24 September 2003

SOPHEON PLC
(“Sopheon”)

RESULTS FOR THE 6 MONTHS TO 30 JUNE 2003
BUSINESS REVIEW AND OUTLOOK

Sopheon plc, the international provider of software services that improve the return from innovation and product development investments, announces its unaudited interim results for the six months ended 30 June 2003 together with a business review and outlook.

HIGHLIGHTS:

- Turnover : £5.1m (2002 : £6.5m).
  LBITDA : £2.2m (2002 : £5.3m) - down £3.1m
- Trading and market conditions remain tough. However, a total of 20 clients have licensed Accolade since launch. Sopheon and Accolade were included in Gartner Group’s first “Magic Quadrant” for product lifecycle management (PLM) underscoring our position in this rapidly emerging market.
- Sopheon’s new “Monitor” application was launched in the period, securing its first substantial sale in a Netherlands-based healthcare institution. Since the close of the period, a global distribution agreement for Monitor has been signed with Siemens Business Services.
- The group’s Information Management divisions in North America and Germany, which account for the revenue contraction over the prior year, were divested for gross proceeds of around $5m. The transactions were completed after the end of the period, but a pro-forma balance sheet is presented in this report.
- Alongside the divestment of the non-core business units, as set out in the 2002 annual report, steps have been taken to continue restructuring the group and manage working capital demands. As was announced at the company’s July annual meeting, further overhead adjustments and reduction of staff to approximately 60 will bring the cost base below £0.5m per month before depreciation and amortisation charges, by the end of the third quarter. The maturity of the group’s £2.6m convertible loan note has been extended to June 2005. Since the end of the period the group has also secured agreement in principle for a €10m equity line facility with GEM Global Yield Fund Limited.

Sopheon’s Chairman, Barry Mence said:
“The divestiture and reorganization activity of the past six months marks the completion of Sopheon’s transformation from a software and research services company to a true software-based business. We believe that this narrowing of focus, coupled with the market’s acceptance of our principal solution and the ongoing restructuring of our balance sheet, will provide a foundation for growth and profitability.”

FOR FURTHER INFORMATION CONTACT:

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About Sopheon
Sopheon (LSE:SPE) is an international provider of software and services. Sopheon’s Accolade® product development system automates, gate- or phase-based product development (PD) processes and provides strategic decision support that allows companies to improve innovation, cut product development spending waste and shorten time to market. Sopheon’s Monitor software operates as a “reading robot” that monitors, filters, analyzes and pushes relevant content to healthcare and engineering professionals to enable effective compliance with protocols, standards and regulations. Sopheon is listed on the AIM market of the London Stock Exchange and on the Euronext in the Netherlands. For more information, please visit www.sopheon.com.

CHAIRMAN'S STATEMENT

FINANCIAL OVERVIEW

During the period to the end of June, Sopheon set out to transform itself from a business with a substantial services-based revenue stream and with approximately 180 staff to a software-based business with approximately 60 staff. This transition was concluded with the divestment of our German subsidiary in August this year.

Consolidated revenues for the period amounted to £5.1 million (2002: £6.5 million) reflecting continued pressure on our divested Information Management businesses which reported a £1.2 million reduction compared to the prior period. Revenues for Sopheon's software business were £1.6 million (2001: £1.7 million) for the period, of which 76% represented revenues connected with Sopheon's higher margin products compared to 57% for the same period a year ago, reflecting the continued reduction in bespoke services.

The EBITDA loss was more than halved to £2.2 million for the period (2002: £5.3 million) reflecting the substantial cost reductions taken in the latter half of 2002. Taking into account the recent disposals of our North American Information Management business and our German subsidiary, which completed after the end of the period, gross cash resources at 30 June were £2.1million. A pro-forma balance sheet as at 30 June has been presented in this report, reflecting the full effect of these transactions, which concluded shortly after the end of the period.

RESTRUCTURING

Sopheon has made substantial progress with the restructuring programme announced in our 2002 Annual Report. The major points are:

- Completion of the sale of our North American Information Management (IM) business to Find/SVP of New York for gross consideration of $5m
- Completion of the sale of our German IM business, and migration of business development activity for software solutions in the territory to third-party representation
- Successful extension of the group's £2.6m of 6% convertible loan stock by 12 months to 19 June 2005. The extension was approved by holders of the stock on 30 June 2003 and was subject to certain shareholder resolutions, which were approved at the Annual General Meeting held on 30 July 2003.
- Implementation of further cost reductions in North America, the Netherlands and the UK consistent with the board's determination to maximize the opportunity for positive cash flow by the end of this year.

Sopheon's balance sheet reflects no value for investments made in software research and development. Whilst Statement of Standard Accounting Practice 13 ("SSAP13") permits deferral of such costs in certain circumstances, it is normal practice in the UK to expense software research and development in the profit and loss account as incurred and the group follows this approach. As remains fairly common in the Netherlands, in the past the group capitalised such costs and amortised them over five years. This policy was modified in 1999 when the group's accounting policies were harmonised following acquisitions. Sopheon's results for the five years to June 2003 record total net software research and development expenses of approximately £10m, excluding attributable overheads and any costs incurred in subsidiaries prior to acquisition by the group. Had the accounting policy in place prior to 1999 been consistently applied through the current period, it would have resulted in capitalisation of a significant proportion of such expenditure, with the resulting balance amortised and considered for impairment at each balance sheet date. Further details of SSAP13 are provided at the end of the Notes to this interim statement.

Notwithstanding the points noted above, the commercial environment remains unpredictable and your attention is drawn to the Notes to this statement, which include an explanation of the basis of preparation of the financial statements. Accordingly, the board continues to investigate innovative ways of securing funding for the group's operations such that it may execute its plans with confidence. As a key element of this process, Sopheon has secured agreement in principle for a €10 million equity line of credit facility ("Equity Line") with GEM Global Yield Fund Limited ("GEM").

The facility will be structured such that Sopheon may, solely at its own option within the terms of the agreement, require GEM to subscribe for ordinary shares in Sopheon at a 10% discount to the average market bid price for the 15 days preceding the issue of the shares, up to an aggregate value of €10 million over the two-year term of the facility. GEM's obligation to subscribe for shares will be subject to certain restrictions including the prevailing trading volumes of Sopheon shares on the Euronext exchange. In all other respects Sopheon will retain control of the amount and timing of any subscription under the Equity Line and will be under no obligation to use the facility at any point throughout the term. Further details of the facility will be provided following the execution of a definitive agreement.

TRADING AND MARKET

During 2002 and the first half of 2003, trading has continued to be tough and both the number and value of orders achieved have been lower than hoped, as corporations continue to take cautious steps with capital investments. Notwithstanding this challenging environment, the market for product lifecycle management (PLM) solutions, in which we hold a recognised position, remains at the leading edge of the market for enterprise software. We have continued to develop a solid base of customers for our software products with notable additions to our customer base including Millipore, Amtec, and Pfizer. Furthermore, our relationships with existing clients such as Vodafone, Pall and GSK have deepened with purchases of additional licenses for expanded deployment.

By the end of the first half of 2003 the customer base for Accolade included 20 licensed users of which 4 have expanded licence populations by making multiple orders. A further 20 customers had taken an Accolade trial, module or assessment project, of which 2 represented module installations, 9 are active prospects for sale of a licence and the remaining 9 are completed assessments.

In addition, Sopheon had 92 healthcare institutions in the Netherlands as customers, of which 89 use Sopheon's smaller scale laboratory solution, while 3 teaching hospitals have implemented a full-scale protocol management solution. A global partnership with Siemens Business Services was announced in July, and is showing excellent promise with active pursuit of opportunities for Sopheon's new Monitor solution. This builds on the sale of Monitor to a major university hospital in the Netherlands for a five-year €0.9m commitment, announced earlier in the year.

Sopheon has positioned itself, and is increasingly viewed as a leading supplier of product development solutions. Since the beginning of the year, the company and its offerings have been referenced in twenty-seven reports from information-technology research and advisory firms such as AMR Research, Forrester's Giga Information Group, ARC, CIMdata, META Group and Ovum. During the first quarter, Sopheon was included in Gartner Group's first "Magic Quadrant" for the product lifecycle management (PLM) market. The Quadrant is a proprietary analytical tool used to assess and profile the top suppliers in a given market space. Sopheon's Accolade was one of only three process automation/portfolio management solutions selected for inclusion, reflecting Gartner's judgement that our offering has proven its viability and is among those having the greatest impact on the market.

After our restructuring program is fully implemented at the end of this quarter, we plan to have a total of approximately 60 staff based in North America, the Netherlands and the UK with distribution partners in Singapore, Germany and Scandinavia. The fixed cost base associated with this new shape will be less than £0.5m per month before depreciation and amortisation charges - approximately a third of the level of a year ago. As announced at the company's annual meeting in July, our plans call for monthly revenue to exceed this figure by year-end. This would represent a doubling of revenue from our own software products division for 2003 compared to 2002.

OUTLOOK

As interest in our software solutions continues to develop, the reduction of our cost base has given us the potential to become cash flow positive. With the corporate developments mentioned above behind us, all efforts will be focused on the sale and implementation of our products. I expect this to result in software revenue growth and higher margins as we advance towards our objective of becoming a leading international supplier of software that improves the financial return on innovation and product development investments.

Barry Mence 24 September 2003
CHAIRMAN

GROUP PROFIT AND LOSS ACCOUNT FOR THE 6 MONTHS TO 30 JUNE 2003 (UNAUDITED)

	6 months to 30 June 2003 £'000	*6 months to 30 June 2002 £'000*
Turnover	**5,123**	**6,511**
Cost of sales	(3,511)	(4,797)
Gross profit	**1,612**	**1,714**
Administrative, research and development and distribution expenses	(4,295)	(7,717)
Operating loss before amortisation of goodwill and development costs	**(2,683)**	**(6,003)**
Amortisation of goodwill	(2,961)	(2,961)
Operating loss	**(5,644)**	**(8,964)**
Bank interest receivable	59	168
Interest payable and similar charges	(133)	(165)
Loss on ordinary activities before and after taxation	**(5,718)**	**(8,961)**
Loss per share - basic and diluted	(6.9p)	(10.9p)
Loss on an EBITDA basis	**(2,203)**	**(5,318)**

STATEMENT OF RECOGNISED GAINS AND LOSSES (UNAUDITED)

	6 months to 30 June 2003 £'000	*6 months to 30 June 2002 £'000*
Loss for the financial period	**(5,718)**	**(8,961)**
Exchange difference on retranslation of net assets of subsidiary undertakings	(65)	147
Total gains and losses recognised relating to the period and since annual report	**(5,783)**	**(8,814)**

GROUP BALANCE SHEET AS AT 30 JUNE 2003
(UNAUDITED)

	As at 30 June 2003 £'000 Pro-forma	*As at 30 June 2003 £'000*	*As at 30 June 2002 £'000*
Fixed assets			
Goodwill and investments	2,075	1,964	7,909
Tangible assets	271	440	1,544
	2,346	**2,404**	**9,453**
Current assets			
Debtors	1,179	2,726	3,537
Cash and short term deposits	2,123	1,254	7,093
	3,302	**3,980**	**10,630**
Creditors: falling due within one year	**2,867**	**6,149**	**7,451**
Net current (liabilities)/assets	**435**	**(2,169)**	**3,179**
Total assets less current liabilities	**2,781**	**235**	**12,632**
Creditors: falling due after more than one year	2,578	3,072	3,049
	203	**(2,837)**	**9,583**
Capital and reserves			
Called up share capital	4,392	4,373	4,141
Shares to be issued	-	465	465
Share premium account and merger reserve	64,100	64,058	63,763
Other reserves	4,445	4,445	5,455
Profit and loss account	(72,734)	(76,178)	(64,241)
Shareholders' funds (all equity interests)	**203**	**(2,837)**	**9,583**

A reconciliation of the pro-forma balance sheet is presented in the Notes

STATEMENT OF CASH FLOWS FOR THE 6 MONTHS TO 30 JUNE 2003
(UNAUDITED)

	6 months to 30 June 2003 £'000	*6 months to 30 June 2002 £'000*
Net cash outflow from operating activities	**(2,187)**	**(6,341)**
Return on investment and servicing of finance	(74)	3
Capital expenditure	(29)	(46)
Management of liquid resources	1,640	5,708
Financing	539	(4)
(Decrease) / Increase in cash excluding short term deposits	**(111)**	**(680)**
(Decrease) / increase in short term deposits	(1,640)	(5,708)
(Decrease) / Increase in cash including short term deposits	**(1,751)**	**(6,388)**

NOTES

Basis of preparation of interim financial information

The interim financial information has been prepared on the basis of accounting policies set out in the group's statutory accounts for the year ended 31 December 2002, prepared under the historical cost convention and in accordance with applicable accounting standards, and on the going concern basis.

The audited financial statements of the Company for the year ended 31 December 2002, issued on 12 June 2003, gave details of steps being taken by management to restructure the group in order to provide the Group with adequate funding to support its activities through to the point where they were forecast to become cash generative. The financial statements also disclosed that, if such restructuring actions are not concluded, and if the group's sales targets are not met, in the absence of other appropriate measures available to management the going concern basis of preparation of the Accounts would cease to be appropriate.

Several restructuring actions have since been completed, including the divestment of the Sopheon group's North American Information Management business, the divestment of its German subsidiary, and the rescheduling of its Convertible Loan Stock. The group has also implemented cost reduction measures in North America, Holland and the UK. After the restructuring program is fully implemented at the end of the third quarter, it is expected that the group will have a total of around 60 staff based in North America, the Netherlands and the UK with distribution partners in Singapore, Germany and Scandinavia. The fixed cost base associated with this new shape will be below £0.5m per month before depreciation and amortization charges. The group's sales plans call for monthly revenue to exceed this figure by the end of the year, which would represent a doubling of revenue for the year from own software products compared to 2002.

Pro forma reconciliation

The pro forma balance sheet is provided for illustrative purposes, and shows the pro forma effect on the consolidation balance sheet of Sopheon plc, incorporating the disposals of the North American Information Management business to FINDS/SVP and of Sopheon GmbH, the group's German subsidiary. A reconciliation between the actual and pro forma net assets/(liabilities) at 30 June 2003 is set out below:

£'000	Divestments	Net assets / (liabilities)
Consolidated net liabilities at 30 June 2003 - actual		**(2,837)**
Sale of division to Find/SVP		
Cash received net of expenses	1,862	
Find/SVP stock issued to Sopheon plc	30	
Net liabilities transferred	1,012	
Contingent consideration	121	
Disposal of Sopheon GmbH		
Net assets transferred	(96)	
Release of negative goodwill	111	

		3,040

Consolidated net assets at 30 June 2003 - pro forma		**203**

Earnings per share

The calculation of basic loss per ordinary share is based on a loss of £5,718,000 (2001: loss of £8,961,000) and 83,323,107(2001: 82,501,632) ordinary shares, being the weighted average number of ordinary shares in issue during the period. The effect of all potential ordinary shares is anti-dilutive in 2000, 2001 and 2002.

LBITDA

LBITDA represents loss before interest, tax, depreciation and amortisation of goodwill.

Interim Report
This Interim Report is available from Sopheon's registered office at Surrey Technology Centre, 40 Occam Road, Guildford, Surrey GU2 7YG and from the company's website at www.sopheon.com.

Financial information
The financial information set out above does not constitute the Company's statutory accounts as defined in section 240 of the UK Companies Act 1985 and is unaudited. Statutory accounts for the years ended 31 December 2001 and 2002 have been delivered to the registrar of companies and an unqualified audit opinion was issued thereon.

Cautionary Statement
Sopheon has made forward-looking statements in this press release, including but not limited to statements about the benefits of our products and services; our acquisitions and divestments; financial results; product development plans and achievements; the potential benefits of business relationships with third parties and business strategies. These statements about future events are subject to risks and uncertainties that could cause Sopheon's actual results to differ materially from those that might be inferred from the forward-looking statements. Sopheon can make no assurance that any forward-looking statements will prove correct. Descriptions of some of the key risk factors that could negatively affect Sopheon's future performance are contained in Sopheon's Form 20 - F Annual Report, on file with the U.S. Securities and Exchange Commission.

Explanatory note on Statement of Standard Accounting Practice 13
Development, as opposed to pure and applied research, is defined in SSAP 13 as the "use of scientific or technical knowledge to produce new or substantially improved materials, devices, products or services..… or to improving substantially those already produced." Under SSAP 13 companies may defer development expenditure to future periods if:

- there is a clearly defined project;
- the related expenditure is separately definable;
- the outcome of the project has been assessed with reasonable certainty as to technical feasibility and ultimate commercial viability;
- the aggregate of the deferred development costs, any future development costs, and related production, selling and administration costs is reasonably expected to be exceeded by related future sales; and
- adequate resources exist or are expected to be available to enable the project to be competed and to provide any consequential increases in working capital.

SSAP 13 requires that development costs are deferred to future periods, they should be amortized. The amortization should commence with the commercial application of the product and should be allocated on a systematic basis to each accounting period, by reference to the period over which the product is expected to be sold or used. Prior to 1999, Sopheon used an amortization period of 5 years for deferred software development expenditure.

Furthermore, deferred development expenditure should be reviewed at the end of each accounting period and where circumstances which justified the deferral no longer apply, or are considered doubtful, the expenditure to the extent to which it is considered to be irrecoverable, should be written off immediately.