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The future in one share

# Semi-Annual Report 2007

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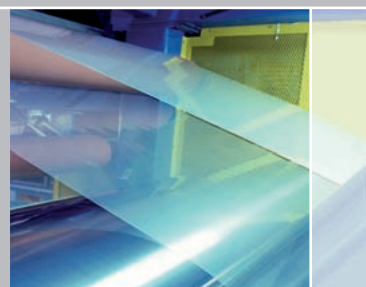
ENERGY



WATER



HEALTHY LIVING



RESOURCE EFFICIENCY

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SPG –  
Sustainable  
Performance Group

# In Brief

## SPG – THE FUTURE IN ONE SHARE

Sustainable Performance Group (SPG) is a joint-stock company based in Zurich. The company's shares are listed on the main market of the SWX Swiss Exchange. SPG combines the investment themes "Energy", "Water", "Healthy Living" and "Resource Efficiency" and focuses on small and medium-sized companies.

## COMPELLING REASONS TO INVEST IN SPG

- Interesting growth and future themes in one share
- Focus on attractively valued small and medium-sized companies, complemented by selected large caps
- Broadly diversified portfolio
- Experienced investment advisor, close collaboration with active, independent Board of Directors
- Investments in innovative unlisted companies (private equity), up to a maximum of 10% of the portfolio value

## INVESTMENT ADVISOR

SAM Group (SAM) is the investment advisor for SPG. SAM is the market leader in sustainable investments, with 12 years' experience in this field. Its clients include banks, insurance companies, asset managers, pension funds, corporations, foundations and private clients. SAM has a very experienced and highly qualified research team.

## BOARD OF DIRECTORS

The Board of Directors of Sustainable Performance Group brings together leading personalities from the worlds of business, research and academia, as well as management consulting. In addition to its independent control function, the Board of Directors works closely with SAM on a strategic level to develop SPG's investment strategy and monitor the dynamic adjustment of investment themes.

<b>Prof. Dr. Ernst A. Brugger</b>	<ul style="list-style-type: none"> <li>– Chairman and Managing Partner, BHP-Brugger und Partner AG, Zurich</li> <li>– Chairman, SV-Group, Zurich</li> <li>– Chairman, BlueOrchard Finance S.A., Geneva</li> <li>– CEO, The Sustainability Forum Zurich, Zurich</li> </ul>
<b>Antoinette Hunziker-Ebnetter</b>	<ul style="list-style-type: none"> <li>– Managing Director and Co-Founder, Forma Future Invest AG, Zurich</li> <li>– Member of the Board of Directors, Berner Kraftwerke (BKW), Bern</li> </ul>
<b>Dr. Doris M. Schönemann</b>	<ul style="list-style-type: none"> <li>– Founder of Investor's Dialogue GmbH, Zurich</li> <li>– Vice-Chairman of the Board of Directors of the Equalisation Fund of AHV, Switzerland's state pension system</li> </ul>
<b>Dr. Klaus Woltron</b>	<ul style="list-style-type: none"> <li>– Owner and Managing Director, Minas Beteiligungs- und Management GmbH, Vienna</li> <li>– Managing Partner, Hill Woltron Management Partner GmbH, Vienna</li> <li>– Vice President of the Board of Directors, ABID AG Biotreibstoffe AG, Vienna</li> <li>– Member of the Advisory Board, Arthur D. Little (ADL), Vienna</li> </ul>
<b>Prof. Dr. Alexander Zehnder</b>	<ul style="list-style-type: none"> <li>– President of the Board of the Swiss Federal Institute of Technology (ETH), Zurich</li> <li>– Member of the Royal Dutch Academy of Science, Amsterdam and the Russian Academy of Sciences, Moscow</li> </ul>

2007



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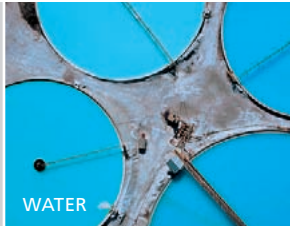
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[www.sustainable.ch](http://www.sustainable.ch)



Investment Themes

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The future in one share



**Prof. Dr. Ernst A. Brugger**

Chairman of the Board of Directors  
Sustainable Performance Group



**Reto Ringger**

CEO  
SAM Group

## For the Board of Directors

### DEAR SHAREHOLDERS

Climate change and its consequences have been among the major talking points in the political arena, the media and the business world over the past few months. Gradually, those in the business world are beginning to realise that effective measures must be taken against unrelenting climate change and that interesting innovations are also ushering in new market opportunities. Therefore, investors are focusing even more closely on the four main strategic points of the Sustainable Performance Group (SPG) – “Energy”, “Water”, “Resource Efficiency” and “Healthy Living”.

#### ALTERNATIVE SOLUTIONS SOUGHT

High economic growth set against increasingly limited supplies of raw materials and fossil fuels, coupled with the need for environmentally sound actions, have made new solutions imperative. Against this background, the report “Intergovernmental Panel on Climate Change” (IPCC) drafted on behalf of the United Nations Organisation, for instance, paints a dramatic picture. In addition to the rise in temperatures forecast until 2100, droughts, water shortages and extreme weather conditions are expected.

Fortunately, the G8 summit meeting held in Heiligendamm, Germany in June produced a breakthrough in global climate policy, with the leading industrialised countries pledging to halve their greenhouse gas emissions by 2050. However, concrete measures are required in order to achieve these ambitious targets. Although the use of alternative energy sources such as wind, water, biogas and sun has enjoyed an impressive upturn this year, large sums still have to be invested in technology and infrastructure in order to lower production costs and to meet humanity’s constantly growing energy requirements. Companies that possess the appropriate know-how and seek to meet the great need for innovation will benefit from this trend.

#### SPG EXCELLENTLY POSITIONED

The SPG portfolio is extremely well positioned to profit from this accelerated rethinking process. The above-average performance confirms that by applying a precise analytical process we have identified promising SMEs which excel owing to their innovative dynamism and above-average growth rates. SPG invests in various companies with a lucrative positioning in the up-and-coming energy sectors. In the water sector we are looking for companies that adopt effective counter measures against the impending shortage and availability of water. This also applies to manufacturers who endeavour to meet the increased need for a healthy lifestyle by producing correspondingly innovative products.

#### ABOVE-AVERAGE PERFORMANCE

During the first half of 2007, equity markets worldwide continued to generate greater corporate earnings and high liquidity owing to a sound global economy. Volatility increased slightly, however, but remained at a low level in its historical comparison as before. This generally positive picture has triggered new highs on many stock exchanges. The SPG share price also fared favourably. An increase of 20.9% has been achieved since the beginning of the year, with the comparative index (MSCI World ex Financials) rising by 11.6% during the same period.

The focus on the four investment themes, combined with carefully selected securities, is proving successful. We are confident that this clear strategy will continue to pay off in future.

Prof. Dr. Ernst A. Brugger

Reto Ringger

# Portfolio

as at June 30, 2007

Themes	Company	Country	No. of shares on 30.12.06	No. of shares on 30.06.07	Local currency	Price in local currency	Market value in CHF	in % of assets
Energy	Vestas Wind Systems	Denmark	120 000	120 000	DKK	362.50	9 675 438	3.5%
	Q-Cells	Germany	90 000	90 000	EUR	63.90	9 519 251	3.4%
	Noble	USA	57 000	57 000	USD	97.35	6 800 793	2.4%
	SolarWorld	Germany	40 000	100 000	EUR	33.97	5 622 830	2.0%
	Xantrex Technology	Canada	432 189	432 189	CAD	10.85	5 402 725	1.9%
	Sunpower	USA	–	70 000	USD	62.97	5 402 322	1.9%
	Österr. Elektrizitätswirtschafts-AG	Austria	80 000	80 000	EUR	37.85	5 012 049	1.8%
	Toyota Motor	Japan	49 200	49 200	JPY	7 790.00	3 803 662	1.4%
	Canadian Hydro Developers	Canada	489 600	489 600	CAD	6.18	3 486 094	1.2%
Schmack Biogas	Germany	45 000	27 400	EUR	55.65	2 523 917	0.9%	
Water	Layne Christensen	USA	–	150 000	USD	40.93	7 524 571	2.7%
	Geberit	Switzerland	3 600	36 000	CHF	208.80	7 516 800	2.7%
	Jacobs Engineering	USA	42 000	84 000	USD	57.38	5 907 294	2.1%
	Ecolab	USA	110 000	110 000	USD	42.70	5 756 643	2.1%
	Veolia Environnement	France	51 000	51 000	EUR	57.95	4 891 961	1.8%
	Dionex	USA	50 000	50 000	USD	70.99	4 350 267	1.6%
	Stantec	Canada	100 000	100 000	CAD	34.86	4 016 396	1.4%
	Kurita Water Industries	Japan	165 000	100 000	JPY	3 860.00	3 830 775	1.4%
	Wavin	Netherlands	100 000	102 127	EUR	17.75	3 000 533	1.1%
Tsurumi Manufacturing	Japan	176 000	176 000	JPY	1 207.00	2 108 236	0.8%	
Veolia Environnement Rights	France	–	51 000	EUR	0.84	70 910	0.0%	
Healthy Living	Chaoda	Hongkong	8 000 000	8 000 000	HKD	6.04	7 575 051	2.7%
	SunOpta	Canada	530 000	530 000	USD	11.12	7 223 196	2.6%
	Phonak	Switzerland	60 000	60 000	CHF	110.00	6 600 000	2.4%
	Thermo Fisher Scientific	USA	100 000	100 000	USD	51.66	6 331 450	2.3%
	Puma	Germany	5 000	10 000	EUR	330.00	5 462 272	2.0%
	Celestial Nutrifooods	China	–	3 000 000	SGD	1.55	3 726 202	1.3%
	Johnson & Johnson	USA	47 000	47 000	USD	61.57	3 546 629	1.3%
	Natura Cosméticos	Brazil	–	200 000	BRL	27.57	3 508 805	1.3%
	Nautilus	USA	–	200 000	USD	12.04	2 951 245	1.1%
United Natural Foods	USA	90 000	90 000	USD	26.58	2 931 880	1.1%	
Resource Efficiency	Georg Fischer	Switzerland	8 200	8 200	CHF	923.00	7 568 600	2.7%
	Novozymes	Denmark	45 000	45 000	DKK	638.00	6 385 789	2.3%
	Centrotec Sustainable	Germany	110 000	110 000	EUR	35.05	6 381 755	2.3%
	Roper Industries	USA	90 000	90 000	USD	57.02	6 289 534	2.3%
	Umicore	Belgium	12 000	20 000	EUR	161.27	5 338 792	1.9%
	Masterflex	Germany	115 000	115 000	EUR	24.20	4 606 516	1.7%
	Gurit	Switzerland	–	3 000	CHF	1 530.00	4 590 000	1.6%
	Verenium	USA	–	700 000	USD	5.07	4 349 654	1.6%
	Wabtec	USA	90 000	90 000	USD	36.53	4 029 405	1.4%
Steico	Germany	–	120 000	EUR	18.28	3 630 921	1.3%	
Uralita	Spain	–	300 000	EUR	6.93	3 441 232	1.2%	
<b>Total listed shares</b>						<b>212 692 395</b>	<b>76.2%</b>	
Private Equity	Agrilink (convertible note)	Australia					5 031 737	1.8%
	Ocean Power Delivery	UK					3 207 335	1.1%
	Catalytic Solutions*	USA					2 750 195	1.0%
	inge AG	Germany					2 686 139	1.0%
	AgraQuest	USA					2 392 691	0.9%
	Sam Private Equity Sustainable Fund II LP (investment fund units)	UK					906 428	0.3%
	Identec Solutions	Austria					827 617	0.3%
	Ormecon	Germany					765 434	0.3%
<b>Total unlisted shares</b>						<b>18 567 576</b>	<b>6.7%</b>	
Other assets (including own shares)						47 704 029	17.1%	
<b>Total</b>						<b>278 964 000</b>	<b>100.0%</b>	

## Portfolio Report

Sustainable Performance Group had a very successful first six months of the year. The share price rose 20.9%, outperforming the benchmark MSCI World ex Financials by more than 9%. The bullish mood of stock markets, coupled with increased public interest in the four investment themes, combined with “Energy”, “Water”, “Healthy Living” and “Resource Efficiency” increasingly drew investors’ attention to companies with innovative solutions.

As in 2006, “Energy” was once again the investment theme that made the biggest contribution to SPG’s strong performance. Companies in the biogas sector and manufacturers of solar and wind technologies are still enjoying uninterrupted growth. The German company Q-Cells, for example, was the portfolio’s star performer with a gain of more than 86%. Shares in Solarworld and Vestas also outperformed.

In the theme of “Water”, providers of water treatment plants and project management posted excellent results. Both Kurita Water Industries and Jacobs Engineering increased their market value by almost 50%. These companies benefit from the huge backlog of

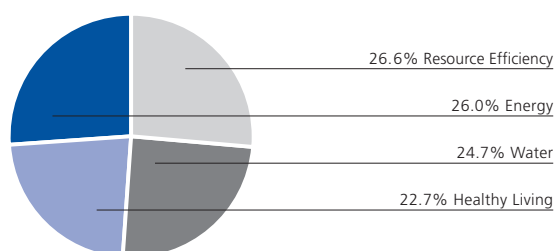
water infrastructure projects and more stringent quality standards.

In the theme of “Resource Efficiency”, two new companies that make building insulation materials were added to the SPG portfolio. This move was in response to a number of EU directives imposing tougher energy efficiency regulations on both old and new buildings aimed at reducing greenhouse gas emissions in the long run. The Spanish company Uralita, as well as the newly listed German company Steico which only uses natural materials in its production, are both very well positioned for this.

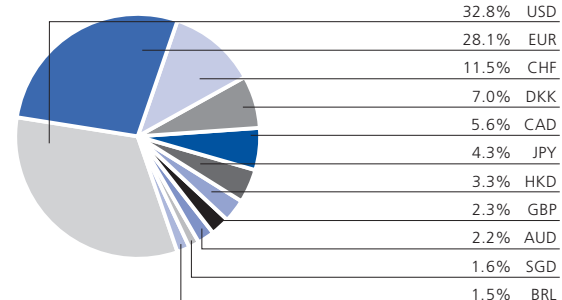
Finally, the investment theme “Healthy Living” made a slightly smaller contribution to performance. Whole Foods Market and United Natural Foods had to announce lower profit margins, which inevitably had an impact on their share price. By contrast, the hearing instrument manufacturer Phonak posted gains.

The portfolio of private equity holdings has not changed since the end of the previous financial year and still includes seven direct holdings as well as one position in SAM Private Equity Sustainable Fund II LP.

Themes



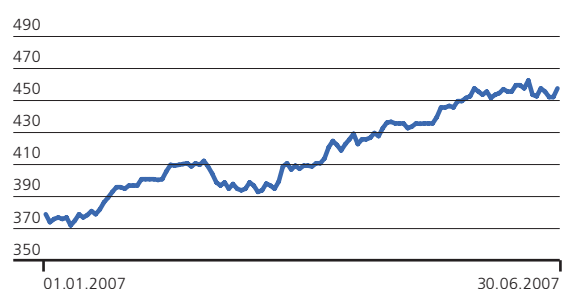
Currencies



Currencies in CHF

	31.12.2006	30.06.2007	Performance
Share price	378.00	457.00	20.9%
Net asset value (NAV)	380.36	453.60	19.3%
Premium/discount	-0.6%	0.8%	

Share price in CHF



## Investment Strategy

### INVESTMENT CONCEPT

The prime objective of Sustainable Performance Group is to generate above-average, sustainable shareholder value over the long term. The mega trends of “Energy”, “Water”, “Healthy Living” and “Resource Efficiency” offer attractive growth opportunities. SPG combines these investment themes in a diversified portfolio, focusing on attractively valued small and mid-sized companies, complemented by selected blue chips. The close collaboration between the asset manager SAM Group and the SPG Board of Directors ensures a regular review of the investments and dynamic adjustment of the themes within the portfolio.

### INVESTMENT STRATEGY

SPG focuses on small and medium-sized companies with innovative technologies, processes and products which make them ideally positioned in future growth markets. The definition of the universe of investment themes is the subject of a continuous analytical process. The holdings are selected on the basis of a rigorous research process that not only includes financial analysis

but also takes in criteria such as management quality, corporate governance and quality of the product portfolio.

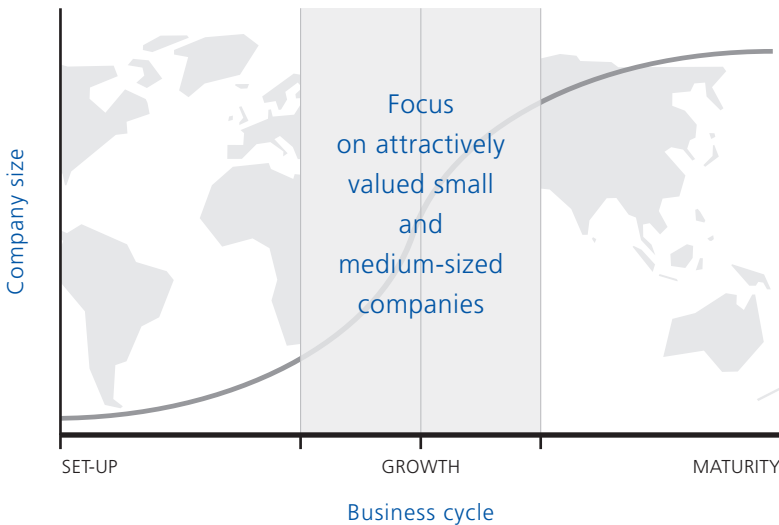
SPG invests in companies whose valuation is attractive. The portfolio is supplemented (up to a maximum of 10%) by attractive holdings in young, unlisted companies (private equity).

### PORTFOLIO

The portfolio usually contains around 40 to 50 companies. Diversification in the portfolio is achieved through a combination of investment themes and numerous company holdings. Investments are made worldwide.

### INVESTMENT THEMES

Implementing the SPG investment strategy requires a high degree of specialist expertise and extensive research capacity. The combination of an experienced investment advisor and board members from diverse disciplines provides an excellent platform for frequent knowledge exchange and detailed insight into the investment themes and the portfolio companies.



ENERGY



WATER



HEALTHY LIVING



RESOURCE EFFICIENCY



## Is biofuel becoming the oil of the 21<sup>st</sup> century?

### Oil reserves in the OPEC countries are rapidly depleting.

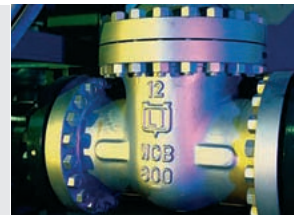
An alternative energy source must be found.

OPEC warned in its *World Oil Outlook* report on June 26, 2007 that efforts by western countries to develop biofuels as an alternative energy source will drive the price of oil “through the roof”. The oil cartel is considering cutting its investment in new production in response to this development. These comments mark the first clear threat to safeguard its interests in the face of a shift towards biofuels. Furthermore, these statements seem to signal the early desperation of not being able to ramp up production because of capacity constraints.

According to OPEC’s estimates, the global biofuel production will reach around 2.1 million barrels per day (bpd) by 2015 (from 0.7 mbpd by 2005), or 2% of expected oil demand of 100m bpd – which is an insignifi-

cantly small share. If oil prices go “through the roof” this would de facto give significant incentives and petro-dollars to OPEC members to invest in production. Coordinated discipline (by nature of a cartel) is difficult as there is always an incentive for cheating, and OPEC countries have a long history of cheating on their quotas. Certainly, the same principle would also apply in the case of lower capacity investment requirements.

Taken as a whole, these statements seem to be a desperate move to put the blame on somebody or something. But with it, they add weight to the assumption that commodity prices will remain high, and further build the case for investing in renewable and alternative energy incl. biofuels.



## Desalination – A solution for the water shortage

### The lack of water is becoming critical.

Effective measures must therefore be taken as quickly as possible.

Water is an essential resource for private households, industry and agriculture. But what can be done, if there is an unexpected shortage of this valuable resource? The water shortage is particularly bad in Australia at present, where a severe drought has already lasted six years. Effective measures need to be taken to use the remaining water resources as efficiently as possible and to set priorities for future use.

Potential solutions include minimising losses by upgrading the water supply infrastructure, more efficient installations on the consumer side, recycling treated wastewater and greywater, as well as desalination of sea water. These measures require substantial investments – a trend that should benefit companies

providing the relevant technologies. These include modern desalination plants, which do not use outdated thermal methods but instead the less energy-intensive reverse osmosis process for producing drinking water. In modern installations, the cost of producing one cubic metre of desalinated water is in the region of USD 0.5–1.–. This is a competitive price for supplying households and industry, although not cheap enough for agricultural applications. California, Texas, Spain, India and other regions facing acute water shortages are currently planning new desalination plants. The investments for reverse osmosis technology alone are estimated at approximately USD 17 billion up to 2015, with the installed capacity more or less doubling by then.



## Healthy Living



### Overweight – A worldwide problem

**Expenditure in health care is increasing at an alarming rate. This comes as a result of the higher risk of developing chronic illnesses due to excess weight.**

According to statistics from the World Health Organization (WHO), over one billion people or every one in 10 children worldwide is overweight or clinically obese. Little or no physical activity, a sharp increase in calorie intake and a diet of unhealthy processed foods have caused these figures to treble.

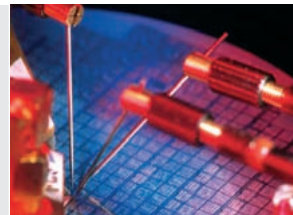
According to a new study, the EU estimates that the costs of obesity to the healthcare system account for roughly 7% of total health costs. Being overweight namely increases the risk of developing chronic illnesses such as diabetes, cardiovascular disease and cancer. This problem not only affects industrialised re-

gions such as Europe and the US, but also developing nations such as India and China.

Food manufacturers urgently need to help find an answer to the modern day problem of obesity. Above all, there is room for improvement in the area of research and development into existing product portfolios (reducing sugar, salt and saturated fats) and into product innovations such as functional food. Apart from superior product quality, clearer consumer information and moreover clear marketing and labelling are crucial for companies looking to raise health awareness and win the trust of consumers.



## Resource Efficiency



### Reducing waste by 95% with white biotechnology

**Environmental pollution is increasing whilst natural resources are becoming scarce.**

White biotechnology could prove to be the solution.

White or industrial biotechnology is an emerging field within modern biotechnology that serves industry. It uses living cells like moulds, yeasts or bacteria, as well as enzymes, for use in the manufacture of bioplastics and biofuels for example. Furthermore, micro-organisms and plants are being used for the treatment of wastes and abatement of pollution.

It is estimated that in 2015 up to 60% of all fine chemicals (medium-volume products used as intermediates in the manufacture of products such as pharmaceuticals, flavours and detergents, for instance) might be produced using biotechnology by 2010. Even for polymers with typical bulk-volume products, biotechnology might account for up to 10% of output in the next 3 – 4 years. White biotechnology can help ensure that

the wellbeing of future generations is not compromised by today's environmental problems. Substantial gains for the environment, consumers and industry can be achieved. White biotechnology can reduce pollution and waste, decrease usage of energy and lead to better-quality food products.

An example of the potential of industrial biotechnology is the synthesis of vitamin-B2, which is generally produced using a complex eight-step chemical process. New biotechnology processes reduce it to a one-step procedure involving fermentation. The biotechnological process reduces overall costs by up to 40% and the environmental impact by 40% – CO<sub>2</sub> emissions are slashed by 30%, resource consumption by 60% and waste by as much as 95%.

2007



## Company Portraits

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Energy		Schmack Biogas	12
		Q-Cells	12
Water		Kurita	13
		Stantec	13
Healthy Living		Chaoda	14
		Natura Cosmetics	14
Resource Efficiency		Georg Fischer	15
		Masterflex	15
Themes		Unlisted companies	
Private Equity		Agrilink	16
		Ocean Power Delivery	16



Energy

## Schmack Biogas



www.schmack-biogas.com

Key data	
Employees	297
www.schmack-biogas.com	
All figures in CHF m.	2006
Total revenue	150
Net profit	2
Market cap. (30.06.2007)	480

Source: Bloomberg

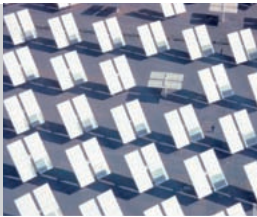
### COMPANY PROFILE

Schmack Biogas is a German biogas company, active in project development and implementation, as well as plant maintenance. In May 2006, Schmack Biogas raised new capital through a successful IPO and will use the funds to build and operate its own installations. Since then the company is following its vertical investment strategy by buying the small engineering company Carbotech, which specialises in gas feed-in. Furthermore, Schmack Biogas has a minority holding in Köhler & Ziegler, a manufacturer of combined heat and power (CHP) plants, with the option of acquiring a majority shareholding.

### INVESTMENT CASE

As biogas is so efficient and flexible, the company is set to benefit from a more secure gas supply and lower greenhouse gas emissions through European investments. Schmack Biogas is one of the industry leaders in terms of capital employed per megawatt of power produced. This is clearly attributable to the fact that Schmack Biogas has access to the world's most comprehensive database of process analyses and its

own laboratory facilities. This allows the company to continuously optimise its processes and extend its lead over the average biogas plant engineer. Schmack Biogas intends to use the capital it has raised to build plants itself or in collaboration with other providers. This will allow the company to increase the return on its most lucrative projects to a higher level than achieved by a typical plant engineering firm.



Energy

## Q-Cells



www.q-cells.com

Key data	
Employees	964
www.q-cells.com	
All figures in CHF m.	2006
Total revenue	890
Net profit	160
Market cap. (30.06.2007)	10600

Source: Bloomberg

### COMPANY PROFILE

Q-Cells develops, produces and markets polycrystalline and monocrystalline silicon based solar cells. The company is the leading independent and the second largest solar cell manufacturer in the world, with a very strong market position. Q-cells is also actively pursuing alternative solar technologies and has holdings in a number of solar thin-film technology companies such as the thin-film specialist CSG Solar.

### INVESTMENT CASE

Q-Cells operates in the attractive segment of renewable energy and, as a cell producer, is well positioned in the solar industry value chain. Thanks to state of the art operations, a strong brand name, a healthy balance sheet and a large customer base, Q-Cells will remain a successful company. In particular, because of the close and strong relationships with some of the leading silicon and wafer producers, such as Renewable Energy

Corporation (REC), the company should be able to cover its raw material needs and be part of any sector consolidation as the industry matures. Through its joint venture EverQ, the company is advancing the technology of cell production, while keeping a strong focus on the development and commercialisation of competing technologies, such as thin-film. This is a sound strategy in a rapidly evolving industry.



Water

## Kurita Water Industries



[www.kurita.co.jp](http://www.kurita.co.jp)

Key data	
Employees	3992
<a href="http://www.kurita.co.jp">www.kurita.co.jp</a>	
All figures in CHF m	2006
Total revenue	1970
Net profit	14
Market cap. (30.06.2007)	5000

Source: Bloomberg

### COMPANY PROFILE

Kurita Water Industries (Kurita) is a Japanese company that manufactures, sells and maintains technical water treatment systems. Its product range includes systems for purifying water for industrial processes and for clarifying and treating wastewater and contaminated soil. The company also produces and markets chemicals for water purification. Kurita was founded in 1949 and now operates in 30 locations worldwide. During the past financial year the company exited the municipal water treatment market to focus on the industrial end market.

### INVESTMENT CASE

Kurita's vision is to develop new environmental businesses and to be a company founded on technology and expertise. When it comes to clean and ultra clean water for the electronic manufacturing market, the company comes close to its vision. Whilst the slow growing water chemical business is likely to

contract over the coming years, the facility business is expected to strengthen. This should consequently stabilise cash flow. As domestic sales in Japan still account for 88% of 2006 revenues, the company aims to increase its international sales by 40% within the next three years.



Water

## Stantec



[www.stantec.com](http://www.stantec.com)

Key data	
Employees	6500
<a href="http://www.stantec.com">www.stantec.com</a>	
All figures in CHF m	2006
Total revenue	940
Net profit	70
Market cap. (30.06.2007)	1800

Source: Bloomberg

### COMPANY PROFILE

Stantec is a Canadian engineering group specialising in the fields of the environment, buildings, industry and project management, transport and urban planning. The group's expertise is distributed across some 100 offices in North America and the Caribbean. The workforce of 6,500 employees provide comprehensive services from consulting and design, through to planning and engineering as well as implementation and project management.

### INVESTMENT CASE

Stantec has set itself the target of becoming one of the world's top 10 international engineering and project planning companies by 2008, pushing sales passed the USD one billion mark, and increasing its headcount to 10,000 people. Stable organic growth and the successful integration of numerous acquisitions show that the company is ideally positioned to meet these ambitious

targets. Current success factors include strong performance of the economy in western Canada, the extensive public infrastructure and transport programmes in North America and the booming energy sector. Thanks to these positive factors, Stantec's business performance has been relatively unaffected by the current weakness of the US property market.



Healthy Living

## Chaoda



www.chaoda.com

Key data	
Employees	16090
www.chaoda.com	
All figures in CHF m	2006
Total revenue	450
Net profit	145
Market cap. (30.06.2007)	2000

Source: Bloomberg

### COMPANY PROFILE

Chaoda Modern Agriculture (Chaoda) is China's biggest agricultural producer. The company grows fruit and vegetables with organic methods. Its products are processed, packaged and sold at numerous wholesalers in China (70% of sales) and abroad (Japan, Asia and Europe).

### INVESTMENT CASE

Chaoda has an excellent reputation for product quality with its very demanding customers in Japan. Chaoda can also count on the support of China's central government and provincial governments, since it is helping to make the agricultural sector more innovative and professional. The company has excellent growth prospects both in China and abroad and enjoys generous operating margins thanks to a very efficient distribution structure. Towards the end of the half year, Chaoda's

auditors resigned due to failure of both sides to agree on the costs of the forthcoming audit. The new auditor is a leading international company, and this switch will help to boost Chaoda's reputation and credibility in the medium term. However, the unexpected change triggered a sharp response from the stock markets and from newer investors especially, causing a (temporary) drop in the company's share price. But Chaoda still looks to be extremely well positioned.



Healthy Living

## Natura Cosmetics



www.natura.com

Key data	
Employees	5150
www.natura.com	
All figures in CHF m	2006
Total revenue	2450
Net profit	290
Market cap. (30.06.2007)	7400

Source: Bloomberg

### COMPANY PROFILE

Natura Cosmetics (Natura) develops and sells bodycare products and fragrances. It is the leading cosmetics company in its home market of Brazil, with a 23% market share at present. Natura is also active in Argentina, Chile, Peru, Mexico, Venezuela, Colombia and France.

### INVESTMENT CASE

Sustainability is a central plank of the company's business policy. Strict guidelines are in place for the procurement and selection of raw materials and ingredients used in the products, as well as for their packaging and manufacture. The company wants its entire value chain to become carbon neutral by 2008. Intensive R & D activity provides the basis for the company's strong powers and innovation without putting the relatively high margins under pressure. Natura is active in the growth market of natural bodycare products.

Its prestige brand EKOS only uses natural ingredients obtained from the sustainable local sources in a way that preserves biodiversity. This means Natura has excellent growth potential both in Brazil and abroad. It plans to start selling its products in the United States and Russia in 2008. The controlled pace at which the company is developing its marketing activities in new markets keeps costs under control and only has a marginal impact on the company's profitability.



Resource Efficiency

Georg Fischer

+GF+

www.georgfischer.com

Key data	
Employees	12 385
www.georgfischer.com	
All figures in CHF m	2006
Total revenue	4050
Net profit	250
Market cap. (30.06.2007)	3750

Source: Bloomberg

### COMPANY PROFILE

Georg Fischer is a leading industrial group that focuses on its three core businesses "GF Automotive", "GF Piping Systems" and "GF AgieCharmilles". In each of these businesses, the company holds leading global market positions in specific subsegments. Europe accounted for about three quarters of the turnover of over CHF 4 bn in the last financial year. Group operating margins climbed to above 8%.

### INVESTMENT CASE

The sustainability of the business model of Georg Fischer is largely based on the innovative power of the company. In the competitive market for auto parts, "GF Automotive" is represented with lightweight cast components that are becoming increasingly important for saving fuel. Differentiated products are also a

key characteristic of the piping segment. The division should especially benefit from the global need for modernisation and expansion of the water infrastructure. Altogether, the group's turnover is expected to increase well above the rate of general economic growth, while the operating profit margin should improve slightly.



Resource Efficiency

Masterflex

Masterflex

www.masterflex.de

Key data	
Employees	778
www.masterflex.de	
All figures in CHF m	2006
Total revenue	190
Net profit	8
Market cap. (30.06.2007)	180

Source: Bloomberg

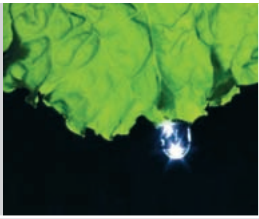
### COMPANY PROFILE

Masterflex, based in Germany, operates in the market of high-tech speciality plastics for industrial and medical applications. The company manufactures polyurethane products and its core business areas are high-tech hose systems, medical devices and innovative abrasion-resistant materials. The company's most important sales market is Germany which contributes approximately half the revenues generated.

### INVESTMENT CASE

Masterflex is active in growing markets such as polyurethane processing, medical technology and fuel cells and uses polyurethane and other polymers which do not contain any toxic components. Because they are plastics, they generate lower energy costs during production than other materials. The company has actively incorporated nanotechnology in their research and development. In 2005, a patented process was developed for coating hoses from inside with

metal or ceramic in nanoparticle structuring. Through nanotechnology the company has been able to further improve the abrasion attributes and behaviour of polyurethane at high temperatures. If Masterflex manages to grow its Medical Technology business as planned and to deliver announced synergies with SURPRO, a specialist in the field of surface coating which was acquired in 2005, the company's future looks bright.



Private Equity

## Agrilink

AGRILINK

www.agrilink.net

### Key data

Employees	37
www.agrilink.net	

### COMPANY PROFILE

Agrilink is active in the field of water management. Headquartered in Australia, the company offers an integrated product range for the continuous monitoring of weather conditions and soil moisture. These have a wide range of applications: agriculture, turf (including golf courses), as well as in the home & garden sector. The integration of accurate measuring of soil moisture with a clever communication and data display system make Agrilink a unique provider of sophisticated water management systems.

### INVESTMENT CASE

Agrilink's technology enables a user to monitor with a high degree of accuracy the level of soil moisture and take appropriate action. The tendency to overwater not only wastes this precious natural resource but also in effect suboptimises the root structure of plants and their growth potential – the Agrilink system is a powerful tool to prevent this. Agrilink has a well established business in Australia and the United States.

Initial positioning in the European and Middle East markets is now a high priority. Collaboration and distribution agreements are already in place with highly respected companies in the irrigation, turf and seed businesses. Most recently the Espirito Santo Venture Fund (Portugal) became an investor and will be most helpful in developing the business in the Iberian Peninsula.



Private Equity

## Ocean Power Delivery

OCEAN POWER DELIVERY LTD.

www.oceanpd.com

### Key data

Employees	70
www.oceanpd.com	

### COMPANY PROFILE

Ocean Power Delivery (OPD) designs and manufactures "Pelamis" – the world's leading wave energy converter (WEC). The Electrical Power Research Institute (EPRI) of the US described it as the best system currently available for deployment. OPD and Pelamis uniquely address all the fundamental design concepts required to provide a commercially attractive product capable of generating reliable low-cost power.

### INVESTMENT CASE

Wave energy is the most concentrated form of renewable energy, as almost all of it is stored in the top 50m of the ocean. Other renewable energy sources, such as wind and solar energy, are heavily influenced by local weather conditions which can be quick to change and difficult to predict. By contrast, the predictability of wave power makes its integration into the energy supply system much more straightforward.

As part of the world's first commercial wave energy project, OPD has delivered three units to Portugal. With it the commissioning phase has now been initiated. In parallel, the prototype is accumulating further test hours and has repeatedly demonstrated both the reliability and safety of its latching mechanism – a feature of extraordinary importance for any offshore installation.

2007



## 2007 Consolidated Semi-Annual Financial Statements

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## Consolidated Balance Sheet

Assets in CHF	Notes	at June 30, 2007	at Dec 31, 2006
<b>Current assets</b>			
Cash and cash equivalents	3	1 558 083	3 043 290
Securities	4,7	231 259 972	190 171 795
Other receivables		3 055 457	231 075
Accruals		66 740	35 271
		<b>235 940 252</b>	<b>193 472 431</b>
<b>Total assets</b>	9	<b>235 940 252</b>	<b>193 472 431</b>

Liabilities in CHF	Notes	at June 30, 2007	at Dec 31, 2006
<b>Current liabilities</b>			
Other liabilities		273 968	66 589
Accruals		2 633 910	1 478 830
Tax provisions		0	60 928
		<b>2 907 878</b>	<b>1 606 347</b>
<b>Shareholders' equity</b>			
Share capital	5	75 645 000	75 645 000
Capital reserves	5	214 033 886	212 137 822
Own shares	5	-33 391 068	-37 894 378
Balance sheet loss/gain	5	-23 255 444	-58 022 361
		<b>233 032 374</b>	<b>191 866 084</b>
<b>Total liabilities</b>		<b>235 940 252</b>	<b>193 472 431</b>
<b>Net asset value (NAV) per share</b>		<b>450.21</b>	<b>380.36</b>

The notes constitute an integral part of these consolidated semi-annual financial statements.

## Consolidated Income Statement

in CHF	Notes	01.01.–30.06.2007	01.01.–30.06.2006
<b>Operating income</b>			
Interest income		71 871	304 858
Dividend income		1 283 655	1 367 764
Net gain on securities		37 636 164	17 339 853
Other income		67 476	83 768
		<b>39 059 166</b>	<b>19 096 243</b>
<b>Operating expenses</b>			
Interest expense		0	0
Management fees*		2 350 948	1 360 885
Other expenses		1 726 883	1 340 847
		<b>4 077 831</b>	<b>2 701 732</b>
<b>Net profit/loss before tax</b>		<b>34 981 335</b>	<b>16 394 511</b>
Tax		214 418	287 645
<b>Net profit</b>		<b>34 766 917</b>	<b>16 106 866</b>

\* As at June 30, 2007 the figure also includes an accrual for a potential performance-related fee of CHF 952,924 payable at year-end. (Please refer for details to notes, 2: Estimates when preparing the consolidated financial statements).

Earnings per share in the first half of 2007 amount to CHF 68.77 (first half of 2006: CHF 28.94).

## Consolidated Shareholders' Equity

in CHF	Share capital	Capital reserves	Own shares	Profit reserves	Total
<b>Holdings on Jan 1, 2006</b>	100 245 000	207 688 945	-20 157 104	-86 482 307	<b>201 294 534</b>
Capital reduction costs		-8070			<b>-8070</b>
Annual profit				16 106 866	<b>16 106 866</b>
Transactions in own shares		1 428 994	395 053		<b>1 824 047</b>
<b>Holdings on June 30, 2006</b>	<b>100 245 000</b>	<b>209 109 869</b>	<b>-19 762 051</b>	<b>-70 375 441</b>	<b>219 217 377</b>
<b>Holdings on Jan 1, 2007</b>	75 645 000	212 137 822	-37 894 378	-58 022 360	<b>191 866 084</b>
Capital reduction costs		-13 850			<b>-13 850</b>
Annual profit				34 766 917	<b>34 766 917</b>
Transactions in own shares		1 909 914	4 503 310		<b>6 413 224</b>
<b>Holdings on June 30, 2007</b>	<b>75 645 000</b>	<b>214 033 886</b>	<b>-33 391 068</b>	<b>-23 255 443</b>	<b>233 032 375</b>

The notes constitute an integral part of these consolidated semi-annual financial statements.

## Consolidated Statement of Cashflows

in CHF	01.01.–30.06.2007	01.01.–30.06.2006
<b>Cash and cash equivalents (net) at beginning of year</b>	<b>3 034 290</b>	<b>7 897 355</b>
<b>Cash flows from operating activities</b>		
Sales of securities	39 156 625	28 049 638
Purchases of securities	-42 357 385	-27 587 197
Interest income	71 871	304 858
Interest expense	0	0
Dividend income	1 283 655	1 080 119
Tax paid	-214 418	0
Income from other sources	67 476	0
Administrative and other expenses (net)	-4 077 831	-2 701 732
Increase/decrease on receivable and accruals	-1 554 320	4 741 174
<b>Total cash flow from operating activities</b>	<b>-7 624 327</b>	<b>3 886 860</b>
<b>Cash flow from financing activities</b>		
Capital reduction costs	-13 850	-8 070
Repurchase of own shares	-12 859 475	-7 979 922
Proceeds from sales of own shares	18 958 711	9 803 969
<b>Total cash flow from financing activities</b>	<b>6 085 386</b>	<b>1 815 977</b>
Foreign Exchange differences in cash and cash equivalents	62 734	-146 478
<b>Increase in cash and cash equivalents (net)</b>	<b>-1 476 207</b>	<b>5 556 359</b>
<b>Cash and cash equivalents (net) at the end of the period</b>	<b>1 558 083</b>	<b>13 453 714</b>

The notes constitute an integral part of the consolidated financial statements.

# Notes to the 2007 Consolidated Semi-Annual Financial Statements

## 1. COMPANY DESCRIPTION

Sustainable Performance Group AG (SPG), Zurich, a joint stock company under Swiss law with head office at Seefeldstrasse 215, CH-8008 Zurich, was founded on May 21, 1997. On August 8, 1997, it was listed in the "Investment Companies" segment of the SWX Swiss Exchange. SPG's purpose is to invest in companies with sustainable potential for adding value. SPG holds these equity investments indirectly through two wholly owned subsidiaries, Sustainable Performance Group Public Limited, Guernsey and Sustainable Performance Group Private Limited, Guernsey (hereinafter referred to jointly as "the Group").

As of January 1, 2007 all assets of the Sustainable Performance Group (Listed) N.V. and the Sustainable Performance Group (Unlisted) N.V. at Fair Value shall be deemed transferred to the two newly founded subsidiaries SPG Public Investments Limited (Listed) respectively SPG Private Investments Limited (Unlisted) in Guernsey.

The two subsidiaries Sustainable Performance Group (Listed) N.V., Curaçao and Sustainable Performance Group (Unlisted) N.V., Curaçao, which effected investments until December 31, 2006, are inactive and wholly owned by SPG. The aim is to liquidate both Curaçao-based companies by the end of 2007.

## 2. ACCOUNTING PRINCIPLES

### General

These abridged consolidated semi-annual financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, and comply with the accounting guidelines laid down in SWX Swiss Exchange's supplementary listing rules for investment companies. The consolidation and valuation principles used in the preparation of the accounts are consistent with those used in the consolidated financial statements for the year ended December 31, 2006. The consolidated semi-annual financial statements should

be read in conjunction with the consolidated 2006 annual financial statements.

In 2007, the new IFRS 7 standard "Financial instruments: disclosure and additional amendment to IAS 1, presentation of annual financial statements" entered into force.

### Figures for the previous year

A number of figures for the previous year were adapted in line with the consolidated 2006 annual financial statement in order to guarantee comparability with the current figures. The Group has changed the calculation method of the realized and unrealized price gains/losses from the FIFO method to the average price method. The conversion of the calculation method has no effect on the profit or the net value.

### Estimates when preparing the consolidated financial statements

When preparing these statements, management is required to make assumptions and estimates that have an impact on the reported balance sheet values and items of the income statement. In some cases management had to rely on the information available and exercise its own judgement when making these estimates. The actual values in future may diverge from these estimates, which can lead to significant differences in the consolidated semi-annual financial statements.

At the end of June 2007, a limit of CHF 952,024.– was placed on performance fees, because a performance fee will probably become due for the first time at the end of the year.

The remuneration paid to SAM Sustainable Asset Management AG under the investment advisory agreement has two components. A fixed fee based on the SPG net asset value (NAV) calculated as follows: The fixed fee mainly covers the manager's running costs (research, asset management, portfolio management systems, etc.).

The remuneration also includes a performance fee that depends on the investment return achieved. The investment advisor's performance is compared against the benchmark index "MSCI World ex Financials". The investment advisor must beat this index by at least 2% on an annual basis before any performance fee is due. The performance fee is set at 15% of any return above the 2% performance threshold. The excess return is calculated on a yearly basis (i.e. the average NAV of the fourth quarter of the relevant calendar year is compared with the initial value at the start of the calendar year).

#### Consolidation

The consolidated financial statements encompass SPG and companies in its control: currently Sustainable Performance Group Public Limited, Guernsey, Sustainable Performance Group Private Limited, Guernsey, the Sustainable Performance Group (Listed) N.V., Curaçao, and the Sustainable Performance Group (Unlisted) N.V., Curaçao, which are wholly controlled by SPG.

Subsidiaries are consolidated from the point when control passes to SPG and are no longer consolidated as soon as this control ceases. Capital is consolidated

using the "purchase method". All internal business transactions within the Group as well as Group credit balances and Group debts are eliminated as part of the consolidation. The uniform close of accounts for all companies included in the consolidation is June 30, 2007.

#### 3. CASH AND CASH EQUIVALENTS

Liquid assets shall be in the form of current account surpluses and short-term cash investments with banks with a maturity within three months.

#### 4. SECURITIES

With the exception of AgraQuest, Agrilink, Catalytic Solutions, Identec Solutions, inge AG, Ocean Power Delivery, Ormecon and SAM Private Equity Fund, all securities held by the Group as of June 30, 2007 are traded on a recognised stock exchange and are thus stated on the balance sheet at their bid prices. The Group lent securities to the value of CHF 63,686,502 as of June 30, 2007 (31.12.2006: CHF 12,594,266). Commissions from securities lending and borrowing, which are reported under "Net gain on securities", amount to CHF 47,668 (30.06.2006: CHF 83,767.87). Unlisted shares are stated on the balance sheet at their fair value.

Listed shares:							
Company	No. of shares 31.12.2006	No. of shares 30.06.2007	Local currency	Price in local currency 30.06.2007	Market value in local currency 30.06.2007	Market value in CHF 30.06.2007	Market value in CHF 31.12.2006
Vestas Wind Systems	120 000	120 000	DKK	362.50	43 500 000	9 675 438	6 179 457
Q-Cells	90 000	90 000	EUR	63.90	5 751 000	9 519 251	4 923 042
Chaoda	8 000 000	8 000 000	HKD	6.04	48 320 000	7 575 051	6 228 569
Georg Fischer	8 200	8 200	CHF	923.00	7 568 600	7 568 600	6 445 200
Layne Christensen	–	150 000	USD	40.93	6 139 500	7 524 571	–
Geberit	3 600	36 000	CHF	208.80	7 516 800	7 516 800	6 735 600
SunOpta	530 000	530 000	USD	11.12	5 893 600	7 223 196	5 683 317
Noble	57 000	57 000	USD	97.35	5 548 950	6 800 793	5 289 177
Phonak	60 000	60 000	CHF	110.00	6 600 000	6 600 000	5 796 000
Novozymes	45 000	45 000	DKK	638.00	28 710 000	6 385 789	4 717 093
Centrotec Sustainable	110 000	110 000	EUR	35.05	3 855 500	6 381 755	4 267 311

Listed shares (cont.):							
Company	No. of shares 31.12.2006	No. of shares 30.06.2007	Local currency	Price in local currency 30.06.2007	Market value in local currency 30.06.2007	Market value in CHF 30.06.2007	Market value in CHF 31.12.2006
Thermo Fisher Scientific	100 000	100 000	USD	51.66	5 166 000	6 331 450	5 513 939
Roper Industries	90 000	90 000	USD	57.02	5 131 800	6 289 534	5 501 022
Jacobs Engineering	42 000	84 000	USD	57.38	4 819 920	5 907 294	4 167 514
Ecolab	110 000	110 000	USD	42.70	4 697 000	5 756 643	6 050 588
SolarWorld	40 000	100 000	EUR	33.97	3 397 000	5 622 830	3 053 962
Puma	5 000	10 000	EUR	330.00	3 300 000	5 462 272	2 376 680
Xantrex Technology	432 189	432 189	CAD	10.85	4 689 251	5 402 725	3 759 967
Sunpower	–	70 000	USD	62.97	4 407 900	5 402 322	–
Umicore	12 000	20 000	EUR	161.27	3 225 400	5 338 792	2 487 818
Österr. Elektrizitätswirtschafts-AG	80 000	80 000	EUR	37.85	3 028 000	5 012 049	5 383 516
Veolia Environnement	51 000	51 000	EUR	57.95	2 955 450	4 891 961	4 618 096
Masterflex	115 000	115 000	EUR	24.20	2 783 000	4 606 516	4 237 476
Gurit	–	3 000	CHF	1 530.00	4 590 000	4 590 000	–
Dionex	50 000	50 000	USD	70.99	3 549 500	4 350 267	3 443 013
Verenium	–	700 000	USD	5.07	3 549 000	4 349 654	–
Wabtec	90 000	90 000	USD	36.53	3 287 700	4 029 405	3 327 373
Stantec	100 000	100 000	CAD	34.86	3 486 000	4 016 396	2 635 042
Kurita Water Industries	165 000	100 000	JPY	3 860.00	386 000 000	3 830 775	4 333 060
Toyota	49 200	49 200	JPY	7 790.00	383 268 000	3 803 662	4 009 603
Celestiae Nutrifood	–	3 000 000	SGD	1.55	4 650 000	3 726 202	–
Steico	–	120 000	EUR	18.28	2 193 600	3 630 921	–
Johnson & Johnson	47 000	47 000	USD	61.57	2 893 790	3 546 629	3 775 360
Natura Cosméticos	–	200 000	BRL	27.57	5 514 000	3 508 805	–
Canadian Hydro Developers	489 600	489 600	CAD	6.18	3 025 728	3 486 094	3 040 989
Uralita	–	300 000	EUR	6.93	2 079 000	3 441 232	–
Wavin	100 000	102 127	EUR	17.75	1 812 754	3 000 533	2 380 379
Nautilus	–	200 000	USD	12.04	2 408 000	2 951 245	–
United Natural Foods	90 000	90 000	USD	26.58	2 392 200	2 931 880	3 934 942
Schmack Biogas	45 000	27 400	EUR	55.65	1 524 810	2 523 917	3 906 153
Tsurumi Manufacturing	176 000	176 000	JPY	1 207.00	212 432 000	2 108 236	2 216 364
Veolia Environnement Rights	–	51 000	EUR	0.84	42 840	70 910	–
Abengoa	140 000		EUR		–	–	6 248 494
Avon Products	70 000		USD		–	–	2 813 145
Brambles Industries	480 000		AUD		–	–	5 918 166
Conergy	45 000		EUR		–	–	3 492 884
Evergreen Solar	116 000		USD		–	–	1 068 620
Green Mountain Coffee Roasters	84 135		USD		–	–	5 048 218
Hyflux	560 000		SGD		–	–	1 031 967
Pentair	60 000		USD		–	–	2 294 286
Tempur-Pedic International	144 000		USD		–	–	3 584 877
Whole Foods Market	48 000		USD		–	–	2 742 030
<b>Total listed shares</b>						<b>212 692 395</b>	<b>174 660 309</b>

Unlisted shares:									
Company	No. of shares/notes 31.12.2006	No. of shares*/warrants 30.06.2007	Local currency	Purchase price per share in local currency 30.06.2007	Fair value per share in local currency 30.06.2007	Fair value in local currency 30.06.2007	Fair value in CHF 30.06.2007	Fair value in CHF 31.12.2006	
<b>AgraQuest</b>									
Series F Preferred Shares**	400 000	400 000	USD	5.00	0.43	173 924	213 161	211 934	
Series G Preferred Shares**/**	467 091	467 091	USD	5.00	2.57	1 202 265	1 473 496	1 465 020	
Series H Preferred Shares	7 214 855	7 214 855	USD	0.07	0.07	491 996	602 990	599 524	
Common Shares***	1 232 919	1 232 917	USD	0.01	0.07	84 076	103 044	102 451	
<b>Total shares</b>	<b>9 314 864</b>	<b>9 314 863</b>	<b>USD</b>			<b>1 952 261</b>	<b>2 392 691</b>	<b>2 378 929</b>	
Warrants	88 000	0	USD	0.00	0.00	0	0	0	
<b>Total AgraQuest</b>	<b>88 000</b>	<b>0</b>	<b>USD</b>			<b>1 952 261</b>	<b>2 392 691</b>	<b>2 378 929</b>	
<b>Agrilink</b>									
Common Shares	4 156 539	4 157	AUD	0.01	0.01	23 279	24 205	22 386	
A-Class Shares	98 515 232	98 515	AUD	0.02	0.01	551 684	573 640	530 578	
B-Class Shares	716 817 761	761 461	AUD	0.00	0.01	4 264 182	4 433 892	3 860 599	
<b>Total shares</b>	<b>819 489 532</b>	<b>864 133</b>	<b>AUD</b>			<b>4 589 141</b>	<b>5 031 737</b>	<b>4 413 563</b>	
Convertible Notes (Series A)	0	0	AUD					0	
Convertible Notes (Third)	0	0	AUD					0	
<b>Total convertible notes</b>	<b>0</b>	<b>0</b>	<b>AUD</b>			<b>0</b>	<b>0</b>	<b>0</b>	
Options Series A Shares	40 220 000	0	AUD	0.00	0.00			0	
Options Series B Shares	487 066 240	0	AUD	0.00	0.00			5	
<b>Total options</b>	<b>565 959 154</b>	<b>0</b>	<b>AUD</b>			<b>0</b>	<b>0</b>	<b>5</b>	
<b>Total Agrilink</b>			<b>AUD</b>				<b>5 031 737</b>	<b>4 413 568</b>	
<b>Catalytic Solutions</b>									
Common Shares	853 762	853 762	GBP	1.04	1.23			2 511 838	
Series D Preferred Shares	853 792	0	USD			1 118 428	2 750 195	0	
Convertible Note	0	0	USD					0	
<b>Total Catalytic Solutions</b>			<b>GBP</b>			<b>1 118 428</b>	<b>2 750 195</b>	<b>2 511 838</b>	
<b>Identec Solutions – Ordinary shares</b>	<b>333 333</b>	<b>333 333</b>	<b>EUR</b>	1.50	1.50	<b>500 000</b>	<b>827 617</b>	<b>804 182</b>	
<b>inge AG</b>									
Common Shares	11 484	4 130	EUR	1.50	1.50	5 553	9 192	27 706	
Series B Preferred Shares	105 222	105 222	EUR	15.21	15.37	1 617 262	2 676 947	2 601 147	
<b>Total inge AG</b>	<b>116 706</b>	<b>109 352</b>	<b>EUR</b>			<b>1 622 815</b>	<b>2 686 139</b>	<b>2 628 853</b>	
<b>Ocean Power Delivery Series B Preferred Shares</b>	<b>100 000</b>	<b>131 286</b>	<b>GBP</b>	10.00	4.95	<b>1 304 334</b>	<b>3 207 335</b>	<b>1 180 795</b>	
<b>Ormecon Bridge Loan</b>			<b>EUR</b>			<b>39 060</b>	<b>64 654</b>		
<b>Ormecon – Shareholdings in limited liability companies</b>	<b>850</b>	<b>850</b>	<b>EUR</b>	420.82	536.40	<b>423 372</b>	<b>700 780</b>	<b>733 315</b>	
<b>SAM Private Equity Sustainable Fund II LP – Investment fund units</b>	<b>476 658</b>	<b>845 341</b>	<b>EUR</b>			<b>547 613</b>	<b>906 428</b>	<b>860 006</b>	
<b>Total unlisted shares</b>							<b>18 567 576</b>	<b>15 511 486</b>	
<b>Total securities</b>							<b>231 259 971</b>	<b>190 171 795</b>	

\* Common Shares equivalent

\*\* Because of the lower issue price of the Series H Preferred financing round, the dilution protection of Series F Preferred Shares ("weighted ratchet") and Series G Preferred Shares ("full ratchet") was triggered.

\*\*\* Each Series G Preferred Share carried 1.5 penny warrants. This reduced the price of the Series G Preferred financing round to USD 2.01. SPG also obtained Penny Warrants in order to maintain a "full ratchet" on Series F Preferred Shares. SPG exercised all its Penny Warrants.

## 5. SHAREHOLDERS' EQUITY

SPG's shareholders' equity amounted to 615,000 bearer shares with a par value of CHF 123.–. The conditional share capital amounts to CHF 13,530,000 (110,000 bearer shares with a par value of CHF 123.–). During the general meeting held on May 8, 2007 a decision was taken to annul 65,000 bearer shares and adjust the contingent share capital. SPG's shareholders' equity after the entry in the Commercial Register (July 25<sup>th</sup>, 2007) amounts to 550,000 bearer shares with a par value of CHF 123.– and the conditional share capital to CHF 33,825,000.– (275,000 bearer shares with a par

value of CHF 123.–). As of June 30, 2007, SPG held 97,393 treasury shares (31.12.2006: 110,569) with a purchase value of CHF 33,391,068.– (31.12.2006: CHF 37,894,378.–). During the reporting period a total of 31,236 (30.06.2006: 21,010) shares were acquired at an average price of CHF 411.69 (30.06.2006: CHF 379.82) and 44,412 (30.06.2006: 25,404) shares were sold at an average price of CHF 426.88 (30.06.2006: CHF 385.92). The consolidated net asset value per share at June 30, 2007 is CHF 450.21 (30.06.2006: CHF 391.93).

## 6. ADDITIONS, DISPOSALS AND UNREALISED AND REALISED GAINS/LOSSES ON LISTED AND UNLISTED SECURITIES AND DERIVATIVES:

in CHF	30.06.2007	30.06.2006
<b>Listed shares</b>		
Shareholdings at beginning of year (market value)	174 660 309	178 926 940
Additions (purchase prices)	40 679 390	23 879 884
Disposals (selling prices)	-39 125 974	-27 965 870
Unrealised gains	27 206 240	16 342 540
Unrealised losses	-3 203 368	-10 426 734
Realised net capital gain	12 478 799	12 849 876
<b>Shareholdings at June 30, 2007 (market value)</b>	<b>212 695 396</b>	<b>193 606 636</b>
<b>Unlisted securities</b>		
Shareholdings at beginning of year (fair value)	15 511 486	9 477 991
Additions (purchase prices)	1 677 995	3 707 313
Disposals (selling prices)	-30 651	0
Unrealised gains	1 994 154	0
Unrealised losses	-585 408	-1 279 351
Realised net capital gain	0	0
<b>Shareholdings at June 30, 2007 (fair value)</b>	<b>18 567 576</b>	<b>11 905 953</b>
<b>Derivative financial instruments</b>		
Shareholdings at beginning of year	0	0
Additions (purchase prices)	0	0
Disposals (selling prices)	0	-83 768
Unrealised gains	0	0
Unrealised losses	0	0
Realised net capital gain/losses	0	83 768
<b>Shareholdings at June 30, 2007 (fair value)</b>	<b>0</b>	<b>0</b>
<b>Total shareholdings at June 30, 2007</b>	<b>231 262 972</b>	<b>205 512 589</b>

<b>Breakdown of purchases/sales of own shares 2007</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
No. of own shares acquired	7 061	4 131	5 098	5 730	5 966	3 250	<b>31 236</b>
Average purchase price in CHF	379.28	403.26	396.60	419.52	437.01	456.17	<b>411.69</b>
No. of own shares sold	1 347	2 317	6 011	14 244	9 609	10 884	<b>44 412</b>
Average selling price in CHF	378.19	407.29	392.81	419.37	440.31	453.88	<b>426.88</b>
<b>Breakdown of purchases/sales of own shares 2006</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
No. of own shares acquired	7 477	1 993	1 996	837	6 813	1 894	<b>21 010</b>
Average purchase price in CHF	358.20	385.58	391.07	412.93	393.67	382.75	<b>379.82</b>
No. of own shares sold	8 552	1 030	2 318	661	12 374	469	<b>25 404</b>
Average selling price in CHF	355.05	379.09	384.66	405.74	407.00	386.10	<b>385.92</b>

<b>Calculation of net gain/loss per share</b>	<b>at 30.06.2007</b>	<b>at 30.06.2006</b>
Weighted average for number of shares outstanding	505 533	556 503
Consolidated net profit/loss in CHF	34 766 917	16 106 866
Net gain/loss per share in CHF (undiluted)	68.77	28.94
Net gain/loss per share in CHF (diluted)	68.77	28.94

At June 30, 2007 no positions with dilution potential were held. As a consequence, the undiluted profit and the diluted profit per share are identical.

## 7. GEOGRAPHIC BREAKDOWN OF ASSETS

The geographical breakdown of assets as at June 30, 2007 is as follows:

in CHF	30.06.2007	31.12.2006
USA	78 537 770	63 444 871
Germany	37 568 114	29 619 676
Switzerland	35 493 031	22 277 436
Denmark	16 061 228	10 896 550
Canada	12 905 212	15 119 315
Japan	9 742 674	10 559 027
Hongkong	7 575 051	6 228 569
Austria	5 839 666	6 187 698
Belgium	5 338 792	2 487 818
Australia	5 031 737	10 331 734
France	4 962 872	4 618 096
China	3 726 202	0
Brazil	3 508 805	0
Spain	3 441 232	6 248 494
UK	3 207 335	2 040 801
Netherlands	3 000 533	2 380 379
Singapore	0	1 031 967
<b>Total</b>	<b>235 940 252</b>	<b>193 472 431</b>

## 8. CONTINGENT LIABILITIES AND OFF-BALANCE-SHEET BUSINESS

With Ormecon, there is the possibility that the third tranche of EUR 183,486.– will become due by December 31, 2007. Furthermore, the "SAM Private Equity Sustainability Fund II LP" debt amounts to EUR 4,154,659 as of 30.06.2007. Apart from the liabilities mentioned, the company had no contingent liabilities and off-balance sheet business as at June 30, 2007.

## 9. BUSINESS AFTER THE BALANCE SHEET DATE

See 5. Shareholders' Equity and 8. Contingent Liabilities and Off-balance-sheet Business.

## 10. BUSINESS TRANSACTIONS WITH AFFILIATED PERSONS AND COMPANIES

On 24 May 2006, SPG became an investor (limited partner) in "SAM Private Equity Sustainability Fund II LP" (SPE-II). The total investment amounts to EUR 5 million,

The geographical breakdown of operating income as at June 30, 2007 is as follows:

in CHF	30.06.2007	30.06.2006
Germany	9 926 285	5 157 802
USA	7 312 956	1 121 332
Denmark	5 208 750	3 017 400
Switzerland	3 496 962	7 381 232
Canada	3 469 213	1 186 049
UK	1 766 790	546 236
Japan	1 694 370	-997 832
Hongkong	1 346 482	0
Belgium	1 205 028	0
Brazil	1 128 190	0
Spain	895 085	25 175
Australia	657 088	29 976
Netherlands	621 637	0
France	411 101	428 908
Singapore	190 179	-706 276
Sweden	0	-376 510
China	-88 801	0
Austria	-182 151	1 995 106
<b>Total</b>	<b>39 059 166</b>	<b>19 096 243</b>

of which EUR 845,341.– were drawn down as of June 30, 2007. The SPE-II fund will draw on the remainder over the next 8–10 years, in the form of cash calls.

The fund manager of SPE-II is SAM Equity Partners Ltd II (SAMEPLII), a wholly owned subsidiary of SAM Group. An advisory agreement is in place between SPE-II and SAMEPLII, which gives the board of directors of SAMEPLII, final and exclusive authority over the investment decisions for the SPE-II fund. SAM Group nominates members to sit on SAMEPLII's board of directors. On the reporting date, the board of directors comprises one manager from the SAM Group (G. Domanig, Head Private Equity) and two external representatives (domiciled in Guernsey). Regarding the effective decision-making process, however, the board of directors relies to a large extent on the recommendations of the Investment Committee, comprising principals of SAM Group who specialise in private equity. Since Sustainable Performance Group cannot exert any effective control, SPE-II has not been consolidated.

## Report of the Statutory Auditors to the Board of Directors of Sustainable Performance Group AG, Zurich

Zurich, August 8, 2007

In accordance with our mandate, we have audited the consolidated semi-annual financial statements (balance sheet, income statement, statement of cash flows, changes in shareholders' equity and notes to the accounts) of Sustainable Performance Group for the half-year ended June 30, 2007.

The consolidated semi-annual financial statements are the responsibility of the Board of Directors, while our responsibility is to check and express an opinion on these statements. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated semi-annual financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated semi-annual financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the consolidated semi-annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Art. 20 of the Swiss Exchange's supplementary rules, we draw attention to Note 4 to the consolidated semi-annual financial statements.


As detailed under Note 4, unlisted securities are reported in these statements at a fair value of CHF 18,567,576. In view of the uncertainties which the valuation of such investments entail and the fact that liquid markets are not in place in all cases, these fair values might deviate from the realizable values. The differences may in such cases be substantial. The fair value of these estimates was determined by the Board of Directors and stated in Note 4. We have examined the method employed by the Board of Directors to value these investments as well as the underlying documentation. While the method employed appears to be appropriate to the circumstances and the documentation adequate, the fair value is also determined on the basis of a subjective assessment which can not be evaluated independently.

In our opinion, the consolidated semi-annual financial statements have been drawn up correctly in all the essential areas in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and comply with the accounting guidelines laid down in SWX Swiss Exchange's supplementary listing rules for investment companies and Swiss Law.

PricewaterhouseCoopers AG



Thomas Huber  
Lead Auditor



Cornelia Herzog

[www.sustainable.ch](http://www.sustainable.ch)



Investment Themes

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## Shareholder Information

<b>Reporting</b>	
– Printed publications:	Audited Semi-annual and Annual Report
– Online publications:	Monthly and quarterly reports
<b>Share Price</b>	
– Internet:	www.sustainable.ch
– Bloomberg:	SPG SW Equity
– Reuters:	SPG.5
<b>Net Asset Value</b>	
– Internet:	www.sustainable.ch
– Bloomberg:	SPG SW Equity NAV
– Reuters:	SUSTAIN01 (and following pages)
<b>Structure</b>	
– Established:	May 21, 1997
– Legal domicile:	Zurich, Switzerland
– Stock Exchange Listing:	SWX Swiss Exchange, since August 8, 1997
– Swiss security number:	650216
– ISIN:	CH0006502162
<b>To order documents</b>	
– by phone:	+41 44 687 22 66
– by e-mail:	info@sustainable.ch
– to register for mailing list:	www.sustainable.ch/maillinglist

Sustainable Performance Group AG (SPG) was founded in 1997. The individual investments are made entirely through two wholly owned subsidiaries of SPG, namely Sustainable Performance Group (Listed) N.V. (investments in listed companies) and Sustainable Performance Group (Unlisted) N.V. (investments in unlisted companies), both domiciled in Curaçao (Netherlands Antilles). Acting as investment adviser to the two subsidiaries is SAM Investment Consulting N.V., likewise domiciled in Curaçao. SAM Investment Consulting N.V. is a wholly

owned subsidiary of SAM Group. SAM Investment Consulting N.V. in turn avails itself of the research of SAM Group. The latter boasts an experienced and qualified team in the fields of sustainability research, guaranteeing the professional implementation of the investment strategy developed by it.

The shareholdership of SPG is made up of around 1,500 private and institutional investors. Approximately two-thirds of shares are held by institutions and around one third by private investors.

This semi-annual report as well as the information contained therein shall neither actively be distributed or transmitted to the United States of America (U.S.A.), nor be allocated or transmitted to (i) US persons (including legal entities); or (ii) media with a nationwide distribution in the U.S.A. Each violation of these restrictions can result in non-compliance with US securities law. Furthermore, any active distribution of this semi-annual report outside of Switzerland shall be carried out in compliance with the relevant national law(s).



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