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SOPHEON PLC

("Sopheon" or the "Group")

RESULTS FOR THE 6 MONTHS TO 30 JUNE 2009
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 2009 (the "period") together with a business review and outlook.

HIGHLIGHTS:

Revenue:	£4.1m (2008: £4.3m)
EBITDA loss:	£0.3m (2008: EBITDA profit £0.5m)
Loss before tax:	£1.0m (2008: profit £0.1m)

- Seventeen license transactions including extension sales completed. A number of opportunities expected to close during the first half of the year were delayed but remain in active sales cycles.
- Revenue visibility now stands at £7.0m for full-year 2009 performance, up from £6.2m reported in mid June at the AGM. The licensee base now stands at 163.
- Gross cash at 30 June stood at £1.6m. We have renegotiated our debtor-based revolving credit facilities from $750,000 to $1,250,000, though only $700,000 was drawn at 30 June.
- We introduced Idea Lab™, our new idea development software for the front end of the product innovation process. Sopheon now offers the first software suite in the industry to provide all-in-one support for strategic product planning, ideation and execution.

Sopheon's Chairman, Barry Mence said: *"After our great progress in 2008, we are disappointed that wider economic conditions in the first half of this year affected the Group's historical pattern of growth. Nevertheless, we continue to work hard at closing business, and believe that our considerable pipeline of new sales opportunities will enable us to return to growth in the second half of the year."*

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About Sopheon

Sopheon (LSE: SPE) is an international provider of software and services that help organisations improve the business impact of product innovation. Sopheon's solutions automate and govern the innovation process, enabling companies to increase revenue and profits from new products. Sopheon's solutions are used by industry leaders throughout the world, including BASF, Cadbury, Corning, Electrolux, General Motors, Honeywell, Motorola and SABMiller. 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

Following landmark growth in 2008, consolidated revenues for the first half of 2009 were £4.1m compared to £4.3m in the first half of 2008. As noted in the AGM statement released on 16 June, the reduction can be attributed largely to delays in closing new license orders. This is borne out by the overall revenue mix between license, maintenance and services, which was 30:26:44 respectively, compared to 47:27:26 for the same period last year.

Sales performance during the six-month period included 17 new and extension license orders, in addition to a number of consultancy and services contracts. In spite of the weak economy, renewals of license rental, maintenance and hosting contracts have held up well, and our annualised base of such recurring business stands at £4.1m.

We have consistently noted our business dependency on a small number of relatively large deals, any of which can materially impact the revenue recorded in a particular period. When combined with current market conditions, this has resulted in deferment of a number of opportunities that we had expected to close in the second quarter. Several of these prospects attributed the delays to more stringent approval processes imposed due to market uncertainty. The majority of the affected prospects remain in active sales cycles and closures to date have resulted in an increase in full-year revenue visibility from the £6.2m reported at the time of our AGM to £7.0m today. Based on our current view of the forward sales pipeline, we continue to expect that we will close several of the delayed opportunities in the second half of the year, in addition to winning new business which was originally identified for the third and fourth quarters. This will be a major challenge, but one we will embrace with vigour.

From a geographical perspective, approximately two-thirds of revenues during the first half of the year were generated in the US, and one third in Europe. This balance of distribution is generally consistent with prior periods. The Alignent business acquired in June 2007 accounted for 13% of total revenues recorded in the first half of 2009 compared to 12% for the comparable period last year. Gross profit, which is arrived at after charging direct costs such as payroll for client services staff, was £2.8m compared to £3.2m the year before, representing a fall in the gross margin percentage from 75% to 67%. This reflects the relatively fixed nature of such costs. We expect the gross margin percentage to continue to fluctuate from period to period, in line with variation in our revenue mix.

OPERATING COSTS AND RESULTS

The fall in the value of Sterling has resulted in reported costs being considerably higher across all parts of our business, since the majority of our staff are based outside the UK. Looking beyond this apparent overall increase, we have adjusted the staffing mix during the period. Total staff count at the end of 2008 was 105, up from 96 at the end of June 2008. Coming into 2009, to sustain a position of product leadership in the market, we recruited additional staff into our product development team. This was offset by a reduction of staff in other operational groups, implemented in April. The combination of these changes resulted in a total staff count at the end of June of 100. The financial benefit of the staff reductions will feed through in the second half of the year.

The overall operating result for the business during the period was a loss of £892,000 (2008: profit of £132,000). After net finance costs, which include interest on debt taken on to finance the Alignent acquisition, the final loss before tax reported for the period is £990,000 (2008: profit of £54,000). This result includes interest, depreciation and amortisation costs amounting to £658,000 (2008: £479,000). The majority of this increase is connected with the higher relative value of the US dollar, which has translated into higher reported costs in Sterling. The EBITDA result for the first half of 2009, which does not include these elements, was a loss of £330,000 (2008: profit of £533,000).

CORPORATE AND BALANCE SHEET

Net assets at the end of the period stood at £3.1m (2008: £3.5m). Gross cash resources at 30 June 2009 amounted to £1.6m (2008: £2.1m). Approximately £0.4m was held in US dollars, £0.6m in Euros and £0.6m in Sterling.

Intangible assets stood at £4.2m (2008: £3.7m) at the end of the year. This includes (i) £2.3m being the net book value of capitalised research and development (2008: £1.5m) and (ii) £1.9m (2008: £2.2m) being the net book value of Alignent intangible assets acquired in 2007. Due to amortisation and impairment charges, the underlying dollar value of these assets has lowered since last year. However, the movement in Sterling does not reflect this fully due to the sharp change in exchange rates year to year.

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 two-year $750,000 revolving credit facility secured on accounts receivable. This has been renewed for a further year at a higher facility limit of $1,250,000. At 30 June 2009, the balances outstanding on the medium-term debt and revolving credit facility were $2m (2008: $2.8m) and $700,000 respectively (2008: $750,000). The equivalent figures in Sterling are £1.2m (2008: £1.4m) and £425,000 (2008: £377,000) respectively.

MARKET AND PRODUCT

Over the last two years we have evolved Sopheon from a single product company to one with a product family. This has been accomplished through a combination of strategic investment, partnership activity and an unremitting focus on product development. Our first milestone in this expansion in scope was in 2007 with the acquisition of Alignent Software, bringing its Vision Strategist™ roadmapping solution into our product set. This was followed last year with the pivotal release of version 7.0 of our core Accolade® platform.

Most recently, we introduced Idea Lab, an Accolade module designed specifically for use in generating, nurturing and developing new product ideas. The new solution is the result of a partnership between Sopheon and Hype Softwaretechnik GmbH, a German-based supplier of idea management software. Idea Lab has received feature coverage from IT research and advisory firms such as AMR Research, ARC Advisory and Tech-Clarity. The new offering expands Accolade's capacity to strengthen the entire product innovation process. At the front end of the innovation cycle, Accolade's Vision Strategist delivers automated support for the development of strategic product plans. The plans are socialised, fleshed out and enhanced in Idea Lab. The most promising strategic concepts migrate from Idea Lab into the user's Accolade-supported gate or phase-based innovation processes, reducing the time it takes to turn ideas into products.

Our software belongs to a major class of applications called product lifecycle management ("PLM") solutions that help companies develop and execute their product strategies. The PLM market is comprised of multiple submarkets. Sopheon is focused on an emerging submarket called Product Portfolio Management ("PPM") which addresses the business challenges associated with product innovation, including the management of innovation risk and reward. A number of vendors of project portfolio management solutions that have historically focused their software and go-to-market strategies on the project management needs of corporate information technology organisations continue to step up their attempts to migrate toward the PPM space. However, several analysts have labelled Accolade as best-of-breed among solutions in the product portfolio management sub-class, with AMR Research stating that it is the most mature and has the greatest traction. Moreover, we believe that our software can bring immediate value to recession-plagued companies that need to reduce costs without undercutting their prospects for long-term growth. Our solutions help them maximise returns from available resources, while also supporting their development of programs and strategies that will enable them to accelerate out of the downturn and emerge with increased competitive strength.

OUTLOOK

Our sales pipeline remains strong, with good lead generation and high levels of activity. Our challenge is to convert this activity into signed contracts. This task has been made more difficult by current economic conditions, as customers prolong their investment decisions. Our first-half performance reflects the impact of this slowing of our sales cycles. We continue to evaluate both our cost base and our balance sheet, however the board is committed to maintaining its investment in product and its ability to service customers effectively. Accordingly, any cost adjustments will be carefully thought through and balanced against expected performance.

As we face the current challenges, we are fortified by our recent achievements. Sopheon's strategic position continues to strengthen, with a customer base that now includes 163 licensees, the majority of which are global brands. With the launch of Idea Lab, Sopheon offers the first software suite in the industry to provide all-in-one support that encompasses innovation strategy, ideation and execution. We remain convinced that this represents a highly differentiated value proposition, and are encouraged by strong interest from the market and influential, positive affirmation from the business analyst community.

Our immediate operational focus is on short-term improvements in revenue and profitability, but we will continue to drive for strategic progress, and will maintain this balanced approach as we plan for 2010.

Barry Mence 27 August 2009
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 2009.

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 £658,000 (2008: £479,000), to the loss for the period of £990,000 (2008: profit of £54,000).

Trademarks
Accolade®, Idea Lab™ and Vision Strategist™ are trademarks of Sopheon plc.
All other trademarks are the sole property of their respective owners.

Cautionary Statement
Sopheon has made forward-looking statements in this interim report, 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.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	2009 £'000	2008 £'000
Continuing operations		
Revenue	**4,111**	**4,298**
Cost of sales	(1,339)	(1,067)
Gross profit	**2,772**	**3,231**
Sales and marketing expense	(1,733)	(1,489)
Research and development expense	1,004	775
Amortisation of acquired intangible assets	170	170
Other administrative expense	757	665
Total administrative expense	(1,931)	(1,610)
Operating (loss)/profit	**(892)**	**132**
Finance income	13	33
Finance expense	(111)	(111)
(Loss)/profit before and after taxation	**(990)**	**54**
(Loss)/profit for the period	**(990)**	**54**
(all attributable to equity holders of the parent company)		
(Loss)/earnings per share - basic and diluted in pence	(0.68p)	0.04p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	2009 £'000	2008 £'000
(Loss)/profit for the period	**(990)**	**54**
Other comprehensive income		
Exchange differences on translation of foreign operations	(261)	20
Total comprehensive (loss)/income for the period, net of tax	**(1,251)**	**74**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2009 (UNAUDITED)

	2009 £'000	2008 £'000
Assets		
Non-current assets		
Property, plant and equipment	189	164
Intangible assets	4,167	3,689
Other receivable	10	10
	4,366	**3,863**
Current assets		
Trade and other receivables	2,052	2,415
Cash and cash equivalents	1,590	2,054
	3,642	**4,469**
Total assets	**8,008**	**8,332**
Liabilities		
Current liabilities		
Borrowings	968	778
Deferred revenue	2,201	1,746
Trade and other payables	1,107	1,367
	4,276	**3,891**
Non-current liabilities		
Borrowings	654	986
Total liabilities	**4,930**	**4,877**
Net assets	**3,078**	**3,455**
Equity		
Share capital	7,279	7,279
Other reserves	73,688	73,570
Retained losses and translation reserve	(77,889)	(77,394)
Total equity **(all attributable to equity holders of the parent company)**	**3,078**	**3,455**

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	2009 *£'000*	*2008* *£'000*
Operating Activities: profit/(loss) before and after taxation	**(990)**	**54**
Adjustments for non-cash and financial items	721	551
Movements in working capital	408	(5)
Net cash from operating activities	139	600
Investing Activities		
Finance income	13	33
Purchases of property, plant and equipment	(43)	(28)
Recognition of development costs	(570)	(318)
Net cash used in investing activities	(600)	(313)
Financing Activities		
Repayment of borrowings	(293)	(185)
Movement in bank overdrafts and lines of credit	(33)	-
Finance expense	(111)	(111)
Net cash from financing activities	(437)	(296)
Net decrease in cash and cash equivalents	**(898)**	**(9)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	Share Capital £'000	*Capital Reserves £'000*	*Translation Reserve £'000*	*Retained Losses £'000*	*Total £'000*
At 1 January 2008	7,729	73,499	(191)	(77,277)	3,310
Share based payments	-	71	-	-	71
Comprehensive	-	-	20	54	74
At 30 June 2008	**7,279**	**73,570**	**(171)**	**(77,223)**	**3,455**
At 1 January 2009	7,279	73,627	587	(77,225)	4,268
Share based payments	-	61	-	-	61
Comprehensive	-	-	(261)	(990)	(1,251)
At 30 June 2009	**7,279**	**73,688**	**326**	**(78,215)**	**3,078**

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

The financial information in these results for the 6 months to 30 June 2009 is that of the holding company and all of its subsidiaries (the Group). It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2008 and which will form the basis of the 2009 financial statements, except as described below. A number of new and amended standards become effective for periods beginning on or after 1 January 2009. The principal changes that are relevant to the group are:

- *IFRS 8 – Operating Segments:* IFRS 8 is a disclosure standard only; there has been no effect on the recognition or measurement of results following the adoption of this standard

- *IAS 1 (revised 2007) – Presentation of Financial Statements:* The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. There has been no effect on the reported results or previous financial position of the Group.

None of the other new standards and amendments are expected to materially effect the group.

The Group's Annual Report for the year ended 31 December 2008 have been delivered to the Registrar of Companies. The Group's Independent Auditors' report on those accounts drew attention by way of emphasis to going concern without qualifying their report and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985. The financial information for the half years ended 30 June 2009 and 30 June 2008 are unaudited.

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 2009, the group achieved revenues of £4.1m and incurred a loss of £1.0m. This represents a weaker performance than for the previous year, which the directors believe is caused primarily by delays in closing new sales, linked largely to the current weakness in global economic conditions. The Group's sales pipeline remains very active and accordingly, the directors remain positive about the prospects for the business in the medium and longer term. However, the time-to-close and the order value of individual sales can vary considerably, factors which constrain the ability to accurately predict short term revenue performance. Accordingly the directors are actively considering the possibility of further reducing costs, having made an initial adjustment in April. If the Group is not able to raise sales or lower costs to a sufficient level, the Group's existing facilities may prove insufficient, and the Group would need to raise additional finance. The directors are reviewing a range of options to deal with this possibility.

At 30 June 2009, the Group reported net assets of £3m and gross cash resources of £1.6m. The Group has a loan note from BlueCrest Capital Finance ("BlueCrest") which is repayable in equal monthly instalments of $90,000 through July 2011. The balance remaining due on the note at 30 June 2009 was $2m. The Group also has access to a revolving bank line of credit with BlueCrest which is secured against the trade receivables of Sopheon's North American business. This has been renewed for an additional 12 month period through 30 June 2010 and as part of this renewal, the facility limit has been increased from $750,000 to $1,250,000. At 30 June 2009 $700,000 was drawn against this revolving facility. In addition, the Group has access to an equity line of credit facility from GEM Global Yield Fund Limited ("GEM") for an aggregate of €10m, the current term of which expires in December 2009. The facility originally expired in December 2005, and has since been extended twice.

NOTES TO THE FINANCIAL STATEMENTS

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 €1m in March 2004.

The directors have concluded that the circumstances set forth above represent material uncertainties, however they 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.

3. Revenue
All of the group's revenues in respect of the six month periods ended 30 June 2009 and 2008 are derived from the design, development and marketing of software products with associated implementation and consultancy services.

4. Earnings per share
The calculation of basic earnings per ordinary share is based on a loss of £990,000 (2008 – profit of £54,000) and on 145,579,027 ordinary shares (2008 – 145,579,027) being the weighted average number of ordinary shares in issue during the year. The reported diluted earnings per ordinary share for both 2009 and 2008 are the same as the basic earnings / loss per ordinary share in each year. For 2009, it is because the exercise of share options would have the effect of reducing the loss per ordinary share and was therefore not dilutive. 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.

5. 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 £570,000 (2008: £319,000), and amortisation of £330,000 (2008: £186,000) during the period. In addition, amortisation of £170,000 (2008: £170,000) has been charged during the period against the intangible assets originally acquired with Alignent, in June 2007.

6. Principal Risks and Uncertainties
The principal risks and uncertainties as disclosed on page 18 of the Group's Annual Report for the year ended 31 December 2008 remain valid. Other principal risks and uncertainties of the Group for the remaining six months of the current financial year are disclosed in the Chairman's Statement and the notes to the condensed set of financial statements included in this half-yearly report.

7. Statement of Directors Responsibilities
On behalf of the board we confirm that to the best of our knowledge (a) the condensed set of financial statements included in this half-yearly report has been prepared on the basis set forth in note 1, and gives a true and fair view of the assets, liabilities, financial position and results of the Group; and (b) this half-yearly report includes a fair review of the important events during the first six months of the year, and a description of the principal risks and uncertainties facing the Group.

Barry Mence	Andy Michuda	Arif Karimjee
Chairman	Chief Executive Officer	Chief Financial Officer

27 August 2009

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the consolidated statement of financial position; consolidated income statement; consolidated statement of comprehensive income; consolidated cash flow; and associated notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements 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 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 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 27 August 2009

Chartered Accountants & Registered Auditors, London