

Company Gresham Computing PLC
TIDM GHT
Headline Trading Update
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Gresham Computing plc (“Gresham” or the “Company”)

Operating and trading update and significant contract announcement

Gresham Computing plc provides the following operating and trading update together with news of a significant new contract for the group.

Financials – accelerating our product to market

In the first half of 2007 we continued the step change in our sales and marketing investment to enable us to take our core products and solutions to market faster. We have more than doubled our sales and marketing team in the 12 months to 30 June 2007 to over 30 people. We expect to report revenues for the six months ended 30 June 2007 of approximately £6.4m and a loss before tax of approximately £1.5m. Cash at the half year was £1.1m. Interim financial statements for the six months ended 30 June 2007 are expected to be released shortly.

Given the strength of our existing pipeline we believe that we will begin to reap the rewards of our investment programme during the second half of 2007. As a result, we believe that trading for the full year to December 2007 will be in line with management’s expectations.

We are pleased to report the following progress on a number of key initiatives.

Clareti Cash Reporting Service (“CCRS”) – momentum for SIBOS

We assumed primary responsibility for this service from Cable & Wireless in the second quarter of 2006. In the 12 months to 30 June 2007 the value of transactions has grown over 90% to in excess of US \$500 billion per day on average, reflecting both the growth in the number of users and their increasing data demands.

As a result of the increasing data demands from service users, we have added two new data providers since April 2007, raising the total number of providers to twenty four, of which: sixteen banks are now integrated to the hub and one bank is undergoing final acceptance testing. We now provide coverage of the following thirteen currencies: AUD, CAD, EUR, GBP, HUF, JPY, NZD, PLN, SEK, THB, TRY, USD and ZAR.

Requests for data from both potential and actual users is driving the addition of new providers onto the service. We are currently working with four new banks that have been asked to provide data to the service at the request of trial users of the service, which if successful would add a further four currencies to the service, being: CHF, DKK, FIH and NOK.

We have agreements for five “Browser bank users” and five “Direct bank users”. As noted above, we are working to satisfy the requirements of prospective and existing users and anticipate

that much of this work will be evident in time for SIBOS, the international banking conference, which this year takes place in October in Boston, USA.

In the banking sector, we note that the Bank of International Settlements issued a consultative report in July 2007 entitled "Progress in reducing foreign exchange settlement risk". The report highlights the need for the wider banking community to now more rapidly adopt solutions and controls to mitigate large, and often unknown, financial risks associated with cash movements. Our CCRS solution is currently being used by a number of the largest banks in the world to assist them in managing the exposures identified in this report.

Clareti Payables Financing ("CPF") – significant contract

CPF is our patent pending supply chain financing technology. The technology has been designed and built over the last 3 years, designed out of our expertise gained through CCRS. We believe it is world class both in terms of innovation and performance.

We are very pleased to announce that we have agreed contracts with a major Asia Pacific telecommunications company to provide our technology solution to market. We expect this deal to build in the short term to then deliver a material impact on our future earnings over the next few years.

The service has been launched in Australia with a first 'FTSE sized' customer that is now in the final stage of integration. Working alongside our partners, our expectation is that this service will be rolled out to a number of other similar-sized businesses in Australia over the next few years.

The supply chain financing service will be provided by the telecommunications company, who in turn will be working closely with a major global bank. Our consortium approach brings together Gresham's technology and expertise, the global bank's wide reaching competencies in the financial market place and an established telecommunications company with existing e-procurement capabilities. Gresham derives revenue on a transaction basis, following the methodology of 'software as a service'. We are pleased to be working with such highly respected partners each seeking a mutually beneficial result.

We believe that this solution is perfectly placed to capitalise on solving the opposing needs of buyers and suppliers; namely buyers wanting to hold on to their cash for as long as possible and suppliers who want payment as fast as possible. By leveraging the buyer's credit rating and working with a global bank and supply chain experts, we are able to assist in unlocking working capital and providing greater transparency of the physical and financial supply chain. Providing access to real time payment information is an effective solution and working alongside a service provider and a bank we can provide a full service solution.

Clareti VTL – growing the sales pipeline

VTL stands for Virtual Tape Library. Clareti VTL is a data storage solution that addresses the market need to more efficiently manage both virtual and physical media (disk and tape), as well as to store and retrieve data in very large and complex data storage environments. While the data storage requirements of many companies and governmental organisations continue to grow exponentially across the globe, the need to reduce energy consumption and cost per byte of data stored also increases.

Clareti VTL Version 2 was released to the market for the second half of 2007. Since release, we have seen significant progress with this solution and expect to see further progress in the back half of 2007.

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