyang Seri (SHS), the government owned seed company in Indonesia, obtained registration for the commercial sale in Indonesia of DG 5 SHS. This new Devgen premium hybrid rice seed is particularly well adapted to the tropical climate. Pilot production of this new seed is currently ongoing. Devgen and SHS already have two premium hybrid rice seeds on offer in the Indonesian market. Since their first sales in 2010, they have established a good track record with the Indonesian farmers. Both deliver substantial yield improvements in wet and dry season and have the taste profile desired by Indonesian consumers. Demand for both products increased substantially in the reported period.

Sorghum and pearl millet

Devgen realized substantial growth in H1 2012 in hybrid sorghum seed revenues in India, with particularly strong growth in fodder sorghum. Sales of pearl millet seeds suffered from the late arrival of the Monsoons but sales in the third quarter are expected to compensate for this shortfall as farmers are buying their seeds closer to the actual rain period. Sales of sunflower seeds take place in the dry (Rabi) season (Q4).

Cotton

In 2011, Devgen started the distribution of cotton seeds for a third party to make optimal use of Devgen's sales and marketing capabilities by adding low margin business without additional risk or investment. This first half year, these distribution activities generated substantially lower sales than in H1 2011 due to difficult market conditions and shifting demand. This affected the company's realized turnover but has had limited impact (€ 0.2 million) on the bottom line.

Nematicides

Devgen's nematicide is an agrochemical that offers crop protection against parasitic nematode worms. The product has a superior environmental and worker exposure profile compared to currently used nematicides.

- The key milestone in H1 was the regulatory approval in South Africa of Devguard® for application on potatoes, an important field crop with significant nematode infestations. While Devgen's nematicide has already received registration approval in Turkey (for use on tomatoes, peppers, cucumbers and eggplants) and the US (for use on peanuts), this new approval for use on an important food crop as potatoes confirms the potential for the use of this highly novel product across various parts of the world.

- The company continued its efforts during the first half to gain registration for Devguard® in Southern Europe.

Other corporate developments

Devgen strengthened its Board of Directors with the appointment of Ruth Devenyns as independent director. Mrs. Devenyns has a long standing experience in the biotechnology sector. A former analyst and investment banker, she was in charge of the venture capital activities in the sector at KBC Private Equity until end of March 2012. She was involved in several IPO's, private placements and M&A-transactions and held various directorships. At KBC Private Equity she also managed various investments in agro-biotech and seed companies. Currently, Ruth Devenyns is an Investment Director at Korys and director of FlandersBio, the biotech sector organization in Flanders.

Financial review

Key financials

in € 1,000	June 30, 2012	June 30, 2011
Sales of goods	11,359	12,093
Research and development services	940	5,849
Total revenue	12,299	17,942
Gross profit	4,365	8,588
EBITDA	-4,634	1,077
Operating result (EBIT)	-5,454	214
Net loss for the period	-5,570	-257

in € 1,000	June 30, 2012	December 31, 2011
Cash and cash equivalents*	33,911	44,270

* Including restricted cash for an amount of € 5.6 million at the end of H1 2012 and € 5.7 million at the end of 2011.

Revenues

Following the completion of the research agreement with Monsanto Company in October 2011, Devgen has entered into a partnership with Syngenta in May 2012. Revenue recognition from the Syngenta agreement will start as of Q2 2013 in line with the start of the joint development of products as of April 2013. As a result, there was as anticipated a € 4.9 million decline in R&D service revenues in the first half of this year.

There was a strong increase in sales by Devgen's core rice seed business (€ +1.8 million or +37%). This was offset in terms of revenues by lower sales from the distribution of cotton seeds (€ -2.2 million). The bottom line impact of these lower cotton sales was limited to € 0.2 million. Total revenues from seed sales amounted to € 11.4 million, compared to € 12.1 million in H1 2011.

Gross profit

Devgen reports a gross profit of € 4.4 million in H1 2012 compared to € 8.6 million in H1 2011. This decrease is entirely attributable to the temporary interruption in research and development income.

The seed business generated a higher gross profit contribution than last year. Devgen achieved a gross profit margin on sales of seeds of 30.2% in H1 2012 compared to 22.7% in H1 2011. This improvement resulted to a large extent from the difference in product mix with a much lower portion of sales of cotton seeds. Seeds sold under a distribution agreement have a considerably lower margin compared to Devgen produced seeds. As a result, the gross profit contribution from the seed business increased by 25% to € 3.4 million (€ 2.7 million in H1 2011).

Operating result

Devgen recorded an operating loss of € 5.5 million, compared to the € 0.2 million operating profit achieved in the first half of 2011. The loss can be almost entirely attributed to the temporary interruption of research and development income as explained above.

Marketing and distribution expenses of € 2.1 million were in line with the first half of last year.

Reported R&D expenses were € 4.1 million in the first half of this year, compared to € 3.1 million in the first half of 2011. This higher level of spending reflects Devgen's increased investment in NGHR™. In H1 2011 there was a reversal of provisions for € 0.5 million relating to nematicides for which there were no further financial obligations resulting in lower R&D costs reported for that period.

General and administration expenses amounted to € 3.8 million in the first half of the year, compared to last year's € 3.2 million. This increase was due to investment in management and staff in the company's Southeast Asian operations and business development activities.

Net result

Devgen reported a net loss for the period of € 5.6 million, compared to a € 0.3 million loss reported for the first half of 2011.

Cash flow

Devgen reported a net operating cash outflow of € 9.8 million in the first half of 2012 compared to a net operating cash outflow of € 6.8 million in the same period last year. This increase in cash outflow stems to a large extent from a € 2.3 million higher inventory movement, mainly relating to cotton seeds which will be returned to the supplier who bears the inventory risk.

In the first half year cash outflow from investment activities amounted to € 0.2 million mainly related to investment in nematicide activities. Cash outflow from financing activities was € 0.4 million.

Devgen's overall net decrease in cash during the first half of 2012 was € 10.4 million of which € 5.3 million working capital movements resulting from seasonal effects in the seed business.

Balance Sheet

Devgen's non-current assets remained stable at € 28.2 million as at 30 June 2012 versus € 29.0 million as at 31 December 2011.

Trade receivables of € 28.0 million include the € 22 million upfront payment by Syngenta received post period (July 2012) which is also reflected in the deferred income line. Total assets increased to € 91.9 million (€ 74.0 million in H1 2011).

Cash and cash equivalents (including restricted cash of € 5.6 million) at the end of June 2012 amounted to € 33.9 million. This figure does not yet include the € 22 million upfront payment from Syngenta which was received in July.

Outlook full year 2012

Devgen expects a growth of turnover in hybrid rice seed sales for the full year 2012. Revenues from its cotton distribution activities will be lower than last year.

As 2012 is an intermediary period between the completion of the Monsanto Company agreement and revenue recognition from the Syngenta contract, there will be substantially less research and development service revenues this year.

Also due to the receipt of € 22 million, the cash position at year end is expected to be largely sufficient to finance the further development of Devgen for several years.

Financial report

The auditor's limited review report on the consolidated interim financial information for the six-month period ending 30 June 2012 contains an unqualified conclusion.

For the interim financial statement in accordance with the IAS 34 "Interim Financial Reporting" and a complete version of the auditor's limited review report, Devgen refers to the investor relations section (under "financial reports") on the company's website www.devgen.com.

About Devgen nv

Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners. Since 1997, Devgen has conducted pioneering research in RNAi-based crop protection applications and has developed enabling technology, RNAi sprays and RNAi-based biotech traits for itself and on behalf of corporate partners.

Devgen is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals. Thereto, Devgen is using advanced biotechnology and molecular breeding technology to develop next generation hybrid rice seeds:

- Devgen is developing the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen is creating a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen has established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen has complemented its hybrid rice business with three other strategic crops that it produces with its own technologies: hybrid sorghum, pearl millet and sunflower.

In its Crop Protection unit, Devgen has developed a novel nematicide, an agrochemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions. This product is currently sold in Turkey and was recently introduced on the market in the US.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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SHS and Devgen obtain registration approval for a new premium hybrid rice variety in Indonesia

Ghent, Belgium and Jakarta, Indonesia – July 9, 2012 – Devgen nv (Euronext Brussels: DEVG), the agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, and PT Sang Hyang Seri (Persero) (SHS), the government owned seed company in Indonesia, today announced that they have been granted registration for the commercial sale in Indonesia of DG 5 SHS, a new premium hybrid rice seed.

The new product is particularly well adapted to the subtropical climate prevailing in Indonesia. It generates exceptional yields compared to local inbred varieties and meets the needs of farmers by delivering the right grain quality and taste (locally known as "pulen") as well as disease tolerance. The registration of DG 5 SHS therefore represents an important step in strengthening the offer of premium hybrid rice seeds to growers in Indonesia and supports the ambition of the Indonesian government to guarantee food security in the country.

The new seed will be distributed in Indonesia under both the Frontline brand of Devgen and the SHS brand. Sales of the product are scheduled to start from fourth quarter of 2012. Pilot seed production is currently ongoing in Indonesia.

Devgen and SHS already distribute two premium hybrid rice seeds that, since their first sales in 2010, have established a good track record with the Indonesian farmer. Both deliver substantial yield improvements in wet and dry seasons and have the taste profile desired by Indonesian consumers.

Bapak Eddy Budiono, President Director of SHS said: "*PT Sang Hyang Seri is pleased to have brought, in collaboration with Devgen, high yielding, well adapted, pulen and aromatic hybrid rice seeds to the Indonesian farmers. We expect DG 5 SHS to build on this track record to the further financial benefit of the farmers and to support government policy to increase the country's rice production by 10 million tons in 2014.*"

"*The registration of DG 5 SHS is another important step forward and demonstrates Devgen's and SHS joint commitment to apply their technology and expertise to deliver a portfolio of products adapted to growing conditions and farmer needs in Indonesia,*" said **Thierry Bogaert, CEO of Devgen**.

Rice is the most important food crop in Indonesia, a country of around 245 million inhabitants. The crop is grown on a total of approximately 13.2 million hectares of which only 3 to 4% is planted with hybrid rice, compared to 60% in China. The total potential market volume if hybrid seed becomes widely adopted in Indonesia is over 100,000 tons of seed.

About Devgen nv

Devgen is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals. Thereto, Devgen is using advanced biotechnology and molecular breeding technology to develop next generation hybrid rice seeds:

- Devgen is developing the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen is creating a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen has established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen has complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners. Since 1997, Devgen has conducted pioneering research in RNAi-based crop protection applications and has developed enabling technology, RNAi sprays and RNAi-based biotech traits for itself and on behalf of corporate partners.

In its Crop Protection unit, Devgen has developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions. This product is currently sold in Turkey and was recently introduced on the market in the US.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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Devgen receives recognition award from the Philippines' National Seed Industry Council

Ghent, Belgium – June 11, 2012 – Devgen nv (Euronext Brussels: DEVG), the agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today announced that the company received a recognition award from the National Seed Industry Council (NSIC) in the Philippines for its achievement as developer of three new hybrid rice varieties.

Devgen welcomes the award as the company only recently obtained registration for these three new hybrid seeds. One of these products, Frontline Gold™, is now in the market in the Philippines. This high yielding rice seed is of early duration and has an excellent grain quality ideally suited for consumption. A second product in the same maturity segment is due for field demonstration trials in the coming wet season.

The award was conferred at the annual meeting of the Rice Technical Working Group of the NSIC. At the occasion of the same annual meeting, the results of the most recent government trials with hybrid rice seeds in the registration process were released. These trials took place in the wet season which ran from June till November 2011. Devgen participated in the trials alongside nine other seed companies and breeding institutions active in the country. A Devgen pipeline hybrid ranked first for grain yield per hectare in the key medium maturity segment. Two other Devgen pipeline products obtained strong second and fourth places in the early maturity segment. The results also showed other important characteristics of Devgen's hybrid seeds such as disease and insect resistance as well as short grain length and highly desirable grain quality.

Both the newly registered and pipeline products of Devgen are highly adapted for the wet season. Today only few hybrids in the Philippines are suited for this season in which typhoons, pests and diseases are frequently occurring.

"This acknowledgement reflects both the commitment and success of Devgen and its Philippine research team to innovate in hybrid rice breeding in Southeast Asia," says ***Thierry Bogaert, CEO of Devgen****. "Devgen now has a solid portfolio of premium rice hybrids that deliver value to the farmer. These and our pipeline of premium products will form the basis of a sustainable hybrid rice business in the country."*

Rice is the most important food crop in the Philippines, a country of almost 100 million inhabitants. About 200,000 of the 4.4 million hectares of rice acreage in the country is currently planted with hybrid rice, which only represents a hybridization rate of 4.5%, compared to 60% in China. The total potential market volume if hybrid seed becomes widely adopted in the Philippines is over 33,000 tons of seed, with a total value of more than € 120 million.

About Devgen nv

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- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
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Devgen appoints a new independent director of the Board

Ghent, Belgium – June 1, 2012 – Devgen nv (Euronext Brussels: DEVG), an agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today announced that Mrs. Ruth Devenyns has been appointed independent director of the Board for a term of two years.

Mrs. Devenyns has a long standing experience in the biotechnology sector. A former analyst and investment banker, Ruth Devenyns was in charge of the venture capital activities in the sector at KBC Private Equity until end of March 2012. She was involved in several IPO's, private placements and M&A-transactions and held various directorships including Ablynx, Applied Maths and Biocartis. At KBC Private Equity she also managed various investments in agro-biotech and seed companies such as CropDesign and Ceres. Currently, Ruth Devenyns is an independent director at MDx Health and director of FlandersBio, the biotech sector organisation in Flanders. This month she will join Korys, the investment structure of the Colruyt family.

Remi Vermeiren, Chairman of Devgen's Board, welcomed her: *"Ruth Devenyns is a valuable addition to the Board. With her eminent expertise in finance and her track record in biotech companies, she will contribute significantly to Devgen's Board."*

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- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions. This product is currently sold in Turkey and was recently introduced on the market in the US.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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Regulated information

Devgen NV – Business update

Ghent, Belgium – 15 May 2012 – Devgen nv (Euronext Brussels: DEVG), an agro-biotech company that shapes the field of hybrid rice in India and Southeast Asia and innovates in crop protection technologies, today issued a business update and its three-month financial results ending 31 March 2012.

Business highlights

- Devgen and Syngenta signed a six-year license and research agreement in the field of sprayable RNAi-based crop protection applications, that includes an upfront payment to Devgen of € 22 million and € 4.8 million per year to fund research over the course of the agreement. This new partnership with a leading industry player in crop protection, has the potential to open up a new area of applications of Devgen's RNAi technology. Devgen's out-licensing to date had focused on trait applications of this technology. For further information, Devgen refers to its press release of yesterday 14 May 2012.
- Hybrid rice seed production in the 2012 dry season in India went up 20% compared to last year. A cold spell during the production season impacted productivity. This is expected to influence to a limited extent Devgen's gross margin on the sale of rice seeds.
- The production of other hybrid seeds (sorghum, pearl millet and sunflower) is well in line with expectations, with equal or better productivity than last year.
- Devgen's premium hybrid rice seed Frontline Gold™ – which is already sold through the private channel in India – successfully completed the last year of notification trials in an important number of Indian rice states, paving the way to distribute this premium product through the subsidized channel as of next year.
- The seed production of Devgen's research and development pipelines of Next Generation Hybrid Rice (NGHR™) is on track to deliver seeds for extensive yield trials in the upcoming Kharif (summer) planting season.
- Devgen's new premium hybrid sorghum for the Rabi (winter) season introduced in 2011 was well received by farmers.
- Devgen obtained regulatory approval in South Africa of Devguard® for application on potatoes, a major field crop with significant nematode infestations.

Financial highlights Q1 2012

- Overall revenues were at € 1.8 million with seed revenues at € 1.3 million – up 51% and research and development service revenues at € 0.5 million – down 83%.
- Research and development services revenues were € 0.5 million, down from € 2.9 million over the same period last year due to completion of the research and licensing agreement with Monsanto Company in October 2011.
- EBITDA for the first three months of 2012 amounted to € -3.3 million compared to € -0.7 million over the same period last year, mainly due to lower research income.
- Cash and cash equivalents at the end of March 2012 amounted to € 40.6 million, including € 5.7 million restricted cash, representing a cash usage of € 3.7 million during the first quarter of 2012.

"The new partnership with Syngenta in the field of RNAi crop protection is yet another major milestone for Devgen and bolsters our cash position and research activities." **commented Thierry Bogaert, CEO of Devgen.** *"Combined with the strong progress in our pipeline of Next Generation Hybrid Rice seeds, it places Devgen in a good position to strategically develop its core activities: innovation in crop protection technologies and building of a leading hybrid rice seed and trait business."*

Outlook 2012

- Devgen believes that it is well positioned to achieve a further increase in seed sales in 2012.
- Less favorable weather conditions have not substantially affected the volumes produced but are expected to impact on the production cost of rice seed.
- New proprietary Devgen hybrid rice varieties are expected to enter the market in India and Southeast Asia.
- Devgen expects regulatory approval for its nematicides in more countries and crops.
- The deal with Syngenta will contribute to the revenues and strengthen the cash position as from Q2. The company is confident that the available cash is sufficient to continue its investments in R&D and market access in India and Southeast Asia.

About Devgen nv

Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners. Since 1997, Devgen has conducted pioneering research in RNAi-based crop protection applications and has developed enabling technology, RNAi sprays and RNAi-based biotech traits for itself and on behalf of corporate partners.

Devgen is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals. Thereto, Devgen uses advanced biotechnology and molecular breeding technology to develop the Next Generation Hybrid Rice (NGHR™) seeds:

- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.

In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes and has superior environmental and worker exposure profile compared to existing solutions. This product is currently sold in Turkey and was recently introduced on the market in the US.

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Devgen and Syngenta enter insect control research partnership

- **License to access novel insect control technology**
- **New range of biological solutions for hard-to-control insects**
- **Development of new commercial offers for growers**

Ghent, Belgium – 14 May 2012 – Devgen (Euronext Brussels: DEVG) and Syngenta today announced a six-year global license and research agreement. The partnership will enable Syngenta to add RNA interference (RNAi) technology to its crop protection pipeline. As of April 2013, the two companies will jointly develop new biological insect control solutions based on RNAi technology.

Under the agreement, Syngenta will develop and commercialize sprayable RNAi-based crop protection products originating from Devgen. Devgen will bolster its research activities through funding and royalties from Syngenta, consisting of an upfront technology access payment of EUR 22m and EUR 4.8m per year to fund research over the course of the agreement. Devgen is eligible to receive royalties from Syngenta on sales of developed products.

“We are pleased to enter this research partnership with Devgen given their leading position in RNAi research and proven expertise in RNAi-based insect control,” said **Sandro Aruffo, Global Head of Research and Development at Syngenta**. “This novel technology further expands our growing range of biological insect control solutions.”

“We are pleased to have Syngenta, a leading crop protection and seed company, as partner in the RNAi field. This relationship will enable Devgen to further and fully exploit the potential of this exciting technology for spray applications.” says **Thierry Bogaert, CEO of Devgen**.

RNAi is a naturally occurring process in all organisms, whereby an organism shuts down specific genes in its cells based on their sequence identity to a short double stranded RNA (dsRNA) molecule. When an RNAi spray directed to a target insect pest is applied to a crop, insects that feed on the crop ingest the sprayed dsRNA. The naturally occurring RNAi mechanism in the target insects then shuts down the insect gene that corresponds to the dsRNA. This results in effective control with no harm to beneficial insects.

Devgen is a leading agro-biotech company that innovates in crop protection research, environment induced stress tolerance and advanced plant breeding and trait technologies. Devgen's seeds business is shaping the field of hybrid rice in India and Southeast Asia and helps farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals. www.devgen.com

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Devgen nv announces exercise of warrants

Regulated information

Ghent – 5 April 2012

In accordance with Article 15 §1 of the Act of 2 May 2007 on the disclosure of major shareholdings, Devgen nv today announces the issuance of 11,479 common shares by the Company as the result of the exercise of warrants. As a result of this transaction, Devgen now has 24,277,879 shares outstanding.

Information as of 5 April 2012:

Basic data

Total share capital (EUR)	1,820,838.61
Total number of securities conferring voting rights	24,277,879
Total number of voting rights (the denominator):	24,277,879
Total number of securities conferring voting rights by category:	N/A
Total number of voting rights by category	N/A

Additional data

Total number of convertible bonds conferring voting rights	none
Total number of rights, materialized by certificates or not, to subscribe to not yet issued securities which confer voting rights	1,597,406 warrants
Total number of voting rights which result from the exercise of these conversion or subscription rights	1,597,406
Total number of shares without voting rights	none

About Devgen nv

Devgen's mission is to shape the field of hybrid rice in India and Southeast Asia and help farmers meet the productivity increases needed to grow more food on less land using less water, labour and agro-chemicals.

Devgen uses advanced biotechnology and molecular breeding technology to develop the Next Generation Hybrid Rice (NGHR^{TM}) seeds and crop protection solutions with a superior environmental profile:

- Devgen develops the next generation of hybrid rice, improving yield, seed productivity, grain quality, and tolerance to biotic and abiotic stress factors. Devgen strongly believes that this hybrid rice technology has the potential to drive the accelerated conversion of conventional rice to hybrid rice.
- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.
- In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes. This product is currently sold in Turkey and was recently introduced on the market in the US.
- Devgen innovates in crop protection research and environment induced stress tolerance for its own crops and provides technology to corporate partners.

Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling around 250 staff.

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Devgen reports 2011 Full Year Results

Regulated information

Ghent, 8 March 2012 – Devgen nv (Euronext Brussels: DEVG), an agro-biotech company developing and commercializing hybrid seeds and crop protection solutions, today provides a business update and its results for the twelve month period ending 31st December 2011. During this period, Devgen has reached a key milestone in the development of its Next Generation Hybrid Rice seeds (NGHR™), broadened its current offering of hybrid seeds, improved its market access and strengthened its balance sheet. Devgen believes the company is well placed to deliver on its goal of shaping the field of hybrid rice in India and Southeast Asia, thus helping farmers meet the productivity increases needed to grow more food on less land using less water, labor and agrochemicals.

Business highlights

- Breakthrough results in multi-location field trials of Devgen's Next Generation Hybrid Rice varieties.
- Solid growth in seed sales in India and Southeast Asia.
- Introduction of new hybrid sorghum and pearl millet varieties and successful start of distribution of cotton seeds in India.
- Registration of three new hybrid rice varieties in the Philippines.
- Progression of key rice biotech traits into the regulatory process in India and strengthening of biotech activities and infrastructure in India and Singapore.
- Cheminova appointed as distributor for Southern Europe for Devgen's nematicide Devguard®.
- Two reference investors appointed to the Board of Directors.

Financial highlights

- Revenues from seed sales achieving 82% growth in 2011. The gross profit growth from these seed sales in 2011 is fully compensating for the lower revenues from research contracts.
- Research income down 16% following the completion of the 5 year research and licensing agreement with Monsanto Company.
- With operating expenditure in 2011 in line with 2010, operating loss at € 6.3 million compared to € 6.2 million loss in 2010.
- € 26.8 million equity funding completed in April 2011.
- Strong cash position[1] at end of 2011, amounting to € 44.3 million, up from € 28.8 million at the end of 2010.

[1] Including restricted cash for an amount of € 5.7 million per 31 December 2011 compared to € 5.9 million per 31 December 2010

Thierry Bogaert, CEO of Devgen, stated: *"The positive results in the development of our Next Generation Hybrid Rice varieties are a key achievement of the last twelve months. The improvement in yield compared to currently marketed hybrid and inbred varieties that we have seen, gives us confidence that Devgen's varieties have the potential to be an important catalyst in driving the uptake of hybrid rice in India and Southeast Asia. Our current seed business nearly doubled in 2011, reflecting the competitiveness of our product portfolio of hybrid seeds and the continuing improvement of our market access."*

Business highlights

Next Generation Hybrid Rice and Biotech Rice

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice in order to develop Next Generation Hybrid Rice (NGHR™) seeds. The company uses an advanced breeding platform that is considerably more efficient than hybrid rice technology currently in the market in India and Southeast Asia.

Devgen's improved varieties are expected to offer farmers significant performance benefits over existing varieties, including substantially higher yields, improved production efficiencies, better milling quality, suitability for mechanized seeding and desired taste.

In 2011, Devgen's researchers in India and the Philippines produced hundreds of new and proprietary hybrid rice varieties based on NGHR™-technology. These were then tested during the July 2011 rice-growing season in multi-location trials in India, the Philippines and Vietnam. The recently completed data analysis identified a substantial number of NGHR™-varieties that gave in these trials a more than 20% yield advantage over the best conventional varieties and a more than 10% yield advantage over the current-best hybrid rice varieties in the market.

Historical examples in many field crops (such as cotton, corn and sorghum) and in many vegetable crops, learn that farmers only prefer to plant hybrid varieties over conventional varieties once they offer a yield advantage of 20% or more. A substantial number of Devgen's NGHR™-varieties now reach this commercial breakthrough threshold. The company is therefore confident that it is on track to deliver hybrid rice varieties that have the potential to fundamentally change the farmer's economics and to drive the adoption of hybrid rice varieties in India and Southeast Asia.

The best NGHR™-varieties identified in the 2011 season now undergo seed production research and are scheduled to enter multi-location performance trials in the upcoming planting season mid-2012. In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production and market entry through large-scale farmer trials in July 2013. The full start of sales is targeted for 2014.

Regarding biotech rice, Devgen's pipeline of crop protection (insect resistance and herbicide tolerance) and stress traits in rice made progress as planned. Activities in Devgen's government certified biotech greenhouse facilities in Hyderabad (India) and Singapore were further expanded.

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Devgen's current hybrid rice seed business in India and Southeast Asia

Devgen's existing hybrid rice business in India and Southeast Asia is centered on a number of premium seeds which offer advantages to farmers over traditional varieties. This product portfolio has allowed the company to establish a significant presence in the hybrid seed segment of these markets.

Devgen strengthened its market access in 2011 and achieved a 40% increase in the sales of hybrid rice seeds versus 2010. This was amongst others due to:

- The solid performance in the Indian private hybrid rice seed market of Devgen's current hybrid rice seed portfolio.
- The success of Devgen's hybrid rice seed DG 1 SHS, that is in high demand from Indonesian farmers because of its high yield, excellent taste and adaptation to the farmer's needs.
- The successful introduction in the Philippines of Frontline Gold™, one of Devgen's newly registered varieties that offers farmers superior yield and grain quality versus currently grown conventional and hybrid rice varieties.

Investments in 2011 have led to a strengthening of Devgen's product portfolio with new hybrid rice seed products set for launch in India, Indonesia and the Philippines in 2012.

In India, Devgen saw the successful conclusion of farmer trials of two new premium hybrid rice varieties. During these trials, Devgen's new hybrid rice varieties were grown in several hundred locations across key rice markets in India's Eastern states. Over 125,000 farmers visited the sites as part of the pre-launch marketing campaign. The farmers who conducted the tests and those who visited the fields gave highly positive feedback on yield, grain quality and plant type. The market potential of these improved hybrid rice varieties is therefore substantially validated. Furthermore, extensive seed production trials showed that these products have improved production efficiency over current hybrid seed products, hence an expected lower cost of goods and reduced production risk. Sales of these new products start in the planting season that begins in May 2012.

In the Philippines, Devgen obtained registration for three additional new hybrid rice varieties.

These various necessary steps taken last year, pave the way for the further expansion of Devgen's seed business in 2012.

Devgen's activities in other hybrid crops in India

Devgen strengthened its market access in India in its existing seed business in three other strategic crops – sorghum, pearl millet and sunflower. Devgen produces and sells across India proprietary premium seeds of these crops that are seasonally and geographically complementary to rice. The company also started to distribute cotton seeds which complements its portfolio of proprietary hybrid seeds.

In 2011, Devgen realized a 40% growth in hybrid sorghum seed revenues. Devgen introduced an important new hybrid sorghum variety in the market. This product is designed to strengthen Devgen's current leadership of the Indian hybrid sorghum market by having the potential to capture an important share of the so far non-hybridized Rabi (winter) sorghum market which accounts for more than two thirds of the total sorghum market. This new product is expected to offer growers, for the first time, a hybrid variety with equivalent grain quality and taste to traditional Rabi sorghum varieties, whilst providing a significant grain and fodder yield advantage.

Devgen saw a 29% increase in hybrid pearl millet seed sales in 2011. The company successfully completed the first sales season of its first hybrid pearl millet seed adapted to all pearl millet growing areas in India. In its first sales season the new seed was purchased, planted and harvested by over 15,000 farmers across all the pearl millet growing areas in India. The feedback from farmers was most encouraging, referring to a number of advantages over currently available products including higher yields of premium grain and fodder combined with desirable color and quality. Until the market introduction of this new product, Devgen's hybrid pearl millet seeds were suited only for the South of India (15% of the market). The new hybrid pearl millet seed is important for Devgen as it gives the company first time access to farmers in North India, which account for almost 85% of the 10 million hectare pearl millet market.

The market for sunflower seeds was again limited in 2011. Farmer economics were slightly better than last year but still not at sufficient levels to convince them to grow sunflower in a much larger acreage. Devgen performed well against this difficult market background achieving respectable volumes at prices exceeding last year's net sales prices. This solid performance was due to the quality of the company's hybrid sunflower seed portfolio.

In 2011, Devgen acted for the first time as a distributor of hybrid cotton seeds in-licensed from a third party. This distribution activity leveraged Devgen's marketing and sales capabilities and increased the company's revenue without increasing its sales force or G&A costs. This activity carries no seed production or stock risk, but contributes only a distributor margin.

Nematicides

Devgen's novel nematicide for agrochemical use offers a superior environmental and worker exposure profile compared to other currently marketed nematicides. The company's product is already sold in Turkey under the Devguard® brand to protect tomatoes, peppers, eggplants and cucumbers from infestation by plant parasitic nematodes.

Cheminova was appointed as the distributor for Devgen's nematicide Devguard® in Southern Europe end of March 2011. This cooperation led to successful joint pre-launch activities in that region.

Last year, the Russian Federation granted permission to import tomatoes and cucumbers treated with Devguard® 500SC from Turkey and other countries. Market opportunities for Devgen are thus expanding in regions that cultivate vegetables for export to Russia.

Data from the first full season of peanut trials with Enclosure® in the US, using a modified label that permitted more flexible applications, confirmed that it performed as well as its main competitor in the market. Sales based on this new label are expected to start once the trials have been fully evaluated and support from key opinion leading agronomists advising farmers has been gained.

The full season evaluation of vegetable trials in the US indicates that Enclosure® delivers crop yields comparable to standard nematicide treatments and significantly higher yields than untreated crops. These results confirm previous observations in Europe.

Devgen is closely monitoring the progress in the review of its registration dossiers by the regulatory authorities. Registrations of Enclosure® and Devguard® in more crops and countries are expected in the course of 2012.

Other corporate developments

Devgen appointed two reference investors to its Board of Directors:

- Mr. Aat Van Herk is an important shareholder of the company since Devgen was listed on Euronext in 2005 through the investment company O.G.B.B. A. Van Herk B.V. He has an eminent track record as biotechnology investor and entrepreneur.
- Mr. Wouter de Ruiter is an important shareholder through Madeli Participaties B.V. He built his career at De Ruiter Seeds and brings with him 20 years of experience in the seed industry. De Ruiter Seeds was purchased by Monsanto Company in 2008.

Financial review

Key Financials

in € 1,000	2011	2010	1H 2011	2H 2011
Research and development services	10,412	12,451	5,849	4,563
Sales of goods	15,081	8,284	11,927	3,154
Total revenue	**25,493**	**20,735**	**17,776**	**7,717**
Cost of goods sold	-13,477	-8,711	-9,354	-4,123
Gross profit	**12,016**	**12,024**	**8,422**	**3,594**
EBITDA	-4,559	-3,921	1,077	-5,636
Operating result (EBIT)	-6,301	-6,191	216	-6,517
Net loss of the period	**-7,048**	**-7,141**	**-255**	**-6,793**

in € 1,000	31/12/2011	31/12/2010
Cash and cash equivalents (*)	44,269	28,819

(*) Including cash restricted in its use for € 5,718 ('000) per 31 December 2011 and € 5,866 ('000) per 31 December 2010.

Revenues

Devgen's revenues amounted to € 25.5 million in 2011 compared to € 20.7 million in 2010. This 23% increase is due to the excellent performance of Devgen's seed business. Revenues from product sales amounted to € 15.1 million, nearly double the turnover of € 8.3 million reported in 2010. This excellent growth is mainly attributable to volume growth in hybrid rice seeds (+50%), hybrid sorghum seeds (+35%), hybrid pearl millet seeds (+12%) and to the start of the distribution of cotton seeds.

As anticipated, given the seasonality of the business, seed revenues in the second half of the year were much lower than in the first half of 2011. Seed sales in the second half of the year were comprised of sales of sunflower seeds in India and rice seeds in Philippines, which were in line with expectations. These sales were further increased by realization of additional volumes of sorghum and cotton seeds in India in the second half of 2011.

Revenues associated with R&D activities (Monsanto Company and Sumitomo Chemical Company) were € 10.4 million in 2011 compared to € 12.5 million in the previous year. This lower figure was due to the completion of the 5 year research and licensing agreement with Monsanto Company in October 2011.

Gross profit

Devgen reported a gross profit of € 12.0 million in 2011 which is in line with the gross profit achieved in 2010. The sales and gross profit growth from the seed business was able to fully compensate for the lower revenues from research contracts.

Devgen achieved a gross profit of € 1.6 million on the sales of goods in 2011 compared to a gross loss of € 0.4 million in 2010. This significant improvement in the gross profit from sales of goods resulted from volume increases and was further due to improved production efficiencies and better production conditions in 2011.

Due to the seasonality in the sales of seeds and write down of obsolete inventories at the end of the season, the gross profit in the second half of 2011 is lower than in the first half of the year.

Operating result

Devgen's operating loss amounted to € 6.3 million in 2011, which is slightly above the € 6.2 million operating loss reported in 2010, but in line with expectations.

Marketing and distribution expenses of € 4.4 million were slightly below last year's € 4.5 million. Devgen is benefitting from the market building investment it has made in previous years. This allows the company to realize significant sales growth while total marketing and distribution expenses remain at the same level.

Reported R&D expenses were € 8.1 million, compared to € 8.5 million in 2010. General and administration expenses amount to € 6.2 million in 2011, slightly above last year's € 6.1 million.

Other operating income amounted to € 0.4 million in 2011 compared to € 0.9 million in 2010. In 2010, other operating income included a € 0.5 million gain on the contribution in kind of part of Devgen's human therapeutic assets to Amakem NV, a new start-up company focused on eye disease.

Net result

Devgen reported a net loss for the period of € 7.0 million, compared to € 7.1 million loss reported for 2010. Operating expenses were stable. A reduction in R&D income was compensated by growth in the gross profit of the seed business.

Cash flow

Devgen had an operating cash outflow of € -8.1 million in 2011, compared to an outflow of € -14.2 million in 2010. With an operating result equivalent to last year's result, the net operating cash outflow improved by € 6.1 million compared to 2010. This improvement mainly results from favorable changes in trade receivable and inventory balances during 2011.

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The cash outflow on investment activities amounted to € 0.6 million, including € 0.3 million nematicides development expenses.

The company generated € 24.2 million from financing activities in 2011. This consists of the € 26.8 million capital increase dated April 4, 2011 offset by debt repayments of € 1.7 million and net financial expenses of € 0.9 million.

Balance Sheet

In April 2011, Devgen raised € 26.8 million through an equity private placement with pre-identified investors at a price of € 5.85 per share. The principal new investors were Gimv and Gimv-managed funds who jointly invested € 9 million, while € 17.8 million was invested by other new and existing investors including O.G.B.B. A. Van Herk B.V., Madeli Participaties B.V. and Biovest Comm.VA.

As result of this transaction, the company's solvency ratio (equity versus total assets) improved to 82% at the end of December 2011, compared to 64% at the end of December 2010.

Devgen's non-current assets remained stable at € 29.0 million as at 31 December 2011 versus € 30.5 million as at 31 December 2010.

The net working capital (excluding cash and cash equivalents) increased from € -4.5 million as of 31 December 2010 to € -0.2 million per end of 2011. This € 4.3 million change is the effect of the usage of the prepayment received from Monsanto Company and the decrease of the inventory and trade receivable balances.

Cash and cash equivalents amount to € 44.3 million as of 31 December 2011, including € 5.7 million restricted cash. The increase of € 15.5 million compared to end December 2010 is due to the € 26.8 million proceeds from the above mentioned private placement offset by € 11.3 million cash used in operating, investing and other financing activities.

Outlook for 2012

Devgen believes that it is well positioned to achieve a further increase in seed sales in 2012 because of:

- The solid foundation the company laid in its improved product portfolio, its management systems and market access in India, Philippines and Indonesia.
- The favorable status of the company's ongoing field production in India which is currently running according to plan.

Devgen's investments over the last years and those continuing in 2012 are expected to deliver a series of value creating milestones including:

- New proprietary hybrid rice varieties entering the market in Southeast Asia.
- Final advancement in December 2012 of selected NGHR™ varieties, from research to pre-commercial seed production, pre-launch activities and registration trials thus delivering confirmation that Devgen's NGHR™-technology can deliver the yield and productivity increases required to shape the field of hybrid rice.

- New product registrations and first sales of new Devgen hybrid rice seeds in selected countries.
- Regulatory approval for Devgen's nematicides in more countries and crops.
- Although revenues from research and development are expected to decline following the contractually agreed completion of the deal with Monsanto Company in October 2011, the company is confident that Devgen's biotech and breeding technology and IP portfolio has the potential to deliver revenues and value through corporate partnerships.

The company is confident that the available cash is sufficient to continue its investments in R&D and market access in India and Southeast Asia.

Financial statements 2011

More complete financial statements for 2011 are available on http://www.devgen.com/financial_reports.php

Auditor's report

The statutory auditor, DELOITTE Bedrijfsrevisoren, represented by Mr. Gert Vanhees, has confirmed that it has accomplished substantially all of the audit work and that, as a result of the audit, no meaningful corrections need to be applied to the financial information as included in this press release.

Financial calendar 2012

Thursday 8 March 2012	Publication annual results 2011
Tuesday 15 May 2012	Business update Q1 2012
Friday 1 June 2012	General shareholders' meeting
Monday 27 August 2012	Publication semi-annual results 2012
Wednesday 7 November 2012	Business update Q3 2012

About Devgen nv

"**Shaping the field of hybrid rice across India and South East Asia**"

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- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.
- In its Crop Protection unit, Devgen developed a novel nematicide, an agro-chemical product that protects crops from damage by parasitic nematodes. This product is currently sold in Turkey and was recently introduced on the market in the US.
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Incorporated in 1997, Devgen has offices in Ghent (Belgium), and has subsidiaries in Singapore, Hyderabad (India), Yogyakarta (Indonesia), General Santos (the Philippines) and Delaware (US), totaling over 250 staff.

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deVGen

Devgen starts sales of two new hybrid rice seeds in India

Ghent, 28 February 2012 – Devgen nv (Euronext Brussels: DEVG) today announces the successful conclusion of farmer trials in India of two new premium hybrid rice varieties. Sales of these new products start in the upcoming planting season beginning in May 2012.

During these trials, Devgen's new hybrid rice varieties were grown in several hundred locations across key rice markets in India's Eastern states. Over 125,000 farmers visited the sites as part of the pre-launch marketing campaign. The farmers who conducted the tests and those who visited the fields gave highly positive feedback on yield, grain quality and plant type. The market potential of these improved hybrid rice varieties is therefore substantially validated.

Furthermore, extensive seed production trials showed that these products have improved production efficiency over current hybrid seed products, hence an expected lower cost of goods and reduced production risk.

*"These trials in real farmer field conditions are the final step in the multi-year product development process of a new rice hybrid", **stated Thierry Bogaert, CEO of Devgen.** "We are confident that as their volumes ramp up these products have the potential to make significant top and bottom line contributions to our seed business. These new hybrid varieties are important products as we step up from our current product portfolio to our breakthrough next generation hybrid rice varieties that are expected to enter the market in 2014."*

Devgen's new premium hybrid varieties are targeting the important medium maturity (126-135 days) market. This segment accounts for more than 30% of the 44 million hectares rice in India and represents a potential volume of between 100.000 and 125.000 tons of seed per year.

Rice is Asia's most important food crop grown by millions of farmers on approximately 140 million hectares across the region, representing 90% of the worldwide rice acreage. India is the world's largest rice producer, accounting for 20% of global rice production, but at present hybrid rice seeds account for less than 3% of the market due to the limitations of existing hybrid seeds. To capture this significant market opportunity, Devgen has employed its advanced breeding research platform since 2005 to develop improved hybrid rice seeds and next generation hybrid rice seeds that will help farmers meet the increasing need to grow more food on less land using less water, labour and agrochemicals.

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deVGen

- Anticipating the need to increase insect resistance and drought/heat tolerance in rice to a level that is beyond what can be achieved with traditional breeding, Devgen creates a portfolio of biotech traits using own technology as well as in-licensed technologies.
- Devgen established an integrated seed business in India and Southeast Asia through which its rice crops and technologies reach the market. In India, Devgen complemented its hybrid rice business with geographically and seasonally complementary crops: hybrid sorghum, pearl millet and sunflower.
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Devgen successfully expands its hybrid pearl millet seeds portfolio in India

Ghent, 28 February 2012 – Devgen nv (Euronext Brussels: DEVG) today announces the successful completion of the first sales season of its first hybrid pearl millet seed adapted to all pearl millet growing areas in India.

Until the market introduction of this new product, Devgen's hybrid pearl millet seeds were suited only for the South of India (15% of the market). The new hybrid pearl millet seed is important for Devgen as it gives the company first time access to farmers in North India, which account for almost 85% of the 10 million hectare pearl millet market. Devgen is now in a position to significantly increase its sales of hybrid pearl millet seeds throughout India.

In its first sales season the new seed was purchased, planted and harvested by over 15,000 farmers across all the pearl millet growing areas in India. The feedback from farmers was very encouraging, referring to a number of advantages over currently available products including higher yields of premium grain and fodder combined with desirable colour and quality.

"The successful development of our new hybrid pearl millet is another important validation of Devgen's ability to innovate. The positive feedback across growing areas reinforces our view that over the next few seasons this hybrid has the potential to substantially increase our share of the hybrid pearl millet seed market", **Thierry Bogaert, CEO of Devgen, stated.**

Pearl millet is an important food crop in India as it requires less water than many cereal crops and is able to survive at high temperatures making it ideal for cultivation under dry conditions. The total hybrid pearl millet seed market in the country has an estimated potential volume of between 15.000 and 25.000 tons of seed per year.

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Next Generation Hybrid Rice update – Devgen nv

Devgen's NGHR™-varieties show excellent performance in field trials in India and Southeast Asia

Ghent, 17 February 2012 – Devgen nv (Euronext Brussels: DEVG), is pleased to report that the company is making good progress in its program to develop the Next Generation Hybrid Rice (NGHR™).

NGHR™-varieties are expected to offer farmers significant performance benefits over existing varieties, including substantially higher yields, improved production efficiency, better milling quality, suitability for mechanized seeding and better taste.

Since 2005, Devgen has undertaken a fundamental redesign of hybrid rice in order to develop NGHR™. The company uses an advanced breeding platform that is considerably more efficient than existing hybrid rice technology. Devgen reports today the progress made in this program over the last year.

In 2011, Devgen's researchers in India and the Philippines produced hundreds of new and proprietary hybrid rice varieties based on NGHR™-technology. These were then tested during the July 2011 rice-growing season in multi-location trials in India, the Philippines and Vietnam. The recently completed data analysis identified a substantial number of NGHR™-varieties that gave in these trials a more than 20% yield advantage over the best conventional varieties and a more than 10% yield advantage over the current-best hybrid rice varieties in the market.

Historical examples in many field crops (such as cotton, corn and sorghum) and in many vegetable crops, learn that farmers only prefer to plant hybrid varieties over conventional varieties once they offer a yield advantage of 20% or more. A substantial number of Devgen's NGHR™-varieties now reach this commercial breakthrough threshold. The company is therefore confident that it is on track to deliver hybrid rice varieties that have the potential to fundamentally change the farmer's economics and to drive the adoption of hybrid rice varieties in India and Southeast Asia.

The best NGHR™-varieties identified in the 2011 season now undergo seed production research and are scheduled to enter multi-location performance trials in the upcoming planting season mid-2012. In January 2013, Devgen expects to select NGHR™-varieties for pilot seed production and market entry through large-scale farmer trials in July 2013. The full start of sales is targeted in 2014.

"Devgen is on track to shape the field of hybrid rice in India and Southeast Asia," ***stated Thierry Bogaert, CEO of Devgen. "****The breakthrough trial results with our NGHR™-varieties announced today may unlock for us the vast potential of the hybrid rice seed market in India and Southeast Asia that is estimated at more than 500,000 tons of seed per year."*

The company also expects to present an update shortly on new current-generation products for start of sales in India in 2012. These hybrid seeds are intended to further strengthen Devgen's hybrid rice seed business and market access, in anticipation of Devgen's NGHR™-varieties entering the market.

Rice is Asia's most important food crop grown by millions of farmers on approximately 140 million hectares across the region, representing 90% of the worldwide rice acreage. India is the world's largest rice producer, accounting for 20% of global rice production, but at present hybrid rice seeds account for less than 3% of the market due to the limitations of existing hybrids. This represents a significant market opportunity and Devgen is confident that its NGHR™-varieties will be at the forefront of the conversion to hybrid rice in India and Southeast Asia by helping growers to meet the increasing need to grow more food on less land using less water, labour and agrochemicals.

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ANNEX IX: MEMORANDUM IN RESPONSE

MEMORANDUM OF REPLY BY DEVGEN NV

with respect to

the voluntary conditional public takeover bid by

SYNGENTA CROP PROTECTION AG

for all shares and warrants
issued by

deVGen

a public limited liability company under Belgian Law

November 8, 2012

1. GENERAL INFORMATION

1.1 Background information

On September 21, 2012, Syngenta Crop protection AG (the "**Bidder**" or "**Syngenta**"), a company limited by shares under Swiss law, with its main office at Schwarzwaldallee 215, 4058 Basel, Switzerland, CH-270.3.011.275-4, a wholly owned subsidiary of Syngenta AG, announced a voluntary and conditional public takeover bid (the "**Takeover Bid**") on all Shares and Warrants issued by Devgen NV, a limited liability company organized and existing under the laws of Belgium, with registered office at Technologiepark 30, 9052 Zwijnaarde, Belgium, and registered with the register of legal persons of Ghent under number 0461.432.562 (the "**Company**" or "**Devgen**"). The Takeover Bid will possibly be followed by a squeeze out bid.

In a comfort letter dated 21 September 2012 (the "**Comfort Letter**"), the board of directors of Devgen (the "**Board**") confirmed to Syngenta that it was of the opinion that the terms and conditions of the Takeover Bid were fair and reasonable and that the successful completion of the Takeover Bid would be in the interest of Devgen and its stakeholders. In addition, the Board declared in the Comfort Letter that it had the intention to render a favourable advice on the Takeover Bid in its memorandum of reply (the "**Memorandum**").

1.2 Preparation of the Memorandum

The Board examined the terms and conditions of the (at that time potential) Takeover Bid in August, 2012, before the Board decided to allow Syngenta to perform a due diligence on the Company. The Board reviewed the terms and conditions of the Takeover Bid again in September 2012, at the occasion of the approval of the Comfort Letter.

After the announcement of the Takeover Bid, the Board received a first version of the draft prospectus prepared by Syngenta. On October 2, 2012, the Board informed the FSMA and the Bidder, in accordance with article 26, second paragraph of the Royal Decree of 27 April 2007 on takeover bids (the "**Takeover Decree**"), that, in its opinion, the draft prospectus did not contain any statements or omissions that were so material that they could mislead the Holders of Shares or Warrants of the Company.

The Board subsequently examined the draft prospectus in more detail in view of drawing up this Memorandum in accordance with articles 22 through 30 of the Act of 1 April 2007 (the "**Takeover Act**") and with articles 26 through 29 of the Takeover Decree. The Board also examined and further analysed the potential consequences of the Takeover Bid, as described in the draft prospectuses that the Bidder made available to it, in light of the interests of the Company and all its stakeholders (including the Holders of Shares and Warrants, the employees, the customers, the creditors and the suppliers, of the Company). The Board approved this Memorandum on October 26, 2012 and gave a power of attorney to two directors of the Company, acting jointly, to finalize the Memorandum. Pursuant to this power of attorney, the Memorandum was finalized on November 8, 2012.

All the directors of the Company were present or represented at the Board meetings referenced above.

1.3 Composition of the Board

For the deliberations and resolutions on the Memorandum, the Board was composed as follows:

1. Mr. Remi Vermeiren (Chairman), residing at Vlaanderenstraat 107B box 401, 9000 Ghent;
2. Thierry Bogaert BVBA, with registered office at Wolvendreef 26G, 8500 Kortrijk, represented by its permanent representative, Mr. Thierry Bogaert;
3. Mr. Patrick Van Beneden, residing at Houtemstraat 81, 9550 Herzele;
4. Mr. Alan Williamson, residing at Maywood, One Tree Lane, Beaconsfield HP9 2 BU, United Kingdom;
5. Gengest BVBA, with registered office at Appelzakstraat 5 box AB3, 8300 Knokke-Heist, represented by its permanent representative, Mr. Rudi Mariën;
6. Blenar BVBA, with registered office at Burgemeester Etienne Demunterlaan 3 bus 1E, 1090 Jette, represented by its permanent representative, Mr. Jan Leemans;
7. Mr. Orlando de Ponti, residing at Gen. Foulkesweg 68 bus E, 6703 BW, Wageningen, The Netherlands;
8. Madeli Participaties B.V., with registered office at Straatweg 237, 3054 AH Rotterdam, The Netherlands, represented by its permanent representative, Mr. Wouter de Ruiter;
9. Van Herk Global Agri B.V., with registered office at Lichtenauerlaan 32, 3062 ME Rotterdam, The Netherlands, represented by its permanent representative, Mr. Aat van Herk; and
10. Mrs. Ruth Devenyns, residing at Kardinaal Sterckxlaan 47, 1860 Meise.

The Board approved this Memorandum unanimously.

1.4 Definitions

Except when indicated otherwise in this Memorandum, capitalized words and expressions have the same meaning as in the prospectus which was approved by the FSMA on November 8, 2012 (the "**Prospectus**").

2. DESCRIPTION OF THE TAKEOVER BID

2.1 Object of the Takeover Bid and Bid Price

The Takeover Bid relates to all the 24,291,131 currently outstanding Shares of the Company which represent the entire share capital of Devgen. The Bidder offers EUR 16.00 in cash for each Share.

The Takeover Bid relates to all outstanding Warrants issued by Devgen. A detailed overview of all outstanding Warrants is given in Section 4.4.3 of the Prospectus of the Bidder. The Bid Price for the Warrants is as follows:

Warrant plan	Strike price (EUR per Warrant)	Maturity date	Number of warrants outstanding	Bid Price (EUR per Warrant)

Warrants 2005	9.49	11/12/2015	103,000	8.64
	9.49	11/12/2020	1,112	11.01
	11.54	11/12/2020	7,880	10.38
	11.54	30/09/2012	0	4.49
	11.67	11/12/2020	5,220	10.34
	11.67	11/12/2015	5,256	7.59
	11.67	30/09/2012	0	4.36
	14.25	11/12/2015	6,000	6.55
	21.61	11/12/2015	24,588	4.47
	21.61	11/12/2020	8,568	8.16
	21.61	30/09/2012	0	0.04
	21.61	24/02/2014	360	2.44
	20.73	11/12/2015	206,016	4.66
	13	11/12/2020	13,140	9.97
	13	30/09/2012	0	3.13
	13	24/02/2014	1,054	5.38
	13.26	11/12/2020	10,008	9.91
Warrants for Employees, CEO and Consultants 2008	13.26	19/06/2018	15,000	8.61
	3.50	19/06/2018	50,774	13.13
	10.49	19/06/2018	26,632	9.57
	5.61	19/06/2018	70,119	11.82
	5.53	19/06/2018	81,828	11.87
Warrants for Employees, CEO and Consultants 2008 (India Sub-Plan)	3.5	19/06/2018	166,736	13.13
	10.49	19/06/2018	20,112	9.57
	5.61	19/06/2018	56,751	11.82
Warrants for Directors 2008	14.40	19/06/2013	8,793	3.74
Warrants CEO 2009	6.65	23/07/2014	300,000	9.81
Warrants for Directors 2009	6.65	23/07/2014	30,000	9.81
Warrants CEO & Directors 2010	8.78	31/05/2015	30,000	8.74
Warrants CEO & Directors 2011	6.78	31/05/2016	115,436	10.43
Warrants for Employees, CEO and Consultants 2012	5.43	31/05/2022	32,311	12.92
Warrants CEO & Directors 2012	5.43	31/05/2017	74,311	11.62

2.2 Support for the Takeover Bid by certain shareholders

On September 20, 2012 the Reference Shareholders (O.G.B.B. A. Van Herk B.V., Biovest Comm.VA, Madeli Participaties B.V., Gimv NV, Adviesbeheer and Biotech Fonds Vlaanderen NV), who in total hold 11,538,156 Shares (which represents 47,5% of all outstanding Shares) and 36,000 Warrants of Devgen, undertook:

- to tender all their Securities into the Takeover Bid or if applicable, any counter offer or higher offer launched by the Bidder;
- not to solicit any offer on Devgen;
- to recommend the Takeover Bid, or if applicable, any counter offer or higher offer launched by the Bidder, and to exercise (or procure the exercise of) the voting rights attached to their Securities on any resolution in a manner which would assist the implementation of the offer;
- not to purchase, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any Security other than pursuant to the acceptance of the Offer, or if applicable, any counter offer or higher offer launched by the Bidder;
- not to accept or undertake to accept any offer of merger, split or other business combination in any circumstances, declare or accept the declaration of dividends, undertake any actions which would have a material impact on the assets, obligations, liabilities or prospects of Devgen or its subsidiaries, or otherwise exercise or permit the exercise of the voting rights attached to their Securities in any manner which would frustrate the Takeover Bid or allow the Takeover Bid becoming or being declared invalid or unconditional;

provided that,

- in case the Takeover Bid is withdrawn by the Bidder, the above-mentioned undertakings will lapse;
- in case of a public takeover bid on Devgen which (i) is launched in competition with the Takeover Bid, or with any counter offer or higher offer by the Bidder, (ii) is not solicited by the Reference Shareholders, and (ii) exceeds the Bid Price by 5% or more, the Reference Shareholders will be allowed to tender their Securities into such competing public takeover bid (subject to, in case of a Qualifying Competing Bid, the lump sum indemnity set out below), unless the Bidder further counter bids such competing public takeover bid (in which case the above-mentioned undertakings of the Reference Shareholders will regain full force and effect with respect to such counter offer or higher offer launched by the Bidder); and
- in case the Reference Shareholders tender their Securities into a Qualifying Competing Bid, a lump sum indemnity will be due to the Bidder per Security tendered in the Qualifying Competing Bid equal to 90% of the difference between the Bid Price, and the higher compensation offered in the Qualifying Competing Bid for such Security.

In addition, each of the Reference Shareholders granted a call option to the Bidder to acquire all of their Securities at the Bid Price. The Bidder is entitled to exercise these call options for a period of one month as of the date of the announcement of the results of the Takeover Bid or if applicable, a counter offer or higher offer launched by the Bidder, provided that these call options shall lapse automatically, if one or more of the following is applicable:

- the Bidder has definitely acquired the Securities of the Reference Shareholders following the settlement of the Takeover Bid or, if applicable, a counter offer launched by the Bidder; or

- any public takeover bid on Devgen is launched in competition with the Takeover Bid or a counter offer or higher offer launched by the Bidder, and exceeds the Bid Price by 10% or more, and which is not solicited by the Reference Shareholders, unless the Bidder launches a new counter offer in which case the call options shall regain full force and effect; or

- a Qualifying Competing Bid is launched and the Reference Shareholders have paid the lump sum indemnity referred to above; or

- the Bidder withdraws its Takeover Bid or, as the case may be, its counter offer.

2.3 Support for the Takeover Bid by the Board

On 25 August 2012, the Bidder and Devgen entered into a confidentiality agreement allowing the Bidder access to a virtual data room, management presentations, expert sessions and site visits, subject to the payment of a break-up fee of EUR 2,500,000 in the event where the Bidder would not formally launch the Takeover Bid at the latest on 20 September 2012 for any reason other than certain pre-defined material adverse due diligence findings (the "**Confidentiality Agreement**").

On 21 September 2012, the Bidder and Devgen entered into a Comfort Letter pursuant to which Devgen expressed its recommendation of the Takeover Bid.

The main terms and conditions of the Confidentiality Agreement and the Comfort Letter can be summarized as follows:

- Devgen agreed, for a period ending on 18 October 2012 (the "**Exclusivity Period**"), to not actively solicit (i) alternative bids on all outstanding Securities of Devgen, or (ii) any other transactions in respect of its assets which fall outside the normal course of business of Devgen and which may preclude, materially restrict, or make the completion of the Bid or the integration of Devgen and any of its subsidiaries more difficult or expensive.

  During the Exclusivity Period, Devgen is entitled to engage in contacts, discussions and information sharing with a third party which, cumulatively, (i) has not been solicited by Devgen, but has pro-actively, at its own initiative, informed Devgen of its serious interest to acquire all Securities of Devgen, (ii) is a serious candidate bidder reasonably able (from a financial as well as an industrial perspective) to complete its bid successfully, and (iii) considers to offer a price per share that is at least 5% higher than the Bid Price, provided that Devgen will:

- allow such party only access to a due diligence under the same conditions and restrictions as applicable to the Bidder pursuant to the Confidentiality Letter, with the exception that for such party the break-up fee will be set at not less than EUR 12,500,000; and

- allow such party only access to the same information to which the Bidder has received access pursuant to the Confidentiality Letter;

▪ Devgen agreed to pay the Bidder a break-up fee of EUR 500,000 as compensation for part of the costs incurred to prepare a potential takeover offer in the event where the Takeover Bid would not be successfully completed for any reason other than the non-satisfaction of any of the conditions as set out in section 5.1.5 of the Prospectus.

▪ The Board agreed to grant its unanimous support to the Takeover Bid, provided that it would be launched by September 20 at the latest, at the same terms and conditions as set forth in the Confidentiality Agreement.

▪ All non-executive directors other than the independent non-executive directors agreed to tender their resignations as members of the Board, and/or of any corporate body or committee of Devgen, at the request of the Bidder, as of the Initial Settlement Date following the expiration of the Acceptance Period. Upon such resignation the remaining executive director and the independent non-executive directors agreed to co-opt a majority of new directors presented by the Bidder. The remaining independent non-executive directors agreed to tender their resignation thereafter.

▪ Devgen and its subsidiaries further agreed to:

- conduct its and their business in the ordinary course and use commercially reasonable efforts to (i) keep intact its and their current business organisation, (ii) preserve the validity and enforceability of all of its and their intellectual property rights, (iii) maintain in effect all of its and their permits, (iv) diligently and rigidly manage its cash position in the normal course of its business and consistent with good past practices, (v) keep available the services of its and their directors, senior managers and key employees and (vi) maintain good relationships with its and their customers, suppliers and others having material business relationships with it;

- not enter into or consent to any new commitment the value of which would, on an individual basis, exceed EUR 500,000, without the Bidder's prior consent which shall not unreasonably be withheld or delayed;

- not enter into any licensing (in or out) agreement, partnership or similar agreement, or, in general terminate, enter into or amend in any material extent any contract or arrangement or commitment (whether conditional or unconditional) material to Devgen's business or which would substantially change the scope of Devgen's business (or any part thereof);

- not make any material change in the terms and conditions of employment or pension schemes, including in management or consultancy agreements, of any of the directors or employees of Devgen nor any of its subsidiaries with a total annual remuneration in excess of EUR 150,000 (except as a consequence of mandatory law, mandatory collective bargaining agreements or existing individual arrangements) nor enter into or take the initiative to terminate (except for serious cause or justified business reasons) any employment, consultancy or management agreement with any director or employee with a total annual remuneration in excess of EUR 150,000, except for new recruitments that fit within the Company's current growth plan, provided that, in the latter case, the total annual remuneration of all new recruits with an annual remuneration in excess of EUR 150,000 does not exceed EUR 1,000,000;

- ensure, without prejudice to the undertaking set forth above, that an amount of at least EUR 22,000,000 be available in readily available cash or cash equivalents in the accounts of the Company at the earliest of the two following dates: (i) the date of the publication of the results of the Initial Acceptance Period of the Takeover Bid or (ii) 31 December 2012;

- not issue, acquire, grant or otherwise transfer any shares, warrants or other securities of Devgen, except as a result of the (committed) grant of 32,311 warrants under the "Warrant Plan CEO & Directors 2012" or the exercise of existing Warrants under the applicable terms and not to redeem any Shares.

During the negotiations with Syngenta, the Board has endeavoured to strike an equitable balance between the interests of its current shareholders, the interests of its future (and legally committed) shareholder, Syngenta, and the interests of a potential counter bidder. The interests of the current shareholders are arguably best served by a transaction structure that maximizes the chances of a counter bid. A counter bid is more likely if a serious candidate counter bidder is allowed to have access to the same due diligence information that has been provided to Syngenta, at the same time as this information has been submitted to Syngenta, *i.e.* prior to the formal launch of the counter bid. The submission of commercially sensitive information to an interested but not committed candidate counter bidder carries the risk, however, that this information is passed on to an important player on the market that eventually does not launch a counter bid. This risk, if it were to materialise, is not in the interest of the Company in general nor of the first bidder, Syngenta, in particular and may even discourage potential other counter bidders. To give all stakeholders of the Company sufficient comfort that due diligence information will only be made available to candidate counter bidders that are seriously interested and reasonably likely to effectively launch a counter bid, the Company has agreed with Syngenta that, during the Exclusivity Period, only candidate counter bidders who agree to pay a break-up fee of EUR 12,500,000 will be allowed access to the due diligence information prior to launching a counter bid. Counter bidders who are not willing to make such commitment will receive access to the information after they have launched their counter bid, as is provided by applicable law. The Board is of the opinion that by balancing the interests of the various stakeholders as described above, it has, on the one hand, made the launch of an initial bid possible, while preserving, at the same time, the possibility for a serious party to launch a counter bid. The decision to include a break-up fee of EUR 12,500,000 in the agreement with Syngenta was supported by all directors (including the independent directors).

The Company has further agreed with Syngenta to specify in more detail its general obligation to conduct its business in the normal course pending the Takeover Bid.

Finally, the agreed upon break-up fee of EUR 500,000 which will, in the current status of the Takeover Bid, only become payable by Devgen to the Bidder in the event where a counter bid is launched and succeeds. It occurs to the Board that this amount will most likely only partially compensate the Bidder for the (internal and external) costs and expenses that it has incurred in the framework of the preparation of the Takeover Bid (that will, if a counter bid is launched, be at the origin of such counter bid). In the negotiations, this break-up fee was - to some extent - a *quid pro quo* for the EUR 2,500,000 break-up fee that would have been due by the Bidder in the event where the latter would not have launched a bid after the commencement of the due diligence. The decision to include a break-up fee of EUR 500,000 in the agreement with Syngenta was supported by all directors (including the independent directors).

2.4 Upcoming shareholders' meetings regarding contractual commitments entered into by Devgen

In the period preceding the filing of the Takeover Bid, but after the last shareholders’ meeting, the Board adopted the following decisions, which, pursuant to Articles 556 and 520 ter of the Companies Code, must be submitted for approval to the Company's shareholders’ meeting:

- the presence of a change of control clause in the global license and research agreement entered into between Devgen and Syngenta on 14 May 2012, which entitles Syngenta to a partial or a total refund of fees and payments made in exchange for a partial or total termination of licenses granted.

- the execution of a management services agreement with the CEO of Devgen dated June 19, 2012, which provides that, in the event of a change of control, (i) all bonuses that relate, in whole or in part, to the performance of the CEO during any of the calendar years prior to and including the year where the change of control takes place, to the extent not yet paid, become immediately due (for a maximum amount of up to EUR 557,668) and (ii) the future grant of 32,311 warrants at an exercise price of EUR 5.43 per warrant accelerates as well.

- the payment by Devgen or affiliated companies of a bonus to certain key managers, employees and consultants of the Company and to certain directors of affiliated companies of the Company for services rendered in the past, subject to the successful closing of the Takeover Bid, for an aggregate amount equal to EUR 4.03 million, to be increased, in the event of a higher bid or counter bid, by an amount equal to 1% of the excess transaction value of such higher bid or counter bid.

The change of control clause that appears in the agreement that has been negotiated with Syngenta is fairly typical for agreements of this type. It allows Syngenta, in short, to opt to partially or completely terminate the collaboration if the Company is acquired by a third party. The effect of such termination would be reciprocal in the sense that, in the event of a third party acquiring the Company, Syngenta would, on the one hand, be entitled to the reimbursement of certain amounts but would, on the other hand, simultaneously be obliged to give up related (licensing) rights.

The rationale of the management services agreement dated June 19, 2012 was to bring the existing agreement in line with the new requirements of the Companies Code in view of the fact that the annual variable remuneration of the CEO of the Company could exceed one fourth of its total annual remuneration. The new agreement makes the payment of certain variable amounts dependent on the CEO's performance over one, two and three year periods and simultaneously sees to it that the CEO is not deprived of certain rights, which have been spread out over time, in the event of a change of control. The Company has gradually scaled the variable compensation as provided by law (and in particular as provided by article 520 ter of the Companies Code) into its current relationship with the CEO: during 2012 the bonus will be up to 50% of the annual fixed remuneration (in function of the manager's performance over 2011), during 2013, the bonus will be up to 75% of the annual fixed remuneration (in function of the manager's performance over 2011 and 2012) and as of 2014 the bonus will be up to 100% of the annual fixed remuneration (in function of the manager's performance over three years). To compensate impact of the resulting loss of variable compensation for the manager (up to 50% in 2012 and up to 25% in 2013), the manager's fixed remuneration has been increased during the transition period (it being understood that this increase will not be taken into account to calculate the variable remuneration). Simultaneously, parties have agreed, subject to the approval by the shareholders' meeting, that, in the event of a change of control, all variable compensation (including the transitional increases of the fixed remuneration) that relate to the years prior to and including the year where the change of control takes place, will become immediately payable. For clarity's sake, this understanding does not imply an increase but only an acceleration of certain payments (to be calculated on the basis of the then known performance of the manager). The total amount of the accelerated bonuses in the case at hand is EUR 557,668, which was calculated on the basis of the past performance scores of the CEO. In addition, in the event of a change of control, a total amount of 32,311 warrants, that should have been granted in the future, also become immediately grantable. In approving this management services agreement, the Board applied Article 523 of the Belgian Company Code and this approval was supported by all directors (including the independent directors).

The success fee of EUR 4.03 million has been awarded exclusively by the Board (and not by the Bidder) to certain key managers, consultants, employees and directors of subsidiaries for services rendered in the past for the benefit of the Company and/or its subsidiaries (and not in consideration for the beneficiaries' shares or warrants). The fee is exclusively destined to recognize the significant contribution of Devgen's talented, experienced and motivated staff to the Company's success, in general, and to the establishment and growth of the Company's affiliates' activities in South East Asia in particular. Because the success of a company such as Devgen is to a large extent measured from the exit opportunities that are offered to the investors, the Board considered it equitable that a significant bonus be paid to the persons who are at the source of the success of the group in the event where a takeover bid is effectively launched and completed. Because the Bidder has not been, is not and should not be involved in the decision making process with respect to the payment of the fee, the Board has decided to convene the shareholders' meeting that will ultimately decide on the payment of the fee after the announcement of the results of the Takeover Bid and prior to the settlement thereof. By organizing the meeting after the announcement of the results, the Board achieves that the fee cannot be viewed as an inducement to tender shares (shares will, or will not, have been tendered before the decision is taken). By organizing the meeting before the settlement of the Takeover Bid, the Board further achieves that the current shareholders (and not the Bidder) will decide, by casting their vote at the meeting, on the payment of the fee.

The Board has applied Article 523 of the Belgian Company Code and all directors (including the independent directors) supported the decision to pay a conditional succes fee. Two thirds of the success fee will be payable (in the event of a change of control and subject to shareholders' approval) to Thierry Bogaert; one third will be distributed among a small group of key managers.

As already indicated above, the Board was of the view that it was not appropriate to immediately convene a special shareholders' meeting in respect of the aforesaid issues pending the discussions with Syngenta regarding a potential closer cooperation (including a potential takeover bid). Therefore the Board decided to convene a shareholders' meeting after the announcement of the Takeover Bid. The Board further decided to call the meeting in such way that it will take place after the announcement of the results of the Takeover Bid and prior to the Initial Settlement Date of the Bid. The purpose of this timing is to allow the current shareholders of Devgen to pronounce themselves on the issues above at a time where the results of the Takeover Bid are already public.

As stated in Section 4.8.2 of the Prospectus, the Bidder, which was not involved in these discussions nor decisions, does not object that these undertakings are submitted to the approval by the special shareholders' meeting and does not consider these agreements to constitute a defensive measure to frustrate the Takeover Bid as referred to in Article 31 of the Takeover Decree, nor a material change in the composition of the assets and liabilities of Devgen, as referred to under the condition of the Takeover Bid set forth in Section 5.1.5 of the Prospectus.

The exact agenda of the special shareholders' meeting will read as follows:

1. Approval of a change of control clause in the license and research agreement entered into between the Company and Syngenta AG on 14 May 2012.

   Proposed resolution: *The meeting approves the clause enshrined in the license and research agreement entered into between the Company and Syngenta AG on 14 May 2012, and that entitles the latter, in the event of a change of control within the Company, to request a partial or a total refund of fees and payments made in exchange for partial or total termination of licenses granted.*

2. Approval of bonuses to certain key managers, employees and consultants in case of a successful closing of the takeover bid (or a thereto related counter bid or higher bid) that was announced on 21 September 2012.

   Proposed resolution: *The meeting approves the grant of bonuses to certain key managers (including Thierry Bogaert), key employees and key consultants. For the beneficiaries who perform a board mandate within a subsidiary of the Company, this bonus will be paid by the relevant subsidiary for services rendered for the benefit of these subsidiaries. The aggregate amount of all bonuses will equal EUR 4.03 million, to be increased, in the event of a successful counter bid or higher bid, by an amount equal to 1% of the excess transaction value of such counter bid or higher bid. The bonuses will only be due in case of a successful closing of the takeover bid on the Company that was announced on 21 September 2012 (or a thereto related counter bid or higher bid).*

3. Ratification of the accelerated granting of certain warrants and of an accelerated payment of certain bonuses to the CEO of the Company in case of a change of control within the Company.

   Proposed resolution: *The meeting approves the clause that is enshrined in the management services agreement of the CEO of the Company dated 19 June 2012 that, in case of a change of control within the Company, provides for an accelerated granting of 32,211 warrants at an exercise price of EUR 5.43 per warrant and for an accelerated becoming due of certain bonuses by the subsidiaries of the Company, the maximum aggregate amount of which is EUR 557,668, which would, in principle, have become due in the course of the agreement.*

2.5 Conditions Precedent

The Takeover Bid is subject to the following conditions precedent:

a) as a result of the Takeover Bid (or, as the case may be, the exercise of the call option granted by certain shareholders to Syngenta), Syngenta will hold at least 80% of all outstanding Shares of Devgen;

b) between the date of the publication of the Takeover Bid and the publication of the results of the Takeover Bid, no events, facts or circumstances will have occurred (including a breach or loss of a material intellectual property right and a breach of a material regulatory obligation of Devgen or its subsidiaries), beyond Syngenta's control, that have, or are at that moment reasonably likely to have (in such case, as confirmed by an independent expert) a potential negative impact of, in the aggregate, more than EUR 4,000,000 (four million Euros) on the consolidated revenues of Devgen for 2012 (a "Material Adverse Change"); provided, however, that none of the following shall constitute a Material Adverse Change: (i) any change in the market price or trading volume of Devgen shares for reasons not related to Devgen's business operations; (ii) any general evolution on the stock exchange markets; (iii) any adverse effect resulting from or arising out of the announcement or anticipated consummation of the Takeover Bid (other than as a result of any termination right or additional obligation being triggered in respect of an agreement to which Devgen or any of its subsidiaries is a party) or (iv) any change arising out of conditions affecting the economy or industry of Devgen in general which does not affect Devgen in a materially disproportionate manner relative to other participants in the economy or such industry, respectively; and

c) between the date of the publication of the Takeover Bid and the publication of the results of the Takeover Bid, (i) no licensing (in or out) agreements, partnership or similar agreements will have been entered into by Devgen or its subsidiaries (a) with a commitment in excess of EUR 500,000 (five hundred thousand Euros), (b) or a duration of more than 1 (one) year in case of research agreements and 2 (two) years for any other agreements, (c) in relation to key assets pursuant Articles 556, 557 and 607 of the Companies Code, and (d) containing terms limiting significantly Devgen's future freedom to operate, such as by including exclusivity, cross-licensing obligations, and similar provisions, (ii) no agreements, no resolutions or no commitments that, in accordance with Articles 556, 557 and 607 of the Companies Code, would require the approval of Devgen's shareholders' meeting have been or will have been entered into, decided upon or made, (iii) no dividend or other distribution (to be resolved upon by the shareholders' meeting or requiring a statutory authorization of the Board) has or will have been decided, paid or made by Devgen or its subsidiaries, and (iv) no material changes will have been made to Devgen’s or its subsidiaries’ articles of association and/or corporate governance rules.

The Bidder has the right to waive any of the above conditions precedent in whole or in part. If any of the above conditions are not met, the Bidder will announce its decision whether or not he waives such condition at the time of announcement of the results of the Initial Acceptance Period at the latest.

The Bidder also intends to launch a squeeze-out in accordance with article 513 of the Companies Code and the Takeover Decree, if the conditions for such a squeeze-out are met.

3. ASSESSMENT OF THE CONSEQUENCES OF THE TAKEOVER BID, TAKING INTO ACCOUNT THE INTERESTS OF THE COMPANY, OF THE HOLDERS OF SECURITIES OF THE COMPANY, OF THE CREDITORS OF THE COMPANY AND OF THE EMPLOYEES OF THE COMPANY

In the current chapter, the Board has tried to, to the extent possible, outline and summarize the key characteristics of the Bidder's strategy and intentions. Outlines and summaries are, by their very nature, incomplete. The reader should therefore read the present Memorandum in conjunction with the Prospectus of the Bidder. The Board has only verified factual and explicit information that appears in the Prospectus of the Bidder to the extent that such information relates directly to the Company and is objectively verifiable.

3.1 General comments on the consequences of the Takeover Bid

Generally, the acquisition of a relatively small but innovative company like Devgen by a large and worldwide company with extensive commercial and financial resources like Syngenta, enabling the small company to put its technology at work, is an almost natural development as has been demonstrated very often in the past in Belgium or elsewhere. Hence, the Takeover Bid as such should not come as a surprise to the stakeholders of Devgen.

The Board understands that Syngenta's primary reasons for launching the Takeover Bid are the following:

- the fit between the crop protection portfolio of Syngenta and Devgen’s hybrid pipeline in key rice geographies;
- the opportunity created by the hybrid rice products of Devgen to accelerate the deployment of Syngenta’s integrated offers such as Tegra™; and
- the possibility to expand and accelerate the commercialisation of the Devgen R&D pipeline by increasing investments and leveraging Syngenta technologies and platforms.

It further appears from the Prospectus that, in addition to Devgen's achievements and potential in rice, Syngenta also values, and intends to further invest in, the Company's achievements and R&D platform with respect to RNAi, bioinformatics, crop protection, genotyping, genomics and trait development.

The Board further understands that, in the event where the Takeover Bid were to be successful, Devgen would, within Syngenta's large multinational network, have the opportunity to further develop and expand its activities with a view to establishing a stronger and broader portfolio of modern crop protection products.

The Board is of the opinion that the aforesaid goals will be best achieved by Syngenta if the technology platform, the business and the people of Devgen continue to play an important role within the Syngenta organization. This view is also reflected in the Bidder's Prospectus, which provides a basis to assume that the contemplated acquisition will take due account of the interests of the Company and its employees.

3.2 Assessment of the Takeover Bid in view of the interests of the Holders of Securities of the Company

3.2.1 The Shareholders

In the event of a successful closing of the Takeover Bid, Syngenta will pay EUR 16.00 in cash per Share.

The Bid Price represents a premium of 70% to Devgen’s closing price on NYSE Euronext Brussels as of 20 September 2012 (*i.e.* the day prior to the announcement of the Takeover Bid).

The premium can be viewed as a consideration for the future positive value that the Bidder expects to receive from the business platform that Devgen has established, the integration of the Company within its own organization and the synergies that such integration will deliver. While the Board is confident that the Company's current platform, people and organization will, on a stand alone basis, also bear fruits in the future, it remains uncertain to what extent and when, this value will effectively be created. This uncertainty is, inter alia, due to the high level of investments that will be required to execute the Company's strategy and the very competitive environment in which the Company operates. There is therefore no guarantee at all that the present value of the execution of the Company’s business plan, which has been assessed rather conservatively by research analysts in the past, will be near or equal to the currently offered Bid Price.

In addition, there will always remain a degree of uncertainty as to what extent a successful execution of Devgen's business plan will effectively be reflected in the Company's share price. For completeness' sake, it should be noted that Devgen has never distributed dividends and that the Company does not expect to distribute dividends in the foreseeable future.

As mentioned above, the Reference Shareholders of the Company each individually committed to tender their Shares in the Takeover Bid. The other shareholders can draw comfort with respect to the terms of the Bid from the fact that four different shareholders, each of whom has a thorough knowledge of the business of the Company, have all concluded, from there respective investment perspective and rationale, that the terms of the Bid are such that it merits a commitment to tender their Shares.

Finally, the Board notes that the Bid has been structured in such a way that competitive Bids are possible, which implies that, eventually, the market can play its role in determining the value of the Company in a takeover scenario.

In view of the significance of the premium offered, the degree of uncertainty involved in the execution of the Company's stand alone business plan, the commitment by certain shareholders vis-à-vis the Bid and the structure of the Bid, the Board has concluded that there was no need to request a third party to render an independent fairness opinion on the conditions of the Bid.

3.2.2 Holders of Warrants

A detailed overview of the Bid Price for the Warrants is set forth in Chapter 2.1.2 above.

The various warrant plans that Devgen has put in place over the years were destined to align the interests of the employees, consultants and staff of the Company to some extent with the interests of its shareholders. A takeover bid is a unique opportunity for investors in growth companies such as Devgen (which typically do not pay dividends) to capture the value of their investment. To allow the beneficiaries of the Company's warrant plans to also capture their portion of the company's equity value at the occasion of the Takeover bid, the beneficiaries must be in a position to fully participate in the Takeover Bid. The Board therefore decided that, as a result of the launch of the Takeover Bid, all Warrants that were not yet vested became immediately vested. The Board further decided that, pending the Bid, all Warrants became transferable (with a view to allowing the Warrant Holders to tender their Warrants in the Bid).

The Warrants are not traded on any public market. To determine the Bid Price for the Warrants, the Bidder used the Black & Scholes model, which is considered as a generally accepted valuation method for warrants in acquisition transactions by the financial markets. The Black & Scholes model does not only value the warrants in function of the difference between the exercise price of the warrants and the bid price for the underlying shares (the so called "spread"), but also takes account of other elements that are inherent to the warrants, such as their time and option value.

The assumptions that were used for purposes of applying the Black & Scholes model are listed in section 5.1.4 of the Prospectus. The Board, which has taken advice from KBC Securities with respect to these underlying parameters, is of the opinion that these assumptions are reasonable and market standard.

3.2.3 Conclusion

Based on the above, it is the unanimous opinion of the Board that both the Bid Price for the Shares and the Bid Price for the Warrants are attractive. The Board is of the opinion that the Bid Price for the Shares and the Bid Price for the Warrants are properly substantiated, using customary and relevant valuation parameters and criteria, and reflect a significant premium. Consequently, it is the opinion of the Board that the Takeover Bid respects the interests of the Shareholders and Warrant Holders.

3.3 Assessment of the Takeover Bid in view of the interests of the creditors

The financial debt of the Company is limited. The Company's debt is mainly commercial in nature and relates to its ordinary business activities.

Based on the financial strength of the Syngenta Group, the information included in the Prospectus and also taking into account the long term strategy which the Bidder pursues with the Takeover Bid, the Board is of the opinion that the Takeover Bid should not prejudice the situation of the present creditors of the Company nor have a negative impact on Devgen's liquidity or solvability.

The Board observes, in this respect, that Syngenta intends to finance the Takeover Bid with existing funds available to the Bidder and that the latter does not believe that the decrease in cash and cash equivalents resulting from the payment of the Bid Price will impact the operation of Syngenta's or Devgen's business.

3.4 Assessment of the Takeover Bid in view of the interests of the employees and employment

Devgen's talented, experienced and motivated staff have contributed significantly to Devgen's current success. The Board is convinced that the Company's employees and consultants will continue to play a crucial role in the future success of Devgen's know how and technology once integrated in the Bidder's world wide business. It appears from the Prospectus that Syngenta shares this view. Syngenta made clear that it wishes to retain the skills and experience of all Devgen's personnel and that it does not anticipate any substantive change in employee working conditions. In its Prospectus, the Bidder has declared to be considering to work out a retention bonus scheme in order to retain key members of the management as well as the other employees of the Company.

Syngenta expressed its key interest in Devgen's R&D capabilities and in the Company's commercial, production and supply teams supporting rice and other crops.

From a location perspective, the Bidder confirmed its intention to retain the Ghent facility and to invest in facilities in India and South East Asia.

Importantly, the Bidder expects that its acquisition and integration of Devgen will lead to an expansion of the Syngenta seed and crop protection businesses in key Asian countries, which should, over time, create interesting career development opportunities for the Devgen employees, staff and consultant teams within Syngenta.

4. VISION OF THE BOARD ON THE STRATEGIC PLANS OF THE BIDDER FOR THE COMPANY AND THE POTENTIAL CONSEQUENCES THEREOF ON THE RESULTS, EMPLOYMENT AND LOCATIONS

In its Prospectus, the Bidder explains that it intends to develop a fully integrated offer for growers on a global basis. Syngenta expects that the acquisition of Devgen will accelerate its ability to implement its integrated strategy with respect to rice. Because of Devgen's strong hybrid rice pipeline and its commercial teams in key geographies, the acquisition matches the Bidder's goal of developing and commercialising best-in-class modern technologies for small holder rice farmers around the globe.

The Bidder further reveals that the acquisition also fits with its ambition to expand its market leadership in insect control solutions through the deployment of novel RNAi technologies.

Finally, the Bidder clarifies that Devgen's demonstrated leading research capabilities, encompassing a deep pipeline of innovative hybrid rice products, germplasm and biotechnologies such as RNAi, bioinformatics and gene based discovery platforms as well as its research capabilities in crop protection genotyping, genomics and trait development are highly complementary with, and will further strengthen, its own research platform.

Taking into account the above strategic objectives of the Bidder, all of which are complementary to Devgen's strategy, Syngenta is likely to support and accelerate the full growth potential of Devgen, from an R&D as well as a production and market access perspective.

In view of Syngenta's stated intention to fully integrate Devgen within its existing organisation, it is difficult, and therefore probably not very useful, to try and assess the impact that the Takeover Bid may have on the Company's (stand alone) results of operations. In general, the Board believes that it is fair to expect that the revenues as well as profit margins of the Devgen activities are likely to increase. In the short term, sales should increase as a result of the introduction of Devgen's products into Syngenta's marketing and sales organization, while there is a potential for cost savings resulting from the delisting of the Company as well as from economies of scale.

In terms of employment, as already indicated above, the Board notes that the Prospectus of the Bidder does not anticipate any substantive changes in employee working conditions. To the contrary, Syngenta generally confirms its intention to retain the skills and experience of the Devgen staff. In its Prospectus Syngenta further announces the roll out of a (cash or share) bonus retention plan for Devgen's employees and full time consultants.

With respect to the various locations of Devgen, the Board is of the opinion that all locations where the Company is currently active can contribute to, and should benefit from, the implementation of the above strategy; most of the Company's locations in India and South East Asia fit almost seamlessly into the Syngenta structure, while Syngenta has indicated that the Ghent facility will continue to play a role, in particular as an R&D centre of excellence in relation to RNAi technology.

In short, the Board is of the opinion that the strategy behind the Takeover Bid has the potential to have positive consequences on Devgen’s activities and employees, in particular with respect to R&D, market access for rice and other crops and most of its different present locations.

5. SECURITIES HELD BY THE DIRECTORS

5.1 Number of voting rights bearing or voting rights conferring Securities held by members of the Board or by persons whom they represent in fact

5.1.1 Shares

On the date of the present Memorandum the following Shares are held, directly or indirectly by the members of the Board, by persons whom the members of the Board represent or by companies which such members of the Board control:

Director	Number of Shares	% of total
Thierry Bogaert BVBA (Mr. Thierry Bogaert)	47,732	0.20%
Mr. Orlando de Ponti	0	0%
Blenar BVBA (Mr. Jan Leemans)	13,000	0.05%
Gengest BVBA (Mr. Rudi Mariën)[1]	3,093,489	12.74%
Mr. Allan Williamson	1,146	0.005%
Mr. Remi Vermeiren	25,000	0.10%
Van Herk Global Agri B.V. (Mr. Aat van Herk)[2]	4,822,342	19.85%
Mr. Patrick Van Beneden[3]	0	0%
Madeli Participaties B.V. (Mr. Wouter de Ruiter)	2,083,863	8.58%
Mrs. Ruth Devenyns	0	0%

5.1.2 Warrants

On the date of the present Memorandum the following Warrants are held by the members of the Board, by persons whom the members of the Board represent or by companies which such members or persons control:

- Mr. Thierry Bogaert:
  - 100,000 warrants (Warrants 2005 with an exercise price at 9.49)
  - 5,256 warrants (Warrants 2005 with an exercise price at 11.67)
  - 24,588 warrants (Warrants 2005 with an exercise price at 21.61)
  - 200,016 warrants (Warrants 2005 with an exercise price at 20.73)
  - 300,000 warrants (Warrants CEO 2009 with an exercise price at 6.65)
  - 85,436 warrants (Warrants CEO & Directors 2011 with an exercise price at 6.78)
  - 32,311 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)
  - 32,311 warrants (Warrants for Employees, CEO and Consultants 2012 with an exercise price at 5.43 - Thierry Bogaert BVBA)

[1] Shares held by Biovest ComVa and Rudi Mariën.
[2] Shares held by O.G.B.B. A. Van Herk B.V.
[3] Mr. Patrick Van Beneden represents Gimv NV, Adviesbeheer Gimv Venture Capital 2010 NV and Biotech Fonds Vlaanderen NV, which together hold 1,538,462 Shares, representing 6.34%.

- Mr. Orlando de Ponti
  - 6,000 warrants (Warrants for Directors 2009 with an exercise price at 6.65)
  - 6,000 warrants (Warrants CEO & Directors 2010 with an exercise price at 8.78)
  - 6,000 warrants (Warrants CEO & Directors 2011 with an exercise price at 6.78)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

- Mr. Jan Leemans
  - 2,931 warrants (Warrants for Directors 2008 with an exercise price at 14.40)
  - 6,000 warrants (Warrants for Directors 2009 with an exercise price at 6.65)
  - 6,000 warrants (Warrants CEO & Directors 2010 with an exercise price at 8.78)
  - 6,000 warrants (Warrants CEO & Directors 2011 with an exercise price at 6.78)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

- Mr. Rudi Mariën
  - 6,000 warrants (Warrants for Directors 2009 with an exercise price at 6.65)
  - 6,000 warrants (Warrants CEO & Directors 2010 with an exercise price at 8.78)
  - 6,000 warrants (Warrants CEO & Directors 2011 with an exercise price at 6.78)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

- Mr. Alan Williamson
  - 3,000 warrants (Warrants 2005 with an exercise price at 14.25)
  - 3,000 warrants (Warrants 2005 with an exercise price at 20.73)
  - 2,931 warrants (Warrants for Directors 2008 with an exercise price at 14.40)
  - 6,000 warrants (Warrants for Directors 2009 with an exercise price at 6.65)
  - 6,000 warrants (Warrants CEO & Directors 2010 with an exercise price at 8.78)
  - 6,000 warrants (Warrants CEO & Directors 2011 with an exercise price at 6.78)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

- Mr. Remi Vermeiren
  - 3,000 warrants (Warrants 2005 with an exercise price at 9.49)
  - 3,000 warrants (Warrants 2005 with an exercise price at 14.25)
  - 3,000 warrants (Warrants 2005 with an exercise price at 20.73)
  - 2,931 warrants (Warrants for Directors 2008 with an exercise price at 14.40)
  - 6,000 warrants (Warrants for Directors 2009 with an exercise price at 6.65)
  - 6,000 warrants (Warrants CEO & Directors 2010 with an exercise price at 8.78)
  - 6,000 warrants (Warrants CEO & Directors 2011 with an exercise price at 6.78)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

- Van Herk Global Agri B.V. (Mr. Aat van Herk)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

- Madeli Participaties B.V. (Mr. Wouter de Ruiter)
  - 6,000 warrants (Warrants CEO & Directors 2012 with an exercise price at 5.43)

5.2 Transfer of the Securities held by members of the Board or by the persons which they represent

As indicated above, the Reference Shareholders of Devgen, which hold in aggregate 47,5% of the Shares of Devgen, undertook, except in case of a counter bid that fulfils certain conditions, (i) not to acquire, transfer or encumber Securities or any other financial instruments issued by Devgen, (ii) to accept the Takeover Bid and tender their Shares and Warrants in the Takeover Bid, (iii) to positively recommend the Takeover Bid, and (iv) not to solicit any counter bid, provided that in case of a counter bid fulfilling certain conditions, the Reference Shareholders shall be released from all the above obligations.

Each of the members of the Board has the intention to tender all his, her or its Shares and Warrants to the Bidder.

5.3 Own Shares of Devgen

Devgen does not own any of its Shares at the date of the present Memorandum.

6. APPLICATION OF APPROVAL CLAUSES AND PRE-EMPTION RIGHTS

The articles of association of Devgen do not contain any approval clauses or pre-emption rights with respect to the transfer of Securities to which the Takeover Bid relates.

7. FINAL PROVISIONS

7.1 Responsible persons

Devgen NV, a limited liability company under the laws of Belgium, with registered office at Technologiepark 30, 9052 Zwijnaarde, Belgium, and registered with the register of legal persons under enterprise number 0461.432.562 (Ghent, Belgium), represented by its Board, is responsible for the information contained in the present Memorandum.

The Board is composed as indicated above under Chapter 1.3.

The person responsible for this Memorandum as identified above declares that, to its knowledge, the information in the present Memorandum corresponds to reality and no information has been omitted which would alter the scope of the present Memorandum if it were mentioned therein. Devgen nor the Board assume any other responsibility with respect to the Prospectus.

7.2 Approval of the Memorandum by the FSMA

The present Memorandum was approved by the FSMA on November 8, 2012 in accordance with article 28, §3 of the Takeover Act.
This approval does not imply an assessment of the suitability nor the quality of the Takeover Bid.

7.3 Availability of the Memorandum

The present Memorandum will be attached to the Prospectus.

The present Memorandum is electronically available on the following website: www.devgen.com. A Dutch translation of the present Memorandum is also made available electronically on the above-mentioned website. In case of any inconsistencies between the Dutch translation on the one hand and the official English version on the other hand, the English version shall prevail. The Company has verified, and is responsible for, the consistency between the respective versions.

Holders of Securities of Devgen can obtain, free of charge, a hard copy of this Memorandum at the registered office of the Company or by a written request by regular letter addressed to Toon Musschoot, Investor Relations, Technologiepark 30, 9052 Ghent-Zwijnaarde, Belgium.