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**Gresham Computing plc**  
("Gresham", the "Group" or the "Company")  
**Interim results for the six months ended 30 June 2008**

**GRESHAM RIDES THE CREDIT CRUNCH WAVE REPORTING STRONG GROWTH AND A RETURN TO PROFIT**

Gresham, the specialist provider of real-time financial solutions and storage solutions, today announces un-audited interim results for the six months ended 30 June 2008.

**Highlights**

- Adjusted EBITDA profit of £0.03m (£1.28m loss H1 2007)
- Real Time Financial Solutions Revenues up 24%

Eric Sepkes, Chairman of Gresham, commented:

"I am very pleased to report a much improved first six months of 2008 arising from significant growth in our core business and tight cost control.

I believe that the credit crunch is a contributory factor to our success, forcing a re-think on how to achieve more with less. The financial services technology market is seeing very large projects (£100m plus) being slimmed down or deferred. Conversely, there appears to now be a greater emphasis on smaller, customer focused projects that can demonstrate rapid results in a short timescale. Our proven technology, rapid deployment and agile solutions enable our customers to reap measurable returns on their expenditure in the same financial period as the decision. As a result, we are experiencing strong demand, especially in the financial services market. We have a firm pipeline of work for the second half and a growing list of new opportunities which play to our core strengths."

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26 August 2008

**GRESHAM COMPUTING plc**  
("Gresham", the "group" or the "company")  
**INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2008**

Gresham, provider of real-time financial solutions and storage solutions, announces its un-audited interim results for the 6 months ended 30 June 2008.

**Financials**

Trading improved markedly in the first six months of 2008 with revenues growing by 12% to £7.2m (6 months 2007: £6.4m) and a return to adjusted EBITDA profit of £0.03m (6 months 2007: loss £1.28m). Revenues in our core real-time financial solutions business were up 24% on the prior period.

Our focus on securing new core business and reducing costs is self evident from our results. The improvement to trading seen in the first half has so far continued into the second half and we have a strong confirmed order book for the remainder of 2008.

**Clareti Cash Reporting**

Ten years ago, Gresham began discussing the concept of doing business based on real-time information, as opposed to 'out of date' batch information, with a collection of the world's largest banks. Over a period of time, these discussions gave rise to Gresham's Real-Time Nostro service, designed to provide banks with real-time information about their cash positions with other banks; referred to in the banking world as their Nostro positions. Over a relatively short period of time, in banking terms, many of the most influential world banks agreed to provide data into the Real Time Nostro service, which moved from concept to reality when it went live in 2004 with Barclays and Royal Bank of Scotland as initial users. The legacy systems and legacy thinking of some banks has been a hurdle in bringing this to market, however, as is now only too apparent, failure to manage risk and liquidity in real-time is no longer a viable option for a 21<sup>st</sup> century financial institution. The relevance to banks of improving their management of both liquidity and risk has never been stronger. Our technology enables us to deliver highly cost effective solutions from a proven service, in real-time.

Today we are operating a multi-currency service between some of the largest banks in the world. In aggregate, we are currently providing real-time cross border payment information of circa \$140 trillion per annum, and growing. While this is a big number and something we are justifiably proud of, we have still barely scratched the surface of this market. However, we have proven, without doubt, our capability to provide an outsourced key business process for the global banking community and our intention is to build on this solid base.

As the service has become established, new opportunities to extract value continue to present themselves. This has led us to provide additional services to banks that better enable them to deliver improved cash and treasury management services to their customers and acquire new cash deposits. These types of services are proving to be very important to banks as their focus moves to customer retention and acquisition through better service in an increasingly competitive market for deposits and transactions.

In 2002, we indicated that the Real Time Nostro service was the first tactical implementation of Gresham's longer term strategic goal: to improve the security and stability of the world's financial markets by creating technology that provided aggregated, real-time financial information. That strategy is now coming to fruition with several services now live based around this core goal.

To reflect the wider uses of our technology the bank specific "Nostro" label was replaced by the Clareti branding. Clareti Cash Reporting hence provides "clarity" around cash, treasury and liquidity management to both banks and their corporate customers globally.

Our cash reporting service is gathering momentum and our bank to corporate cash management solution continues to show strong customer and revenue growth.

### **Clareti Supply Chain Financing**

Our supply chain finance platform went live towards the end of last year and we have been working alongside our banking partner to roll out the solution.

We now have five committed corporate "buyers", the first two of which are live on the platform. We anticipate further growth in live buyers during the remainder of 2008. The annualised value of payments passing across the platform is building towards US\$1bn per annum with continued growth expected as more buyers join the service.

Supplier adoption is well under way with a growing number now accessing real-time information on the platform and taking early payments. The 'credit crunch' has increased the attractiveness of our early payment service as most companies, large and small, are keen to access liquidity in a cost effective manner.

The service started as a single currency solution almost a year ago. It now meets stringent compliance / security requirements and is fully enabled to provide multi-currency cross border payments in over 100 currencies.

### **Clareti Storage Director**

Gresham has been a technology leader in offering a rich portfolio of solutions in the IBM Tivoli Storage Management (TSM) market and in the high performance backup / restore environments of major enterprises for many years.

Our original product, Clareti EDT, is installed in over 90 of the Fortune 500 globally. A combination of this success and customer feedback led us to expand our product capabilities from the TSM / SUN StorageTek niche to focus on also encompassing HP NonStop and, more recently, Open Systems. We continue to see solid validation of our unique solutions in these markets.

In the first half, we significantly improved our product portfolio and strengthened our enterprise data storage technology by validating and releasing the Clareti Storage Director series of appliances. These new appliances are gaining momentum and being tested in Electronic Vaulting and Disaster Recovery / Business Continuity environments addressing customers' needs from remote sites to primary data centers.

Clareti Storage Director enables cross platform and cross backup-software virtualisation of an enterprise's storage needs, hugely reducing the cost of managing complexity and the ever increasing volumes of data. We have been recognized for creating award winning technology beating many of the largest storage technology companies in the world.

Clearly this opens up many new opportunities and we are now focused on expanding our routes to market via channel partners.

The general business slow down in corporate America has resulted in a broadly flat revenue line for this business segment in the first half, taking into account a planned reduction in our French storage business. However, we have a strengthening pipeline for the second half and are broadening our routes to market to expand our exposure to new customers. We have a number of exciting opportunities and a highly capable team hence we are working hard to improve on the first half performance, notwithstanding the economic conditions.

### **Outlook**

The trend of improved results has continued into the second half of 2008 and we are currently delivering against a solid confirmed order book and have a growing number of prospects in the pipeline.

Our preferred approach is to secure long term relationships with customers through provision of high quality solutions to business critical issues rather than target pure discretionary spend. We are currently working on a

number of such solutions that if secured would add significantly to the current trend of profitability and to the result for the year as a whole.

We will continue to work hard at building our core business while maintaining tight control of costs. The demand for our solutions has strengthened based on our proven capabilities to consistently deliver solid value for money services and products to our customers. I expect our cost base to increase with revenue as we hire new excellent professional services staff to add to our team to meet the growing demands of our clients.

I look forward to updating shareholders on our progress over the coming months.

Andrew Walton-Green  
Chief Executive  
25 August 2008

### Group income statement For the period ended 30 June 2008

|   |              | 6 months<br>ended<br>30 June<br>2008<br>Unaudited<br>£'000 | 6 months<br>ended<br>30 June<br>2007<br>Unaudited<br>£'000 | 12 months<br>ended<br>31 December<br>2007<br>Audited<br>£'000 |
|---|--------------|--|--|---|
|   | <b>Notes</b> |  |  |   |
| <b>Revenue</b>                                      | 2            | 7,172  | 6,436  | 13,423  |
| Cost of goods sold                                  |              | (3,648)  | (3,152)  | (7,192)   |
| Gross profit  |              | 3,524  | 3,284  | 6,231   |
| Administrative expenses                             |              | (3,990)  | (4,850)  | (9,184)   |
| Trading loss  | 2            | (466)  | (1,566)  | (2,953)   |
| Finance revenue                                     |              | 31   | 70   | 107   |
| Finance costs                                       |              | -  | (12)   | (23)  |
| <b>Loss before tax</b>                              | 2            | (435)  | (1,508)  | (2,869)   |
| Taxation  | 3            | 50   | 240  | 449   |
| <b>Attributable to equity holders of the parent</b> | 6            | (385)  | (1,268)  | (2,420)   |
| <b>Loss per share (total and continuing)</b>        |              |  |  |   |
| Basic loss per share - pence                        | 4            | (0.73)   | (2.52)   | (4.74)  |
| Diluted loss per share - pence                      | 4            | (0.73)   | (2.52)   | (4.74)  |

### Group statement of recognised income and expense For the period ended 30 June 2008

|   | 6 months<br>ended<br>30 June<br>2008<br>Unaudited<br>£'000 | 6 months<br>ended<br>30 June<br>2007<br>Unaudited<br>£'000 | 12 months<br>ended<br>31 December<br>2007<br>Audited<br>£'000 |
|---|--|--|---|
| Exchange differences on translation of foreign operations | 51   | 2  | 68  |
| Net income/(expense) recognised directly in equity        | 51   | 2  | 68  |
| Attributable loss for the period                          | (385)  | (1,268)  | (2,420)   |
| Total recognised income and expense for the period        | (334)  | (1,266)  | (2,352)   |

### Group balance sheet At 30 June 2008

|  | At<br>30 June | At<br>30 June | At<br>31 December |
|--|---------------|---------------|-------------------|
|--|---------------|---------------|-------------------|

|  | Notes | 2008<br>Unaudited<br>£'000 | 2007<br>Unaudited<br>£'000 | 2007<br>Audited<br>£'000 |
|--|-------|----------------------------|----------------------------|--------------------------|
| <b>ASSETS</b>  |       |                            |                            |                          |
| <b>Non-current assets</b>                                  |       |                            |                            |                          |
| Property, plant and equipment                              |       | 1,314                      | 1,362                      | 1,327                    |
| Intangible assets  |       | 6,403                      | 6,036                      | 6,086                    |
|  |       | <u>7,717</u>               | <u>7,398</u>               | <u>7,413</u>             |
| <b>Current assets</b>                                      |       |                            |                            |                          |
| Trade and other receivables                                |       | 3,629                      | 3,711                      | 3,650                    |
| Inventories  |       | 100                        | -                          | 100                      |
| Income tax receivable                                      |       | 440                        | 464                        | 374                      |
| Other financial assets                                     |       | -                          | 20                         | 20                       |
| Cash and cash equivalents                                  |       | 996                        | 1,116                      | 2,300                    |
|  |       | <u>5,165</u>               | <u>5,311</u>               | <u>6,444</u>             |
| <b>TOTAL ASSETS</b>  |       | <u>12,882</u>              | <u>12,709</u>              | <u>13,857</u>            |
| <b>EQUITY AND LIABILITIES</b>                              |       |                            |                            |                          |
| <b>Equity attributable to equity holders of the parent</b> |       |                            |                            |                          |
| Called up equity share capital                             | 6     | 2,643                      | 2,518                      | 2,643                    |
| Share premium account                                      | 6     | 12,564                     | 10,037                     | 12,564                   |
| Other reserves   | 6     | 1,039                      | 1,039                      | 1,039                    |
| Foreign currency translation reserve                       | 6     | 5                          | (130)                      | (64)                     |
| Retained earnings  | 6     | (8,966)                    | (7,639)                    | (8,761)                  |
|  | 6     | <u>7,285</u>               | <u>5,825</u>               | <u>7,421</u>             |
| <b>Non-current liabilities</b>                             |       |                            |                            |                          |
| Deferred income  |       | 565                        | 1,081                      | 715                      |
| Provisions   |       | 200                        | 90                         | -                        |
|  |       | <u>765</u>                 | <u>1,171</u>               | <u>715</u>               |
| <b>Current liabilities</b>                                 |       |                            |                            |                          |
| Trade, other payables and deferred income                  |       | 4,766                      | 5,713                      | 5,460                    |
| Income tax payable   |       | 66                         | -                          | 61                       |
| Provisions   |       | -                          | -                          | 200                      |
|  |       | <u>4,832</u>               | <u>5,713</u>               | <u>5,721</u>             |
| <b>Total liabilities</b>                                   |       | <u>5,597</u>               | <u>6,884</u>               | <u>6,436</u>             |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |       | <u>12,882</u>              | <u>12,709</u>              | <u>13,857</u>            |

### Group cashflow statement For the period ended 30 June 2008

|  | At<br>30 June<br>2008<br>Unaudited<br>£'000 | At<br>30 June<br>2007<br>Unaudited<br>£'000 | At<br>31 December<br>2007<br>Audited<br>£'000 |
|--|---|---|---|
| <b>Cashflows from operating activities</b>                 |   |   |   |
| Loss before taxation                                       | (435)                                       | (1,508)                                     | (2,869)                                       |
| Depreciation and amortisation                              | 321   | 276   | 741   |
| Share based payment expense / (credit)                     | 180   | 12  | 42  |
| (Increase) in inventories                                  | -   | -   | (100)   |
| Decrease/(Increase) in trade and other receivables         | 21  | (166)                                       | (188)   |
| (Decrease)/Increase in trade and other payables            | (868)                                       | (603)                                       | (1,151)                                       |
| Movement in provisions                                     | -   | -   | 110   |
| Net finance income   | 51  | 58  | 84  |
| <b>Cash (outflow)/inflow from operations</b>               | <u>(730)</u>                                | <u>(1,931)</u>                              | <u>(3,331)</u>                                |
| Net income taxes received                                  | -   | 101   | 474   |
| <b>Net cash (outflow)/inflow from operating activities</b> | <u>(730)</u>                                | <u>(1,830)</u>                              | <u>(2,857)</u>                                |
| <b>Cash flows from investing activities</b>                |   |   |   |
| Interest received  | (51)  | (71)  | (107)   |

|   |                |                |                |
|---|----------------|----------------|----------------|
| Purchase of property, plant and equipment                   | (94)           | (252)          | (324)          |
| Payments to acquire intangible fixed assets                 | (445)          | (305)          | (662)          |
| <b>Net cash used in investing activities</b>                | <b>(590)</b>   | <b>(628)</b>   | <b>(1,093)</b> |
| <b>Cash flows from financing activities</b>                 |                |                |                |
| Proceeds from issue of ordinary share capital               | -              | -              | 2,750          |
| Share issue costs   | -              | -              | (98)           |
| Interest paid   | -              | 13             | 11             |
| <b>Net cash used in financing activities</b>                | <b>-</b>       | <b>13</b>      | <b>2,663</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(1,320)</b> | <b>(2,445)</b> | <b>(1,287)</b> |
| Cash and cash equivalents at beginning of period            | 2,300          | 3,557          | 3,557          |
| Exchange adjustments  | 16             | 4              | 30             |
| <b>Cash and cash equivalents at end of period</b>           | <b>996</b>     | <b>1,116</b>   | <b>2,300</b>   |

## Notes to the condensed interim financial statements

### 1 Basis of preparation

These condensed interim financial statements are unaudited and do not constitute statutory accounts within the meaning of s240 of the Companies Act 1985. The condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Listing Rules of the Financial Services Authority ('FSA'). The accounting policies applied in these interim financial statements are consistent with those applied in the Group's most recent annual financial statements. The condensed interim financial statements were approved on behalf of the Board by C Errington and A Walton-Green on 25 August 2008 and will be forwarded to shareholders shortly.

The financial statements for the year ended 31 December 2007, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ('IFRS'), and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those financial statements was unqualified and did not contain a statement made under s237 (2) or (3) of the Companies Act 1985.

### 2 Segmental information

#### Primary reporting - Geographical segments

| Revenue by source | Period ended 30 June 2008 |                     |                             | Period ended 30 June 2007 |                     |                             |
|-------------------|---------------------------|---------------------|-----------------------------|---------------------------|---------------------|-----------------------------|
|                   | Segment revenue           | Inter-segment sales | Sales to external customers | Segment revenue           | Inter-segment sales | Sales to external customers |
|                   | £'000                     | £'000               | £'000                       | £'000                     | £'000               | £'000                       |
| Asia Pacific      | 1,707                     | (165)               | 1,542                       | 876                       | (338)               | 538                         |
| EMEA              | 3,843                     | (11)                | 3,832                       | 3,883                     | -                   | 3,883                       |
| North America     | 1,798                     | -                   | 1,798                       | 2,015                     | -                   | 2,015                       |
|                   | <u>7,348</u>              | <u>(176)</u>        | <u>7,172</u>                | <u>6,774</u>              | <u>(338)</u>        | <u>6,436</u>                |

#### Result by segment

|                        | Period ended 30 June 2008 |       |               |       | Period ended 30 June 2007 |       |               |         |
|------------------------|---------------------------|-------|---------------|-------|---------------------------|-------|---------------|---------|
|                        | Asia Pacific              | EMEA  | North America | Total | Asia Pacific              | EMEA  | North America | Total   |
|                        | £'000                     | £'000 | £'000         | £'000 | £'000                     | £'000 | £'000         | £'000   |
| Segment result         | (50)                      | 357   | (90)          | 217   | (254)                     | (435) | 69            | (620)   |
| Unallocated expenses   |                           |       |               | (683) |                           |       |               | (946)   |
| Trading loss           |                           |       |               | (466) |                           |       |               | (1,566) |
| Net finance revenue    |                           |       |               | 31    |                           |       |               | 58      |
| Loss before income tax |                           |       |               | (435) |                           |       |               | (1,508) |
| Income tax credit      |                           |       |               | 50    |                           |       |               | 240     |

|                         |              |                |
|-------------------------|--------------|----------------|
| Net loss for the period | <u>(385)</u> | <u>(1,268)</u> |
|-------------------------|--------------|----------------|

### Secondary reporting - Business segments

| Revenue by business segment   |                               | Period ended |              | Period ended |              |
|-------------------------------|-------------------------------|--------------|--------------|--------------|--------------|
|                               |                               | 30 June 2008 |              | 30 June 2007 |              |
|                               |                               | £'000        | £'000        | £'000        | £'000        |
| Real Time Financial Solutions | Real Time Financial Solutions | 4,568        |              | 3,676        |              |
|                               | IT Staff placement business   | <u>1,515</u> |              | <u>1,445</u> |              |
|                               |                               |              | 6,083        |              | 5,121        |
| Storage Solutions             |                               |              | <u>1,089</u> |              | <u>1,315</u> |
|                               |                               |              | <u>7,172</u> |              | <u>6,436</u> |

| Result by business segment | Period ended 30 June 2008 |                  |                | Period ended 30 June 2007 |                  |                |
|----------------------------|---------------------------|------------------|----------------|---------------------------|------------------|----------------|
|                            | RTFS<br>£'000             | Storage<br>£'000 | Total<br>£'000 | RTFS<br>£'000             | Storage<br>£'000 | Total<br>£'000 |
| Segment result             | <u>47</u>                 | <u>170</u>       | <u>217</u>     | <u>(809)</u>              | <u>189</u>       | <u>(620)</u>   |
| Unallocated expenses       |                           |                  | <u>(683)</u>   |                           |                  | <u>(946)</u>   |
| Trading loss               |                           |                  | <u>(466)</u>   |                           |                  | <u>(1,566)</u> |
| Net finance revenue        |                           |                  | <u>31</u>      |                           |                  | <u>58</u>      |
| Loss before income tax     |                           |                  | <u>(435)</u>   |                           |                  | <u>(1,508)</u> |
| Income tax credit          |                           |                  | <u>50</u>      |                           |                  | <u>240</u>     |
| Net loss for the year      |                           |                  | <u>(385)</u>   |                           |                  | <u>(1,268)</u> |

### 3 Taxation

|                                 | Period<br>ended<br>30 June<br>2008 | Period<br>ended<br>30 June<br>2007 | Year<br>ended<br>31 December<br>2007 |
|---------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| <i>UK tax</i>                   |                                    |                                    |                                      |
| Research and development credit | (72)                               | (265)                              | (541)                                |
| <i>Foreign tax</i>              |                                    |                                    |                                      |
| Corporation tax                 | 22                                 | -                                  | 37                                   |
| Withholding tax charge          | -                                  | 25                                 | 55                                   |
| Tax credit                      | <u>(50)</u>                        | <u>(240)</u>                       | <u>(449)</u>                         |

### 4 Loss per ordinary share

Basic loss per share amounts are calculated by dividing net loss or profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net loss or profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

|   | Six months<br>ended<br>30 June<br>2008<br>£'000 | Six months<br>ended<br>30 June<br>2007<br>£'000 | Year ended<br>31 December<br>2007<br>£'000 |
|---|---|---|--|
| Net loss attributable to equity holders of the parent | (385)   | (1,268)   | (2,420)                                    |
|   | Number  | Number  | Number                                     |

|   |            |            |            |
|---|------------|------------|------------|
| Basic weighted average number of shares   | 52,850,890 | 50,350,890 | 51,042,671 |
| Dilutive potential ordinary shares:       |            |            |            |
| Employee share options                    | -          | -          | -          |
| Diluted weighted average number of shares | 52,850,890 | 50,350,890 | 51,042,671 |

The employee share options are not dilutive because they would reduce the loss per share in both years. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this interim statement.

## 5 Dividends paid and proposed

No dividends were declared or paid during the period or comparative periods.

## 6 Reconciliation of movements in equity

|   | Share capital | Share premium | Other reserves | Currency translation reserves | Retained earnings | Total   |
|---|---------------|---------------|----------------|-------------------------------|-------------------|---------|
|   | £'000         | £'000         | £'000          | £'000                         | £'000             | £'000   |
| <b>At 1 January 2007</b>                                  | 2,518         | 10,037        | 1,039          | (132)                         | (6,383)           | 7,079   |
| Exchange differences on translation of foreign operations | 0             | 0             | 0              | 2                             | 0                 | 2       |
| Share based expense recognised in the income statement    | 0             | 0             | 0              | 0                             | 12                | 12      |
| Issue of shares   | 0             | 0             | 0              | 0                             | 0                 | 0       |
| Attributable loss for the period                          | 0             | 0             | 0              | 0                             | (1,268)           | (1,268) |
| <b>At 30 June 2007</b>                                    | 2,518         | 10,037        | 1,039          | (130)                         | (7,639)           | 5,825   |
| Exchange differences on translation of foreign operations | 0             | 0             | 0              | 66                            | 0                 | 66      |
| Share based expense recognised in the income statement    | 0             | 0             | 0              | 0                             | 30                | 30      |
| Issue of shares   | 125           | 2,527         | 0              | 0                             | 0                 | 2,652   |
| Attributable loss for the period                          | 0             | 0             | 0              | 0                             | (1,152)           | (1,152) |
| <b>At 31 December 2007</b>                                | 2,643         | 12,564        | 1,039          | (64)                          | (8,761)           | 7,421   |
| Exchange differences on translation of foreign operations | 0             | 0             | 0              | 69                            | 0                 | 69      |
| Share based expense recognised in the income statement    | 0             | 0             | 0              | 0                             | 180               | 180     |
| Issue of shares   | 0             | 0             | 0              | 0                             | 0                 | 0       |
| Attributable loss for the period                          | 0             | 0             | 0              | 0                             | (385)             | (385)   |
| <b>At 30 June 2008</b>                                    | 2,643         | 12,564        | 1,039          | 5                             | (8,966)           | 7,285   |

## 7 Principal risks and uncertainties

The principal risks and uncertainties facing the Group are disclosed in the Group's financial statements for the year ended 31 December 2007, available from [www.gresham-computing.com](http://www.gresham-computing.com). Other than Economic Risk outlined further below, the principal risks and uncertainties remain unchanged.

### *Economic Risk*

The financial risk management approach adopted by the Group has been modified to take into account the current market conditions facing all companies, arising primarily from the potential impact on financial risk management of the so called "credit crunch". Examples of the modified approaches adopted are:

- Excess cash balances are deposited with tier one banks to reduce the risk of loss;
- Liquidity of funds is kept under review with a focus on increasing the overall liquidity of assets available to the Group; and
- Credit control procedures have been modified through an assumption that there is greater credit risk in the current market.

## 8 Adjusted EBITDA reconciliation

Adjusted EBITDA is calculated as EBITDA before non-cash share option charges, reconciled as follows:

**6 months**                      **6 months**

|                                 | <b>ended</b><br><b>30 June 2008</b><br><b>£'000</b> | <b>ended</b><br><b>30 June 2007</b><br><b>£'000</b> |
|---------------------------------|---|---|
| Profit/(Loss) before tax        | (435)   | (1,508)   |
| Amortisation and depreciation   | 321   | 276   |
| Share option charges            | 180   | 12  |
| Interest net                    | (31)  | (58)  |
| Adjusted EBITDA profit / (loss) | <u>35</u>   | <u>(1,278)</u>                                      |

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END