SOPHEON PLC

("Sopheon" or the "Group")

RESULTS FOR THE 6 MONTHS TO 30 JUNE 2008
BUSINESS REVIEW AND OUTLOOK

Sopheon plc ("Sopheon") the international provider of software and services that improve the return from innovation and product development investments, announces its unaudited interim results for the six months ended 30 June 2008 (the "period") together with a business review and outlook.

HIGHLIGHTS:

- Revenue: £4.3m (2007: £3.1m)
  EBITDA: £0.5m (2007: £0.1m)
  Profit after tax: £0.1m (2007: loss £0.1m)

- We completed 24 license transactions including extension sales, delivering 40% revenue growth compared to the same period last year. EBITDA for the period rose to £0.5m, and the result after tax improved to a profit of £0.1m. Amortisation accounts for over £0.3m of the difference between EBITDA and profit after tax.

- Revenue visibility now stands at £7.7m for full year 2008 performance compared to visibility of £5.1m for 2007 at this time last year. Sopheon's total revenues for 2007 were £6.3m.

- We signed our 150th licensee customer, reflecting a business momentum that prompted AMR Research to recently conclude that Sopheon has the greatest traction among all best-of-breed product portfolio management solutions in the marketplace.

- We introduced the most significant new release of Accolade in six years, offering functionality that positions the solution for the heavy manufacturing markets. The combination of Accolade and Vision Strategist is the first in the industry to integrate and automate strategic product planning and product development execution.

Sopheon's Chairman, Barry Mence said:

"We are pleased by our period-over-period financial performance. It is testimony to the appeal of our solutions and the strength of our strategic position We believe it is also a sign that the market opportunity upon which we are focused is continuing to mature, and we are excited by the implications for our company and its shareholders."

FOR FURTHER INFORMATION CONTACT:

Barry Mence, Chairman Arif Karimjee, CFO	Sopheon plc	Tel :	+ 44 (0) 1483 685 735
Vikki Krause	Hansard Communications	Tel :	+ 44 (0) 207 245 1100
Paul Davies Parimal Kumar	Seymour Pierce Corporate Finance	Tel:	+44 (0) 20 7107 8000
Claire Verhagen	Citigate First Financial	Tel :	+ 31 (0) 205 754 010

About Sopheon

Sopheon (LSE:SPE) is an international provider of software and services that help organisations improve the business impact of products innovation. Sopheon's Accolade® solution automates the product innovation process and provides decision support for the management of product portfolios. Its Vision Strategist™ offering automates the strategic product roadmapping process, allowing users to visualise and forecast the future of products, markets and technologies. 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

TRADING PERFORMANCE

Consolidated revenues for the period rose to £4.3m compared to £3.1m in the first half of 2007. This represents period-to-period revenue growth of 40%, reflecting 51% revenue growth in our US business, and 26% in our European business. The improvement was underpinned by a rise in the proportion of license revenues to 47% (2007: 36%). The overall revenue mix between license, maintenance and services was 47:27:26 compared to 36:29:35 for the same period last year. The Alignent business acquired in June 2007 accounted for £0.5m or a 12% share of total revenues recorded in the first half of 2008.

Sales performance included 17 new licensed customers and seven license extension orders from existing customers, in addition to a number of consultancy and services contracts. Renewals of license rental, maintenance and hosting contracts also held up well in the period, and at June 30 our annualised base of such recurring business has climbed to £3m from £2.6m coming into the year. This indicates strong underlying growth in our business, but as always we emphasise that individual sales cycle times and transaction values in our business do fluctuate, and this may continue to influence performance.

Gross profit, which is arrived at after charging direct costs such as payroll for client services staff, improved to £3.2m from £2.2m the year before, representing a rise in gross margin percentage to 75% from 72%. We expect the gross margin percentage to continue to fluctuate in a fairly narrow range from period to period, in line with variation in our revenue mix. Within the services business, margins may also be affected going forward by the involvement of partners. The effect will depend on whether an individual project is subcontracted by Sopheon or if the partner contracts directly with the customer. We are actively encouraging partner involvement – often through subcontracting as an initial phase – as part of our strategy to grow the awareness of, and increase the deployment capability for, our solutions.

OPERATING COSTS AND RESULTS

As explained in more detail in our annual report for 2007, we increased staffing levels last year from 65 to 92 including 10 employees connected with the acquisition of Alignent in June 2007. We exercised a degree of caution in recruitment during the first half of 2008, and accordingly headcount levels were held to 96 through June this year. Nevertheless, the majority of our new staff joined after the first half of 2007 and this accentuates the apparent increase in such costs reported for the first half of 2008. Excluding £170,000 of amortisation of intangible assets acquired in the Alignent transaction, operational overheads have increased by £641,000 compared to the first half of 2007. Just under half of this increase is due to higher investment in sales and marketing, and a further third linked to higher R&D expenditures. The remaining increases in administrative expenditure are primarily connected to higher facility and depreciation costs, arising from both the higher headcount and the addition of the Alignent business.

The overall operating result for the business is a profit of £132,000, compared to a loss of £78,000 for the same period in 2007. After net finance costs, which include interest on debt taken on to finance the Alignent acquisition, the final profit reported for the period is £54,000 (2007: loss of £73,000). This result includes interest, depreciation and amortisation costs amounting to £480,000 compared to £155,000 for the same period last year. The majority of this increase is connected with the Alignent acquisition. The EBITDA result for the first half of 2008, which does not include these elements, was accordingly £533,000 (2007: £82,000).

CORPORATE AND BALANCE SHEET

Net assets at the end of the period stood at £3.5m (2007: £3.6m) and include £3.7m (2007: £3.6m) of intangible assets. This includes £1.5m being the net book value of capitalised research and development (2007: £1m) and an additional £2.2m (2007: £2.5m) being the net book value of Alignent intangible assets and goodwill.

As part of the funding raised for the Alignent acquisition, Sopheon secured $3.5m of medium-term debt from BlueCrest Capital Finance LLC ("BlueCrest"). The debt is being repaid in 48 equal monthly instalments, and is secured by a debenture and guarantee from Sopheon plc. BlueCrest also offered the enlarged group an additional $750,000 revolving credit facility secured on accounts receivable. At 30 June 2008, the balances outstanding on the medium-term debt and revolving credit facility were $2.8m and $750,000 respectively.

Gross cash resources at 30 June 2008 amounted to £2.1m (2007: £2.4m).

MARKET AND PRODUCT

The product lifecycle management ("PLM") market is currently estimated by AMR Research ("AMR), the global IT research and advisory firm, at $12.7 billion worldwide. It also predicts that this market will expand to $20 billion by 2012, based on a forecasted five-year compound annual growth (CAGR) of 9%. It is expected that the product portfolio management ("PPM") submarket in which Sopheon's Accolade software system is classified will remain one of the fastest-growing segments of PLM; AMR estimates that the market for PPM solutions will expand at a CAGR of 17% through 2012.

Sopheon's Accolade continues to lead the PPM market both in terms of functional richness and market penetration. In a December 2007 report, AMR characterised Accolade as the most mature PPM solution available. In a report issued in July 2008, the firm noted that the Sopheon offering has the greatest traction among all best-of-breed product portfolio management offerings in the marketplace.

In March we launched Accolade Version 7.0, the most significant new release of our flagship software since it entered the market six years ago. A number of existing customers have now upgraded to the new offering and their reactions to its capabilities have been enthusiastic. Many of its principal features spring from the experience of working with customers such as General Motors and Electrolux. These enhancements position Accolade to move beyond the process manufacturing markets that we have targeted in the past and into the large aerospace, defense and automobile sectors. We have been pleased with the initial market response to our earlier announced integration of Accolade with Vision Strategist, the product that came to us through last year's acquisition of Alignent Software. This is the first time in the history of PLM that automated support for strategic product planning and product development execution has been combined in a single solution.

Our product advances are being augmented by investments in a go-to-market strategy aimed at creating business opportunities in the automotive sector. This effort will be led by a recently hired business development professional who has extensive experience in automotive markets. His sales efforts will include both Vision Strategist and Accolade.

Sopheon entered 2008 with 135 licensee customers. In June, we achieved a growth milestone, announcing that we had signed the 150^{th} licensee of our software products. Recently acquired accounts, representing both Accolade users and adopters of our Vision Strategist solution, include Bell Helicopter, Burger King, Novartis and the U.S. Army.

OUTLOOK

The achievement of 40% period-to-period growth is satisfying, as is the fact that our EBITDA result has climbed to £0.5m and our bottom line is now in positive territory. Our balance sheet is in good shape and looking forward, the sales funnel remains robust. Since the end of the first half we have continued to add both new and extension sales, and this additional business has increased visibility for 2008 to £7.7m compared to £5.1m for 2007 a year ago. Sopheon's total revenues for 2007 were £6.3m.

Sopheon's strategic position continues to strengthen, with a customer base that now includes more than 150 licensees the majority of which are global brands, and market recognition that is underpinned by growing analyst attention. We are now considered not just as a best-of-breed offering, but as the most mature. We believe it is critical that we capitalise on our leadership position and maintain the momentum of our first half performance. On this basis, we are now hiring selected additional staff.

We remain focused on improvement in profitability alongside building revenue and delivering strategic progress, and will continue this balanced approach as we plan for 2009. We look forward to a continued growth and achievement in 2008 and beyond.

Barry Mence 28 August 2008
Chairman

Visibility
Visibility at any point in time comprises revenue expected from (i) closed license orders, including those which are contracted but conditional on acceptance decisions scheduled later in the year; (ii) contracted services business delivered or expected to be delivered in the year; and (iii) recurring maintenance, hosting and rental streams. The visibility calculation does not include revenues from new sales opportunities expected to close during the remainder of 2008.

EBITDA
EBITDA is defined as earnings before interest, tax, depreciation and amortisation and can be arrived at by adding back these charges, which amount to £480,000 (2007: £155,000), to the profit for the period of £54,000 (2007: loss of £73,000).

Trademarks
Accolade® and Vision Strategist™ are trademarks of Sopheon plc.
Stage-Gate® is a registered trademark of the Product Development Institute.
AMR Research® is a registered trademark of AMR Research, Inc. Statements attributed to AMR Research are drawn from the Product Lifecycle Management Market Sizing Report, 2007-2012 published in July 2008.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

	2008 *£'000*	*2007* *£'000*
Revenue	**4,298**	**3,062**
Cost of sales	(1,067)	(851)
Gross profit	**3,231**	**2,210**
Sales and marketing expenses	(1,489)	(1,165)
Research and development expenses	775	533
Amortisation of acquired intangible assets	170	-
Other administrative expenses	665	590
Total administrative costs	(1,610)	(1,123)
Operating profit/(loss)	**132**	**(78)**
Finance revenue	33	20
Finance costs	(111)	(15)
Profit/(loss) before and after taxation	**54**	**(73)**
Profit/(loss) for the period (all attributable to members of the parent company)	**54**	**(73)**
Earnings per share - basic and diluted (pence)	0.04p	(0.05p)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

	2008 *£'000*	*2007* *£'000*
Exchange difference on translation of foreign operations	24	(10)
Net income/(expense) recognised directly in equity	**24**	**(10)**
Profit/(loss) for the financial period	54	(73)
Total recognised income and expense for the period (all attributable to members of the parent company)	**78**	**(83)**

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2008 (UNAUDITED)

	2008 *£'000*	*2007* *£'000*
Assets		
Non-current assets		
Property, plant and equipment	164	184
Goodwill and intangible assets	3,689	3,552
Non-current receivables	10	10
	3,863	**3,746**
Current assets		
Trade and other receivables	2,415	2,170
Cash and cash equivalents	2,054	2,393
	4,469	**4,563**
Total assets	**8,332**	**8,309**
Liabilities		
Current liabilities		
Bank loans	778	324
Deferred revenue	1,746	1,348
Trade and other payables	1,367	1,593
	3,891	**3,265**
Non-current liabilities		
Bank loans	986	1,445
Total liabilities	**4,877**	**4,710**
Net assets	**3,455**	**3,599**
Equity and reserves		
Share capital	7,279	7,279
Other reserves	73,570	74,289
Retained losses and translation reserve	(77,394)	(77,969)
Total equity (all attributable to members of the parent company)	**3,455**	**3,599**

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

	2008 *£'000*	*2007* *£'000*
Operating Activities: profit/(loss) before and after taxation	**54**	**(73)**
Adjustments for non-cash and financial items	551	201
Movements in working capital	(5)	174
Interest paid	(111)	(15)
Net cash from operating activities	**489**	**286**
Investing activities	(313)	(2,294)
Financing activities	(185)	3,369
Net (decrease)/increase in cash and cash equivalents	**(9)**	**1,361**

NOTES

1. Basis of Preparation

The interim financial information for all periods has been prepared on a basis consistent with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") and Interpretations issued by the International Accounting Standards Board as adopted by the European Union, and those parts of the Companies Act 1985 which apply to companies preparing their financial statements under IFRS. The six month figures to 30 June 2008 and 30 June 2007 are un-audited and do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The principal accounting policies are set out below and are expected to be applied for the full year. There is a possibility that the directors may determine that some changes to those policies are required when preparing the full annual financial statements, since the IFRS and IFRIC interpretations that will be applicable and adopted for use in the European Union at 31 December 2008 are not known with certainty at the time of preparing this interim financial information. The policies have been applied consistently to all the periods presented, and on the going concern basis. The interim accounts were approved by the directors on 28 August 2008.

2. Going Concern

The interim financial information has been prepared on a going concern basis. In reaching their assessment, the directors have considered a period extending at least 12 months from the date of approval of this information and have considered both the forecast performance for the next 12 months and the cash and financing facilities available to the group.

In the first half of 2008, the group achieved revenues of £4.3m and generated a profit of £54,000 representing significant improvement on the results for the same period in 2007. The directors are positive about the direction, focus and momentum of the business and believe that the group's existing resources and facilities described below provide it with adequate funding to support its activities through to the point at which they anticipate that operations will become cash generative on a sustained basis. This is however dependent on the group continuing to deliver an adequate level of sales. Furthermore, the time-to-close and the order value of individual sales can vary considerably, factors which constrain the ability to accurately predict revenue performance.

At 30 June 2008, the group reported net assets of £3.4m and gross cash resources of £2.0m. The group has a loan note from BlueCrest Capital Finance ("BlueCrest") with a current balance of £1.4m, which is repayable in equal monthly instalments of £45,000 through July 2011. The group also has access to a bank line of credit with BlueCrest which is secured against the trade receivables of Sopheon's North American business and was fully drawn down at 30 June 2008 for a value of £377,000.

If sales fall short of expectations, the group may need to raise additional finance. Sopheon continues to have access to the equity markets, as demonstrated by the placing in June 2007 in London of 12 million shares to raise £2 million after expenses in connection with the Alignent acquisition. In addition, the group has access to an equity line of credit facility from GEM Global Yield Fund Limited ("GEM") for an aggregate of €10 million for a term, the expiry date of which was recently extended until December 2009. GEM's obligation to subscribe for shares is subject to certain conditions linked to the prevailing trading volumes and prices of Sopheon shares on the Euronext stock exchange. To date Sopheon has made one call on the equity line of credit facility, raising just under €1 million in March 2004, leaving a maximum €9 million potentially available.

The directors believe that taken as a whole, the factors described above enable the group to continue as a going concern for the foreseeable future. The financial information does not include the adjustments that would be required if the company or group were unable to continue as a going concern.

NOTES

3. Principal Accounting Policies

Basis of consolidation
The consolidated financial information incorporate the financial information of the Company and entities controlled by the Company ("subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity and to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of software products are recognised on delivery, and when no significant vendor obligations remain. Revenues relating to maintenance and post contract support agreements are deferred and recognised over the period of the agreements. Revenues from implementation and consultancy services are recognised as the services are performed, or in the case of milestone based or long term contracts, recognised on a percentage basis as the work is completed and any relevant milestones are met, using latest estimates to determine the expected duration and cost of the project.

Leases
Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the net present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Retirement benefit costs
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The group does not operate any defined benefit retirement benefit plans.

Treatment of foreign currencies for consolidation
For the purpose of presenting consolidated financial statements, the assets and liabilities of the group’s foreign operations (including comparatives) are expressed in sterling using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising (including exchange differences on intra-group loans) are classified as equity and transferred to the group’s translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Deferred taxation
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, but deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at tax rates that have been enacted or substantively enacted at the balance sheet date, and that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES

3. Principal Accounting Policies (continued)

Property, plant and equipment
Computer equipment and fixtures and fittings are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, using the straight-line method. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, when shorter, over the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets - research and development expenditure
Development expenditure on internally developed software products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sales of the product will generate future economic benefits; and
- expenditure on the product can be measured reliably

Capitalised development costs are amortised over the period over which the group expects to benefit from selling the product developed. Development costs not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

Share based payments
The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured by the binomial option-pricing model. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the entity being acquired, together with any costs directly attributable to the business combination. The results of the acquired entities are included in the consolidated income statement from the date on which effective control is obtained. The identifiable assets, liabilities and contingent liabilities of the entity being acquired that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values on the date of acquisition.

Identifiable intangible assets are capitalised at fair value as at the date of acquisition. The useful lives of these intangible assets are assessed and amortisation is charged on a straight-line basis, with the expense taken to the income statement. Intangible assets are tested for impairment when a trigger event occurs. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

NOTES

4. Turnover

All of the group's revenues in respect of the six month periods ended 30 June 2008 and 2007 are derived from continuing operations and from the group's single business segment, the design, development and marketing of software products with associated implementation and consultancy services.

5. Earnings per share

The calculation of basic earnings per ordinary share is based on a profit of £54,000 (2007 – loss of £73,000) and on 145,579,027 ordinary shares (2007 – 134,904,994) being the weighted average number of ordinary shares in issue during the year. The diluted earnings per ordinary share for both 2008 and 2007 are the same as the basic earnings / loss per ordinary share in each year. For 2008 this is because the dilutive effect of the exercise of potential ordinary shares does not cause a material change in the resultant earnings per share fraction. For 2007, it is because the exercise of share options would have the effect of reducing the loss per ordinary share and was therefore not dilutive.

6. Intangible Assets

In accordance with *IAS 38 Intangible Assets*, certain development expenditure must be capitalised and amortised based on detailed technical criteria, rather than automatically charging such costs in the income statement as they arise. This has led to the capitalisation of £319,000 (2007: £321,000), and amortisation of £186,000 (2007: £138,000) during the period. In addition the acquisition of Alignent has given rise to the recognition of a further £2,505,000 of intangible assets and goodwill, with accumulated amortisation of £338,000 at 30 June 2008 of which £170,000 has been charged during the period.

7. Cautionary Statement

Sopheon has made forward-looking statements in this press release, including statements about the market for and benefits of its products and services; financial results; product development plans; 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 give no assurance that any forward-looking statements will prove correct.

INDEPENDENT REVIEW REPORT TO SOPHEON PLC

Introduction

We have been engaged by the company to review the financial information in the interim report for the six months ended 30 June 2008 which comprises the consolidated balance sheet; consolidated income statement; consolidated statement of recognised income and expense; consolidated cash flow; and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for the rules governing securities listed on Euronext, which require that the interim report be presented and prepared in a form consistent with that applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed. As disclosed in Note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. This interim report has been prepared in accordance with the basis set out in Note 1. The accounting policies are consistent with those that the directors intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial information in the half-yearly financial report based on our review. Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for the rules governing securities listed on Euronext, and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the interim financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for the rules governing listed securities on Euronext.

Going concern

In arriving at our review conclusion, we have considered the adequacy of the disclosures made in Note 2 regarding the Group's ability to continue as a going concern. As in prior periods, these disclosures identify certain factors that indicate the existence of material uncertainties which may cast a significant doubt over the group's ability to continue as a going concern. As discussed in Note 2, the appropriateness of the going concern basis remains reliant on the group achieving an adequate level of sales in order to maintain sufficient working capital to support its activities, or if this objective is not met, being able to raise sufficient additional finance

BDO Stoy Hayward LLP 28 August 2008
Chartered Accountants, London