

SOPHEON PLC
("Sopheon" or the "Group")

RESULTS FOR THE 6 MONTHS TO 30 JUNE 2007
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 2007 together with a business review and outlook.

HIGHLIGHTS:

- Revenue: £3.1m (2006: £3.0m)
Loss for the period: £0.1m (2006: loss £0.2m)
EBITDA: £0.1m (2006: loss £0.0m)
- Completed twenty-one Accolade license transactions including extension activity, compared to twelve during the same period a year earlier. A weaker dollar and a very large order booked in first half of 2006 affect comparison year to year.
- Extended solution footprint by acquiring Alignent, the industry's leading provider of strategic product planning and roadmapping software, and gained additional opportunities for market penetration when named the preferred transition partner to IDe, a competitor that terminated its business activities.
- AMR Research projected that the product portfolio management (PPM) market in which Accolade system competes will expand at a compounded annual rate of 15% through 2011. Analysis noted that PPM is the fastest growing segment of the product life cycle management market.
- Introduced enhancements to Accolade system, which include enabling companies with product portfolios comprised of thousands of projects to generate analytical reports five to ten times faster than was previously possible.

Sopheon's Chairman, Barry Mence said:

"Sopheon is fortunate to be in a position of strength as we face new and unique market opportunities. That said, we are very aware of the need to maintain focus on organic growth and achieving high customer satisfaction, while engaged in core integration activities resulting from our recent M&A activity."

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About Sopheon

Sopheon (LSE: SPE) is an international provider of software and services that help organizations improve the business impact of product innovation. The Sopheon Accolade® product innovation process and portfolio management system automates gate- or phase-based product development processes and provides strategic decision support that allows companies to increase revenue and profits from new products. 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

Consolidated revenues for the period amounted to £3.1 million (2006: £3.0 million). Of the total revenues reported in the period, the ratio between license, maintenance and services was 9:7:9, which is broadly consistent with the business mix for the year 2006. Sales activity levels during the first half of 2007 were considerably higher than in previous years; twenty-one license transactions were completed, compared to twelve during the same period a year earlier. There were two primary reasons that revenue growth did not reflect the increase in sales transactions. First, results were affected by a substantial decline in the value of the US dollar. Second, as we have noted previously, revenue performance in a particular period can vary depending on the timing of individual transactions; in the first half of 2006, our European business closed the largest sale in the history of the Group. No singularly large sales were closed during the first half of 2007.

Gross margin, which is arrived at after charging direct costs such as payroll for client services staff, was 72% for the period, again consistent with the performance in the year 2006 but down from the 76% recorded in the first half of 2006 which was enhanced by the large license sale referred to above. Also, our ongoing margins continue to be impacted by the involvement partners have in delivering certain services assignments and we expect this to continue for the foreseeable future. We actively encourage partner involvement as part of our business strategy to grow awareness of and deployment capability for Sopheon solutions around the world.

Tight cost controls, the weaker dollar and higher levels of R&D capitalization as set out in note 5 have resulted in overheads falling to approximately £2.3 million (2006: £2.5 million). As a consequence the loss for the period improved to £0.1 million (2006: £0.2 million). The loss includes interest, depreciation and amortisation costs amounting to approximately £0.2 million (2006: £0.2 million). The EBITDA result, which does not include these elements, was £82,000 (2006: £27,000 loss).

TRADING

During the first half of 2007 we gained eight new license customers and closed thirteen license extension orders, in addition to a number of consultancy and services contracts. Repeat orders from the customer base continue to increase in number, as well as in value to our business; ninety-six companies throughout the world now license our software and many continue to buy additional products and services from us. We expect to break through the milestone threshold of one hundred licensees for Sopheon software in the current quarter. This total does not include new customers added through the acquisition of Aligent, which has of course taken us above 100.

The level of activity in our US business suggests that the Group is entering a new, intense stage of growth. In order to help accelerate this transition and ensure effective management of the associated expansion, we have taken steps to fortify our senior-management team. During the second quarter we added executive leaders for our North American sales and client services organizations. Each brings considerable experience from Lawson Software and Oracle respectively.

As further described below, the acquisition of Aligent closed on 21 June 2007. Including Aligent, full-year revenue visibility incorporating booked revenue, contracted services business and the run rate of maintenance contracts, stood at approximately £4.9m at the mid year point. We will update this information in our next trading update to shareholders scheduled for 25 October 2007.

CORPORATE

On 11 June 2007 Sopheon announced the acquisition of Aligent Software Inc (“Aligent”). Further details of the acquisition are set out in the notes to this statement. Based in California, USA, Aligent is one of only a few suppliers worldwide that specializes in the provision of strategic product and technology roadmapping software for complex global companies. Aligent’s flagship offering, Vision Strategist, is generally recognized as the leading application of its kind in the marketplace. The software has a proven track record of helping large organizations improve strategic product planning. The acquisition of Aligent will help to drive expansion of Sopheon’s business in two areas. First, for the company’s nearly 100 existing clients in chemical and consumer packaged goods markets, it will extend Sopheon’s solution to include strategic product planning. Secondly, Aligent’s roster of industry-leading customers will give Sopheon instant credibility in a range of new markets such as aerospace, defense and high-tech manufacturing, helping to accelerate Sopheon’s entry into these industry areas. Sopheon expects the Aligent business to make a positive EBITDA contribution from the first year following the acquisition.

On 13 August Sopheon announced that it had entered into an agreement with Integrated Development Enterprise, Inc. (“IDE”) under which Sopheon was to offer transition services and support to IDE customers previously covered by IDE maintenance and support contracts. The agreement followed a decision by IDE, a former competitor of Sopheon, to discontinue its business. Terms of the agreement afford Sopheon exclusive access to such IDE assets as its customer list, software code and documentation, but Sopheon is not committed to assume any of IDE’s obligations. The terms and conditions of any customer transition will be as agreed between Sopheon and the particular customer and could include transitioning to Sopheon’s Accolade software and services. IDE’s client base of 18 companies is approximately one-fifth the size of Sopheon’s and similarly includes many *Fortune 1000* businesses. Sopheon is engaged in discussions with several of these companies and indications are positive that a number will make the decision to switch to Accolade.

MARKET & PRODUCT

The market outlook for product life cycle management (PLM) applications remains strong. Analysts are forecasting compound annual growth rates ranging from 9% to 14% from 2007 through 2011. Expectations for the product portfolio management (PPM) submarket in which Sopheon’s Accolade software system is classified are particularly high. An August 2007 report from IT advisory firm AMR Research noted that product portfolio management is the fastest-growing segment of PLM, and projected that it will continue to grow at a compounded annual rate of 15% through 2011. AMR attributes this expansion to increasing recognition among manufacturers that the decision support provided by solutions such as Sopheon’s Accolade is needed for new product success.

We continue to make important progress in the evolution of Accolade’s capabilities. In May we introduced enhancements that included a substantial increase in the power of the system’s portfolio engine. The latter improvement was specifically designed to help *Fortune 1000* companies that are managing complex portfolios encompassing thousands of projects. It enables such users to generate analytical reports five to ten times faster than was previously possible. Other changes to the software were aimed at strengthening project-related communication among product development decision-makers and team members, and at furthering Accolade’s ease-of-use, an attribute area in which the Sopheon system is already recognized as leading the industry. These enhancements were principally driven by feedback from current Accolade users, including our recently formed Product Advisory Council. Existing clients were particularly enthusiastic in their reaction to the improved capabilities.

Evidence is growing of the significant business opportunities surrounding our acquisition of Aligent and its strategic product planning and roadmapping solution, Vision Strategist. Since completing the merger transaction in late June, we have signed two new Vision Strategist clients. We have also had communication with principal decision-makers and process owners at a cross-section of Aligent’s existing accounts, including Boeing, BAE Systems, Corning, Lockheed Martin and Motorola. A number of key renewals have been signed, demonstrating that Vision Strategist users continue to see value in the solution. On August 30th we convened a virtual meeting of the Aligent client base during

which we shared our plans for further development of Vision Strategist, including its integration with Accolade.

We have also begun aggressively pursuing new business in the aerospace and defense markets, an effort that has included adding a person experienced in this sector to our direct sales team. He will focus on the sale of both Vision Strategist and Accolade to these new markets.

Sopheon is receiving consistent, positive affirmation from business analysts and other independent thought leaders concerning its decision to expand into the strategic product planning and roadmapping market. This reinforcement has been complemented by endorsements of the newly acquired Vision Strategist product offering. An article in the May issue of *Research Technology Management* magazine by a foremost authority on enterprise strategic and technology planning characterized Vision Strategist as the only commercially available tool that comes close “to meeting all the unique requirements” of real-time technology roadmapping,

We have previously acknowledged the importance of partnerships to achieving our goals for market expansion. While our reseller network continues to struggle for traction, a number of consulting partners are now showing interest in supporting Sopheon in its strategic efforts to migrate clients previously served by Alignent and IDe.

OUTLOOK

We would clearly prefer to be reporting a larger period-to-period increase in revenues. However, the fact that we were able to achieve similar revenue performance as 2006, in spite of the weaker dollar and the lack of a singularly large sale closing during the first half of 2007, is in our view a key sign of growing maturity of the business. Our bottom line performance continues to improve, and our balance sheet is in good shape. Looking forward, the sales funnel is robust, with a number of potentially large deals in the prospect population.

Strategically Sopheon has taken an important step forward through the acquisition of Alignent. We look forward to leveraging the substantial opportunities for its strategic product planning solution among existing Alignent customers, Sopheon customers, and newly identified prospects in aerospace and defense markets. In addition, we believe that the agreement with IDe will build on Sopheon’s history of continued growth in the expanding product portfolio and innovation process management market. In parallel with commercial activities, we continue to invest heavily in product development. Based on these efforts, we will introduce new versions of both Sopheon’s Accolade system and Alignent’s Vision Strategist by the end of the year.

We remain confident that 2007 full-year performance will show substantial improvement over 2006.

Barry Mence
CHAIRMAN

6 September 2007

Trademarks

Accolade® is a registered trademark of Sopheon.

Stage-Gate® is a registered trademark of the Product Development Institute.

**CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED
30 JUNE 2007 (UNAUDITED)**

	2007 £'000	2006 £'000
Revenue	3,062	2,954
Cost of sales	(851)	(709)
Gross profit	2,210	2,245
Administrative, research and development, and distribution expenses	2,288	2,486
Operating loss	(78)	(241)
Finance revenue	20	19
Finance costs	(15)	(24)
Loss before and after taxation	(73)	(246)
Loss for the period (all attributable to members of the parent company)	(73)	(246)
Loss per share - basic and diluted (pence)	(0.1p)	(0.2p)
EBITDA	82	(27)

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

	2007 £'000	2006 £'000
Exchange difference on translation of foreign operations	(10)	(76)
Net income/(expense) recognized directly in equity	(10)	(76)
Loss for the financial period	(73)	(246)
Total recognized income and expense for the period (all attributable to members of the parent company)	(83)	(322)

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007 (UNAUDITED)

	2007 £'000	2006 £'000
<u>Assets</u>		
Non-current assets		
Property, plant and equipment	184	109
Goodwill and intangible assets	3,552	792
Non-current receivables	10	10
	3,746	911
Current assets		
Trade and other receivables	2,170	1,961
Cash and cash equivalents	2,393	1,537
	4,563	3,498
Total assets	8,309	4,409
<u>Liabilities</u>		
Current liabilities		
Bank loans	324	94
Trade and other payables	2,941	2,621
	3,265	2,715
Non-current liabilities		
Bank loans	1,445	-
Total liabilities	4,710	2,715
Net assets	3,599	1,694
<u>Equity and reserves</u>		
Share capital	7,279	6,674
Other reserves	74,289	72,986
Retained losses and translation reserve	(77,969)	(77,966)
Total equity (all attributable to members of the parent company)	3,599	1,694

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED
30 JUNE 2007 (UNAUDITED)**

	2007 £'000	2006 £'000
Operating Activities: loss before and after taxation	(73)	(246)
Adjustments for non-cash and financial items	201	237
Movements in working capital	174	136
Interest paid	(15)	(24)
Net cash from operating activities	286	103
Investing activities	(2,294)	(285)
Financing activities	3,369	(251)
Net (decrease)/increase in cash and cash equivalents	1,361	(433)

NOTES**1. Principal Accounting Policies***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 2007 and 30 June 2006 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 2007 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.

Going Concern

In the first half of 2007 the group’s revenues from continuing operations was £3.1 million and its EBITDA (earnings before interest, tax, depreciation and amortisation) basis was £82,000.

At the period end the group reported net assets of £3.6 million and gross cash resources of £2.4 million. The group’s debts comprise a \$3.5 million (£1.8 million) loan note from BlueCrest Capital Finance LLC (“BlueCrest”) which was taken in connection with the acquisition of Alignent Software Inc, as described below. The loan bears interest at 11.03% and is repayable in equal instalments over 48 months. The debt is supported by a guarantee and debenture from Sopheon plc. The group also has access to a \$750,000 (£380,000) bank line of credit with BlueCrest which is secured against the trade receivables of Sopheon’s North American business. At 30 June 2007, no funds were drawn against this facility. The facilities with BlueCrest have been in place since June 2007 and were negotiated in conjunction with the loan note.

The directors are positive about the direction, focus and momentum of the business and believe that this, together with the group’s existing resources 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 in turn dependent on the group continuing to deliver sales growth.

Should this not be the case, Sopheon continues to have access to the equity markets, as demonstrated by the recent placing in London of 12 million shares to raise £2 million after expenses. 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 expiring in December 2007. 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 just one call on the equity line of credit facility, raising just under €1 million in March 2004, leaving €9 million available. The directors are considering whether it is appropriate to seek an extension to the life of the instrument in order to provide continued access to the facility.

While there are uncertainties as to the achievement of the expected sales growth and the continued availability of facilities, the directors believe that together, 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**1. Principal Accounting Policies (continued)***Basis of consolidation*

The consolidated financial statements incorporate the financial statements 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.

Business combinations

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. The fair value of the consideration is determined by applying appropriate discounts to contingent and deferred consideration, to the level where the Group considers those liabilities will be payable. Following initial recognition, goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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.

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 from implementation and consultancy services are recognised as the services are performed. Revenues relating to maintenance and post contract support agreements are deferred and recognised over the period of the agreements. Revenues and associated costs under long term contracts are 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.

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.

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.

NOTES**1. Principal Accounting Policies (continued)***Research and development*

In accordance with IAS 38, 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 four years. Development costs not satisfying the above criteria, and expenditure on the research phase of internal projects, are recognised in profit or loss as incurred.

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 it 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 the tax rates 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.

Treatment of foreign currencies for consolidation

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in sterling, which is the functional currency of the parent company, and the presentation currency for the 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 relevant balance sheet date. Income and expense items (including comparatives) are translated at the appropriate exchange rates for the period in which the transactions occurred. 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.

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.

Leasing

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.

NOTES

2. Turnover

All of the group's revenue in respect of the six month periods ended 30 June 2007 and 2006 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.

3. Earnings per share

The calculation of basic loss per ordinary share is based on a loss of £73,000 (2006 - £246,000), and on 134,904,994 ordinary shares (2006 - 133,350,885) being the weighted average number of ordinary shares in issue during the year. The loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted loss per ordinary share are identical to those used for calculating the basic loss per ordinary share in both 2007 and 2006. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive.

4. Acquisition of Aligent Software Inc

	£'000
Net Assets acquired	
Property, plant and equipment	64
Intangible assets	2,050
Trade and other receivables	150
Cash and cash equivalents	65
Trade and other payables including deferred income	(931)
	<hr/> 1,398
Goodwill	481
Cost of acquisition	<hr/> 1,879 <hr/>
Comprising	
Cash consideration	1,772
Costs of transaction	107
	<hr/> 1,879 <hr/>

The acquisition completed on 21 June 2007. Cash consideration, transaction expenses and working capital for the combined group were funded by (i) raising £2.1 million (before expenses) through the placing of 12,000,000 Sopheon ordinary shares at 17.5p per share and (ii) a \$3.5 million loan from BlueCrest Capital Finance LLC repayable over 48 months. Included in intangible assets is the fair value of technology and customer relationships arising upon acquisition, estimated at £705,000 and £1,322,000 respectively. All other assets and liabilities are recorded at book value, which is provisionally considered to be the same as fair value.

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 profit and loss account as they arise. This has led to the capitalization of £321,000 (2005: £248,000), and amortization of £138,000 (2005: £184,000) during the period.

6. 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 make no assurance that any forward-looking statements will prove correct.

Independent review report to Sopheon plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 set out on pages 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting their interim reporting requirements 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.

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 half-yearly 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.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Going concern

In arriving at our review conclusion, we have considered the adequacy of the disclosures made in Note 1 regarding the Group's ability to continue as a going concern, including the directors' assessment of the ability of the Group to achieve its forecasts.