



**AGI Therapeutics, plc reports
Interim financial results for the six months ended 30 June, 2007
and
Commencement of enrolment into Phase III study of arverapamil**

Dublin, Ireland, 18th September 2007 - AGI Therapeutics plc ("AGI" or the "Company"), a speciality pharmaceutical development company focused on gastrointestinal drug products, today reports interim financial results for the six months ended 30 June, 2007.

In addition, today the Company is pleased to report that enrolment has opened into ARDIS-1, the first of three pivotal Phase III studies of arverapamil, (AGI-003), AGI's lead programme for the treatment of diarrhoea-predominant irritable bowel syndrome, (IBS-D), a major unmet medical need.

Financial highlights:

- Revenues of €196,000 compared with no revenues in the same period of the previous year
- Cash and short term deposits at 30 June 2007 of €37.4 million (2006: €40.4 million)
- R & D spend of €4.8 million (2006: €1.7 million)
- Net loss of €5.2 million (2006: €2.3 million)
- Loss per ordinary share of €0.08 cent (2006: €0.04 cent)

Operating highlights:

Highlights of the first half of the year include:

- In June the Company filed an Investigational New Drug (IND) application with the US Food and Drug Administration (FDA) for our lead development candidate, arverapamil (AGI-003), for the treatment of IBS-D.
- In 2006 and early 2007 we reported the Phase II proof-of-concept data for our arbaclofen (AGI-006), 4-ASA (AGI-022) and mecamlamine CR (AGI-004) product candidates. Since then we have focused on the development programmes for these products and we expect to initiate Phase II clinical studies in gastroparesis, ulcerative colitis and chemotherapy-induced diarrhoea respectively later this year or early in 2008.
- We continued to progress our co-development programme with Axcan Pharma Inc. for CHRONAB-omeprazole for the treatment of nocturnal acid breakthrough (NAB) in patients with gastro-esophageal reflux disease (GERD), and expect to provide a further update by year end.
- In anticipation of the increased level of development activity, particularly in our late-stage arverapamil programme, we further strengthened our management team with the addition of two experienced senior executives to our US group; Sian Bigora, Pharm D. as Vice President, Clinical Research &

Regulatory Affairs and Amir Shojaei, Pharm D., Ph.D. as Vice President, Pharmaceutical Development.

Since the period end:

- We expanded our early-stage development pipeline by signing an exclusive option agreement with US-based Williamsburg Holdings LLC to license certain intellectual property and know-how for a novel prodrug platform for the prokinetic/antiemetic agent, levosulpiride.
- Most recently the IND and associated clinical protocols for our ARDIS-1 and ARDIS-3 Phase III studies have been agreed with the FDA and we announce today that these two studies have now opened enrolment.

Commenting on the interim results, Dr John Devane, Chief Executive of AGI, said:

"The first six months of 2007 were dominated by the substantial work required to meet our stated objective of advancing arverapamil, our lead programme, into Phase III. This has now been achieved and we are looking forward to the prospect of developing this product for the treatment of IBS-D, a significant unmet medical need"

Outlook

Commenting further on the outlook for the remainder of 2007, Dr. Devane added:

"While keeping our primary focus on the progression of arverapamil in Phase III, we remain committed to moving forward our other programmes in GI-related disorders. We continue to progress CHRONAB-omeprazole under our co-development agreement with Axcan, and have now completed our plans for the further clinical development of three mid-stage products, where we will initiate Phase II trials across a range of indications in the coming months. Furthermore, we successfully expanded our early-stage pipeline and will look to add further new projects on an ongoing basis. We are on track to make 2007 another landmark year for AGI."

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Notes to Editors:

About Arverapamil (AGI-003)

Arverapamil (AGI-003) is an orally administered triple-action intestinal regulator, a first-in-class mechanism for the treatment of IBS-D. Arverapamil is a single enantiomer moiety of the racemic drug verapamil. Unlike the currently available commercial forms of racemic verapamil (a mixture of two enantiomers), arverapamil shows a dominant activity in treating the symptoms of IBS-D without the traditional cardiovascular actions of the racemic drug. The efficacy and safety of arverapamil in IBS patients has already been established in a Phase II trial, the preliminary results of which were reported by the Company in 2006. The final results of this study will be presented by the Principal Investigator, Professor Eamonn Quigley on October 17th, 2007 at the American College of Gastroenterology's 72nd Annual Scientific Meeting to be held in Philadelphia, PA, USA.

About ARDIS

ARDIS represents AGI's Phase III programme for arverapamil (AGI-003) in the treatment of IBS-D and consists of three pivotal studies.

ARDIS-1 is a randomised, double-blind, placebo-controlled, parallel group Phase III study in IBS-D patients (both men and women). There are four treatment arms (placebo and three dose levels of arverapamil) and patients will be treated for 12 weeks of double-blind therapy. At the end of double-blind therapy in ARDIS-1, patients will become eligible to enrol into ARDIS-3. It is planned to randomise 1,200 patients into ARDIS-1.

ARDIS-2 is a confirmatory Phase III efficacy/safety study to be conducted in IBS-D patients.

ARDIS-3 is an open-label safety study designed to capture 1 year extended safety in approximately 100 patients on continuous arverapamil therapy.

About IBS-D

Irritable bowel syndrome (IBS) is a functional disorder that comprises a cluster of gastrointestinal symptoms which are likely to be life long and which affect between 10% and 20% of the population in developed markets. IBS remains the most common diagnosis made by gastroenterologists and can lead to a substantial reduction in patients' quality of life, accompanied by considerable socio-economic and psychological consequences. Altered intestinal motility is a major component of IBS and patients are diagnosed and sub-typed according to their predominant symptom of bowel disturbance. Diarrhoea-predominant irritable bowel syndrome (IBS-D) is estimated to occur in one-third of all IBS patients. IBS-D represents a significant unmet medical need as there are currently few safe and effective therapeutic options available to these patients.

About AGI Therapeutics plc

AGI is a speciality pharmaceutical company which is focused on the development and commercialisation of differentiated drug products for gastrointestinal (GI) diseases and disorders. AGI's common shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on the Irish Enterprise Exchange of the Irish Stock Market (IEX) as AGI.

The Company has a portfolio of product candidates derived from its Known Molecular Entity (KME) approach to drug re-profiling and development. KME is a re-profiling methodology used by the Company to identify existing therapeutic drugs which typically have been marketed for a number of years, have established safety profiles and can be developed for new clinical indications or with improved profiles in their existing clinical indications. In this way, the Company seeks to reduce the risk, time and cost of new product development as compared to the development of new chemical entities.

AGI is developing a range of product candidates to treat a variety of prevalent GI diseases and disorders, including irritable bowel syndrome (IBS), dyspepsia, gastroparesis, ulcerative colitis, gastro-esophageal reflux disease (GERD) and diarrhoea-related conditions such as chemotherapy-induced diarrhoea (CID). The Company is targeting areas of the GI therapeutic drug products market for its product candidates where there are currently unmet medical needs or where the effectiveness of existing drug therapies can be further improved.

The Company has five active clinical stage product candidates which are either isomers or new drug delivery formulations of existing approved drugs, and which have established safety and tolerability profiles in their currently approved clinical indications.

For further information please see www.agitherapeutics.com

Statements contained within this press release may contain forward-looking comments which involve risks and uncertainties that may cause actual results to vary from those contained in the forward-looking statements. In some cases, you can identify such forward-looking statements by terminology such as 'may', 'will', 'could', 'forecasts', 'expects', 'plans', 'anticipates', 'believes', 'estimates', 'predicts', 'potential', or 'continue'. Predictions and forward-looking references in this press release are subject to the satisfactory progress of research which is, by nature, unpredictable. Forward projections reflect management's best estimates based on information available at the time of issue.

Chairman's and chief executive's review

The first six months of 2007 have been a busy and productive period for AGI. In February we delivered a product update and outlook for 2007 to our shareholders outlining our plans for this year. We are pleased to report that, at the half-way stage of 2007, we are well on track to meet our various key development objectives.

In particular, following a pre-IND meeting with the FDA we proceeded to compile and file a comprehensive IND in June for arverapamil (AGI-003), our product candidate for treating diarrhoea-predominant irritable bowel syndrome (IBS-D). This IND included details of our planned pivotal Phase III clinical trials.

We also completed our review and analysis of all the data from the proof-of-concept clinical trials undertaken for arbaclofen (AGI-006), 4-ASA (AGI-022) and mecamlamine CR (AGI-004) which were previously reported in preliminary form in 2006 and early 2007, and we are pleased to now report that;

- Phase II results for arbaclofen (AGI-006) are supportive of further clinical development for treatment of gastroparesis.
- The profile of anti-diarrhoeal activity observed with mecamlamine CR (AGI-004) is encouraging and further investigation is being carried out on the role of this product in treating chemotherapy-induced diarrhoea (CID), a serious and often limiting side-effect of many current anti-cancer drug therapies.
- After demonstrating an excellent pharmacokinetic profile consistent with once-daily dosing and colonic targeting, we are now planning to advance 4-ASA (AGI-022) into Phase II clinical development for the treatment of ulcerative colitis (UC).

More recently we started to expand our portfolio to include some early-stage products which we hope will add further value to the clinical pipeline in future years. We entered into an exclusive option with Williamsburg Holdings LLC for a novel prodrug platform for the prokinetic/antiemetic agent, levosulpiride, a project we have now nominated as AGI-025. We intend to continue our focus on identifying additional known molecular entities, or KME's, with promising potential applications in gastrointestinal-related conditions.

Review of key clinical research programmes

Arverapamil (AGI-003) in IBS

Irritable bowel syndrome (IBS) is a functional disorder that comprises a cluster of gastrointestinal symptoms which are likely to be life long and which affect between 10% and 20% of the population in developed markets. IBS remains the most common diagnosis made by gastroenterologists and can lead to a substantial reduction in patients' quality of life, accompanied by considerable socio-economic and psychological consequences. Altered intestinal motility is a major component of IBS and patients are diagnosed and sub-typed according to their predominant symptom of bowel disturbance. Diarrhoea-predominant irritable bowel syndrome (IBS-D) is estimated to occur in one-third of all IBS patients and there are currently an estimated 6 million diagnosed IBS-D patients in developed markets. IBS-D represents a significant unmet medical need as there are currently few safe and effective therapeutic options available to these patients. Arverapamil is being developed in an oral dosage form for the treatment of IBS-D in both men and women.

In June 2006 we announced the positive outcome of a Phase II clinical trial evaluating arverapamil in 129 patients (male and female) meeting ROME II criteria (modified) for non-constipation predominant IBS. The results of this Phase II study demonstrated the efficacy of arverapamil in IBS patients with non-constipation predominant symptoms and AGI expects that this drug will be of benefit to those IBS-D patients who are currently without a safe and effective therapy for this condition.

Earlier in 2007 we held our first meeting with the Food and Drug Administration (FDA) in the US to discuss the data of the Phase II study and the design of the pivotal Phase III study programme. Following this meeting, we filed an Investigational Drug Application (IND) with the FDA in June. The IND contained details of the planned Phase III programme design, encompassing three pivotal Phase III studies in total. The IND also included the full protocols for two of these studies; ARDIS-1 (a pivotal Phase III efficacy/safety study) and ARDIS-3 (an open-label safety study) to evaluate arverapamil in IBS-D, both of which we have now initiated.

We have called the Phase III pivotal programme ARDIS. The ARDIS programme as discussed with FDA involves three pivotal Phase III studies.

ARDIS-1 is a randomised, double-blind, placebo-controlled, parallel group Phase III study in IBS-D patients (both men and women). There are four treatment arms (placebo and three dose levels of arverapamil) and patients will be treated for 12 weeks of double-blind therapy. At the end of double-blind therapy in ARDIS-1, patients will become eligible to enrol into ARDIS-3. It is planned to randomise 1,200 patients into ARDIS-1.

ARDIS-2 is a confirmatory Phase III efficacy/safety study to be conducted in IBS-D patients.

ARDIS-3 is an open-label safety study designed to capture 1 year extended safety in approximately 100 patients on continuous arverapamil therapy.

CHRONAB-omeprazole (AGI-010) for nocturnal acid breakthrough (NAB) in GERD

We are developing a modified release formulation of the proton pump inhibitor drug (PPI), omeprazole based on our CHRONAB technology which we believe will be effective in treating NAB, a prevalent aspect of current PPI therapy of GERD. GERD is the most prevalent of the major gastrointestinal disorders and is most commonly treated with PPI drugs which achieve global annual sales in excess of €15 billion. NAB is estimated to occur in at least 50 per cent of GERD patients on PPI therapy.

AGI entered into a co-development and license agreement for North American markets with Axcan Pharma Inc. in September 2006 to jointly develop a modified release omeprazole product based on AGI's CHRONAB formulation approach. AGI is working closely with Axcan to progress omeprazole through the current Phase II product optimisation. This phase of the project is continuing and it is hoped that an optimised formulation will be identified later this calendar year. Once this optimisation is successfully completed, AGI and Axcan plan to submit a request for a meeting with the FDA to define and agree the final phase of development for this product.

Mecamylamine CR (AGI-004) in chemotherapy-induced diarrhoea (CID)

Preliminary results for controlled release mecamylamine CR in Functional Diarrhoea were reported in February 2007.

The data from this study demonstrated a strong and statistically significant signal in improved stool consistency in patients with functional diarrhoea (per protocol) but without a matching response in the

primary endpoint of patient global impression. AGI believes that this controlled release mecamlamine product has the potential to be an effective agent in diarrhoeal states characterised by a high frequency of watery stools. Given the mechanism of action of mecamlamine CR on nicotinic acetylcholine receptors (nAChR) and the pathophysiology of certain diarrhoeal states which are not satisfied by current therapy, AGI has identified CID as an area of unmet clinical need where mecamlamine CR may have therapeutic benefit and is finalising plans for progression to Phase II clinical development in this indication.

A Phase II protocol will be submitted shortly for regulatory and ethics approval. A leading principal investigator has been selected and AGI is confident that first patients will be enrolled in H2, 2007.

Arbaclofen (AGI-006) in gastroparesis

Preliminary results of a 64 patient exploratory Phase II trial of arbaclofen in functional dyspepsia were reported in February 2007.

The results demonstrated a robust profile of beneficial effects on a range of dyspeptic symptoms but without a matching response in the primary endpoint of patient global impression. Nonetheless, arbaclofen did demonstrate statistically significant improvements across a range of secondary endpoints in this trial, including patient global severity, bloating, nausea, condition-specific Quality-of-Life (QOL) and rescue antacids use. Therefore, AGI has determined that the profile of activity of arbaclofen in various dyspeptic symptoms matches well with the desired profile of a therapy for the dyspeptic symptoms of gastroparesis. Diabetic gastroparesis is the most common manifestation of the dyspeptic symptoms of gastroparesis, however, effective and well-tolerated therapy options are extremely limited for these patients.

AGI is now well advanced in its plans for the further Phase II clinical development of arbaclofen in gastroparesis. Regulatory and ethics submissions are planned for late H2, 2007 with patient enrolment in 2008.

4-ASA (AGI-022) in ulcerative colitis

We are developing a modified release oral formulation of 4-aminosalicylate sodium (4-ASA) for the induction and maintenance of remission of mild to moderate ulcerative colitis (UC). UC is a chronic, recurrent, relapsing and remitting inflammatory disease of the colon and/or rectum. We believe that our 4-ASA product may offer certain advantages compared with current 5-ASA based therapies which are commonly used to treat UC, including a superior tolerability profile, and more reliable delivery to the target sites of action in UC leading to a higher efficiency of therapy with potential dosing advantages.

In March 2006, we reported on the outcome of a human pharmacokinetics trial in 16 human subjects designed to characterise the in-vivo drug release profile and pharmacokinetics of three delayed release/controlled release formulations compared with a reference solution of 4-ASA. The study demonstrated delayed and controlled in-vivo release profiles consistent with targeted colonic delivery. A lead formulation has been selected as optimal and will be the basis for future clinical development.

Based on the positive Phase I results, we have decided to progress this product into Phase II clinical evaluation for the treatment of ulcerative colitis (UC). The goal of the planned Phase II study will be to confirm the efficacy/dosage advantages of the product in UC patients. Formulation development work and scale-up of manufacture is now underway.

A detailed Phase II protocol has been developed and a leading principal investigator selected. Regulatory and ethics submissions are planned in H2, 2007 to enable patient enrolment in 2008.

Levosulpiride prodrugs (AGI-025)

For some time we have been interested in the anti-emetic and prokinetic properties of levosulpiride and its possible application in certain GI-related indications, such as nausea and vomiting induced by chemotherapy (CINV), aspects of functional dyspepsia, gastric stasis including diabetic and post-operative gastroparesis, and gastroesophageal reflux disease (GERD). We were impressed by the intellectual property developed by Williamsburg Holdings LLC, a US-based company, and recently announced that AGI and Williamsburg had entered into an exclusive option agreement with pre-defined licensing terms. While still an early stage opportunity, we believe this could become an important programme for AGI in the future and demonstrates our commitment to broaden our early stage portfolio.

AGI continues to seek to identify KME-based product opportunities with novel and important therapeutic advantages in gastrointestinal conditions and add these to our R&D pipeline.

Financial review

Basis of preparation and International Financial Reporting Standards (IFRS).

The interim results have been prepared in accordance with IFRS as adopted by the EU.

Operating performance

In the six months to June 30, 2007, AGI was actively engaged in advancing the R&D projects referred to in the chairman's and chief executive's statement above.

The Company recorded revenues of €196,000 in the six months to June 30, 2007. No revenues arose in the comparable period in 2006. The 2007 revenues arise from a license agreement signed in September 2006 with Axcan Pharma, Inc, a Canadian headquartered specialty pharmaceutical company with a focus on GI diseases. An initial payment of \$1.5 million is being recognised on a straight line basis over three years, an estimate of the likely term of the underlying development programme.

Research and development expenditure during the period was €4.8 million compared to €1.7 million in 2006. This increase is due to the additional expenditures being incurred on the Company's development programmes. The costs include the preparation work for the Phase III study on arverapamil, ARDIS, for which the first patients are expected to be enrolled and dosed in the second half of the year.

Included in research and development costs are the costs of internal salaries and costs of maintaining and broadening the Company's intellectual property portfolio.

Administrative expenses during the period were €1.2 million, an increase over the €0.9 million incurred in the same period in 2006. This increase reflects the expansion of the Company's operations including the addition of an office in the US, as well as the costs of share based compensation.

In accordance with IFRS 2 the Company has accounted for the expense of share based compensation arising from the issuance of options over the Company's equity to key employees. The expense in the period was €0.5 million, (2006 €0.2 million). This is a non-cash expense.

Net cash outflow from operating activities for the period was €2.6 million, comparable to the net outflow of €2.3 million in 2006. At the end of June 2007 the Company had cash, cash equivalents and investments in the form of term deposits, of €37.4 million.

UNAUDITED CONSOLIDATED INTERIM INCOME STATEMENTS

For the Six Months Ended 30 June

	Notes	Period ended June 2007 €'000	Period ended June 2006 €'000
Revenue		196	-
Research and development expenses (share based payment charge of €209,000, 30 June 2006 €81,000)		4,793	1,690
Administrative expenses (share based payment charge of €266,000, 30 June 2006 €159,000)		1,202	813
Total operating expenses		5,995	2,503
Operating loss		(5,799)	(2,503)
Interest income		727	318
Interest expense		-	(98)
Loss before tax		(5,072)	(2,283)
Income tax		(109)	-
Loss for the period		(5,181)	(2,283)
Basic loss per ordinary share:			
Basic and diluted loss per share	2	(0.08)	(0.04)

UNAUDITED CONSOLIDATED INTERIM BALANCE SHEETS

	30 June 2007 €'000	30 June 2006 €'000
Non-Current Assets		
Intangible assets	1,780	1,504
Property, plant and equipment	34	43
Total Non-Current Assets	1,814	1,547
Current Assets		
Other current assets	414	287
Other investments	-	15,000
Cash and cash equivalents	37,390	25,072
Total Current Assets	37,804	40,359
Total Assets	39,618	41,906
Non-Current Liabilities		
Convertible preference shares	-	-
Total Non-Current Liabilities	-	-
Current Liabilities		
Accounts payable	507	160
Accrued and other liabilities	3,913	334
Total Current Liabilities	4,420	494
Total Liabilities	4,420	494
Shareholders' Equity		
Share capital	674	674
Share premium	51,079	51,079
Other reserves	1,270	264
Retained loss	(17,825)	(10,605)
Total Shareholders' Equity	35,198	41,412
Total Shareholders' Equity and Liabilities	39,618	41,906

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	30 June 2007 €'000	30 June 2006 €'000
Loss for the period	(5,181)	(2,283)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	8	1
Amortisation of intangibles	30	17
Interest income	(727)	(318)
Interest expense	-	98
Income tax	109	-
Share-based compensation	475	240
Operating cash outflow before changes in working capital	(5,286)	(2,245)
Increase in other current assets	(161)	(89)
Increase/(decrease) in accounts payable	49	(564)
Increase in accrued and other liabilities	2,087	323
Cash used by operations	(3,311)	(2,575)
Interest received	697	324
Interest paid	-	-
Net cash outflow from operating activities	(2,614)	(2,251)
Investing activities		
Acquisition of other investments	-	(15,000)
Acquisition of property, plant and equipment	(3)	(42)
Net cash used by investing activities	(3)	(15,042)
Financing activities		
Proceeds from issue of share capital	-	39,450
Net cash provided by financing activities	-	39,450
Net (decrease)/increase in cash and cash equivalents	(2,617)	22,157
Cash and cash equivalents at the beginning of period	40,007	2,915
Cash and cash equivalents at the end of the period	37,390	25,072

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY**

	Number of Shares	Ordinary share Capital €'000	Preference Share Capital €'000	Share Premium €'000	Other Reserves €'000	Retained Loss €'000	Total Amount €'000
Balance at 1 January 2006	-	1	-	4,167	24	(8,322)	(4,130)
Issue of share capital	1,663,599	17	-	-	-	-	17
Restructuring of share capital and reverse acquisition:							
Amalgamation of subsidiary share capital	-	(1)	-	1	-	-	-
Fair value of new shares issued to acquire subsidiary	32,019,025	137	183	(320)	-	-	-
Conversion of preference shares	-	183	(183)	-	-	-	-
Redemption of convertible debt	-	-	-	8,047	-	-	8,047
Issue of ordinary shares on listing on AIM	33,730,159	337	-	42,163	-	-	42,500
Costs of share issue	-	-	-	(2,979)	-	-	(2,979)
Loss for the period	-	-	-	-	-	(2,283)	(2,283)
Share-based compensation	-	-	-	-	240	-	240
Balance at 30 June 2006	67,412,783	674	-	51,079	264	(10,605)	41,412
Loss for the period	-	-	-	-	-	(2,039)	(2,039)
Share-based compensation	-	-	-	-	531	-	531
Balance at 31 December 2006	67,412,783	674	-	51,079	795	(12,644)	39,904
Loss for the period	-	-	-	-	-	(5,181)	(5,181)
Share-based compensation	-	-	-	-	475	-	475
Balance at 30 June 2007	67,412,783	674	-	51,079	1,270	(17,825)	35,198

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with IFRS that are adopted by the European Union (EU) and effective at 30 June 2007. The interim financial statements do not include all of the information required for full annual financial statements.

These interim financial statements are presented in euro rounded to the nearest thousand, being the functional currency of the parent company and the group companies. They are prepared on the historical cost basis, except for financial instruments and share based payments, which are stated at fair value.

The accounting policies applied by AGI in these interim financial statements are the same as those applied by AGI in its consolidated financial statements as at and for the year ended 31 December 2006.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying our accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2006.

These interim financial statements do not constitute Statutory Financial Statements of the Group within the meaning of Regulation 40 of the European Communities (Companies: Group Accounts) Regulations, 1992. Statutory Financial Statements for the year ended 31 December 2006 have been filed with the Companies Office. The auditor's report on those financial statements was unqualified.

2 LOSS PER SHARE

Basic loss per share is computed by dividing the loss for the period available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is computed by dividing the loss for the period, by the weighted average number of ordinary shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares, including stock options, warrants, and convertible debt securities on an as-if-converted basis.

The following table sets forth the computation for basic and diluted loss per share for the six months ended 30 June 2007 and 2006:

	30 June 2007	30 June 2006
Numerator:		
Loss attributable to ordinary shareholders	(5,181,000)	(2,283,000)
Denominator:		
Denominator for basic—weighted average shares	67,412,783	56,420,412
Basic and diluted loss per share:		
Basic loss and diluted per share	(0.08)	(0.04)

Potentially dilutive instruments, such as share options have not been treated as dilutive as the group made a loss in both periods.

3 RELATED PARTY TRANSACTIONS

(a) Transactions with founding members and shareholders

In the six months ended 30 June 2007, the Company paid €20,000 (30 June 2006: €20,000) in consulting fees to Kellpharm, a company of which John Kelly, a shareholder of the Company, is also a shareholder. The Company also paid Icon Clinical Research fees of €75,133 (30 June 2006: €309,884) for clinical research studies and consulting, Ronan Lambe, chairman of AGI's board of directors, is also a director of Icon.

Frank Kenny, John O'Sullivan and Peter Sandys are directors of the Company and are board nominees of Delta Partners, ACT Venture Capital and Seroba Bioventures respectively. Fees of €17,000 annually are paid by the Company to each of Delta, ACT and Seroba in respect of their nominees' appointment.

(b) Transactions with other related parties

BioClin Research Laboratories Limited provides Bioanalytical Sample Analysis to the Company at contracted rates. In the six months ended 30 June 2007 €124,389 (30 June 2006: €53,165) was paid to BioClin for these services. Mary Martin, a director of the Company is also a director of BioClin.