

Embargoed until 07.00 HRS (BST)  
24 September 2007

**Gresham Computing plc**  
(“Gresham”, the “Group” or the “Company”)  
**Interim results for the six months ended 30 June 2007**

Gresham, the specialist provider of real-time financial solutions and storage solutions, today announces its un-audited interim results for the six months ended 30 June 2007.

**Highlights**

- Significant milestone reached with Clareti Payables Financing
  - Agreed contracts with a major Asia Pacific telecommunications company and launched solution in Australia
  - First ‘FTSE sized’ customer is now live
- Momentum in Clareti Cash Reporting Service continues to build
  - Value of transactions grew over 90% to in excess of US \$500 billion per day on average
  - Growing list of providers
- Proposed placing of 2.5m shares at 110p per share announced along side the interim results raising £2.75m before expenses.

Andrew Walton-Green, Gresham Chief Executive Officer, commented:

“This has been an important six months for our business. We have become a trusted party of some of the biggest global banks, handling hundreds of billions of dollars of transactions a day through our core systems. Crucially, we have now extended our reach into the trade finance market, initially in Australia, and are already meeting the supply chain financing needs of one of the world’s largest banks and its corporate customers in that region.

I am also pleased to announce a proposed placing of new Gresham shares along side these interim results. As a company, we are committed to building revenues, profitability and reputation in global markets and the proceeds from this placing will assist us in our pursuit of this aim.”

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24 September 2007

**GRESHAM COMPUTING plc**

(“Gresham”, the “group” or the “company”)

**INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2007**

Gresham, provider of real-time financial solutions and storage solutions, announces its un-audited interim results for the 6 months ended 30 June 2007.

**Financials – accelerating our product to market**

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

**Placing - £2.75m before expenses**

I am pleased to advise that we are today announcing, along side the interim results, a proposed placing of 2,500,000 million new Ordinary Shares (the 'Placing Shares') at a price of 110 pence per share (the 'Placing Price') with institutional and other investors in order to raise £2.75 million (before expenses). The funds raised will be used to strengthen the Company's balance sheet, fund ongoing capital requirements and to fund expansion of the business.

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

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

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

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

We have agreements for five “Browser bank users” and five “Direct bank users”. As noted above, we are working to satisfy the requirements of prospective and existing users and anticipate that much of this work will be evident in time for SIBOS, the international banking conference, which this year takes place in October in Boston, USA.

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

**Clareti Payables Financing (“CPF”) – significant contract**

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

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

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

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

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

#### **Clareti VTL – growing the sales pipeline**

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

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

#### **Outlook**

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

Alan Howarth  
Chairman  
21 September 2007

**Group income statement**  
**For the period ended 30 June 2007**

		6 months ended	6 months ended	12 months ended 31
		30 June 2007	30 June 2006	December 2006
		Unaudited	Unaudited	Audited
	Notes	£'000	£'000	£'000
<b>Revenue</b>	2	6,436	7,201	14,522
Cost of goods sold		(3,152)	(3,924)	(6,928)
Gross profit		3,284	3,277	7,594
Administrative expenses		(4,850)	(3,761)	(8,124)
Trading loss	2	(1,566)	(484)	(530)
Finance revenue		70	56	132
Finance costs		(12)	(5)	(16)
<b>Loss before tax</b>	2	(1,508)	(433)	(414)
Taxation	3	240	50	40
<b>Attributable to equity holders of the parent</b>	6	(1,268)	(383)	(374)
<b>Loss per share (total and continuing)</b>				
Basic loss per share - pence	4	(2.52)	(0.76)	(0.74)
Diluted loss per share - pence	4	(2.52)	(0.76)	(0.74)

**Group statement of recognised income and expense**  
**For the period ended 30 June 2007**

		6 months ended	6 months ended	12 months ended
		30 June 2007	30 June 2006	31 December 2006
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Exchange differences on translation of foreign operations		2	(81)	(103)
Net income/(expense) recognised directly in equity		2	(81)	(103)
Attributable loss for the period		(1,268)	(383)	(374)
Total recognised income and expense for the period		(1,266)	(464)	(477)

**Group balance sheet**  
**At 30 June 2007**

	At 30 June 2007 Unaudited £'000	At 30 June 2006 Unaudited £'000	At 31 December 2006 Audited £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,362	1,205	1,195
Intangible assets	6,036	5,334	5,879
	7,398	6,539	7,074
<b>Current assets</b>			
Trade and other receivables	3,711	2,634	3,543
Income tax receivable	464	302	305
Other financial assets	20	36	32
Cash and cash equivalents	1,116	5,327	3,557
	5,311	8,299	7,437
<b>TOTAL ASSETS</b>	12,709	14,838	14,511
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Called up equity share capital	6	2,518	2,513
Share premium account	6	10,037	10,009
Other reserves	6	1,039	1,039
Foreign currency translation reserve	6	(130)	(110)
Retained earnings	6	(7,639)	(6,365)
	6	5,825	7,086
<b>Non-current liabilities</b>			
Deferred income		1,081	2,058
<b>Current liabilities</b>			
Financial liabilities		0	28
Income tax payable		0	109
Trade, other payables and deferred income		5,803	5,557
<b>Total liabilities</b>		6,884	7,752
<b>TOTAL EQUITY AND LIABILITIES</b>		12,709	14,511

**Group cashflow statement**  
**For the period ended 30 June 2007**

	<b>At 30 June 2007 Unaudited £'000</b>	<b>At 30 June 2006 Unaudited £'000</b>	<b>At 31 December 2006 Audited £'000</b>
<b>Cashflows from operating activities</b>			
Trading loss	(1,566)	(484)	(530)
Depreciation and amortisation	276	152	481
Share based payment expense / (credit)	12	(9)	(36)
(Increase)/Decrease in trade and other receivables	(166)	2,104	1,321
(Decrease)/Increase in trade and other payables	(603)	1,903	1,441
<b>Cash (outflow)/inflow from operations</b>	<b>(2,047)</b>	<b>3,666</b>	<b>2,677</b>
Net income taxes received	101	0	0
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,946)</b>	<b>3,666</b>	<b>2,677</b>
<b>Cash flows from investing activities</b>			
Interest received	71	56	132
Purchase of property, plant and equipment	(252)	(42)	(180)
Payments to acquire intangible fixed assets	(305)	(262)	(956)
<b>Net cash used in investing activities</b>	<b>(486)</b>	<b>(248)</b>	<b>(1,004)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary share capital	0	0	33
Interest paid	(13)	(5)	(8)
Decrease in obligations under finance leases	0	(30)	(59)
<b>Net cash used in financing activities</b>	<b>(13)</b>	<b>(35)</b>	<b>(34)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,445)</b>	<b>3,383</b>	<b>1,639</b>
Cash and cash equivalents at beginning of period	3,557	1,973	1,973
Exchange adjustments	4	(29)	(55)
<b>Cash and cash equivalents at end of period</b>	<b>1,116</b>	<b>5,327</b>	<b>3,557</b>

## Notes to the financial information

### 1 Basis of preparation

These interim financial statements are unaudited and do not constitute statutory accounts within the meaning of s240 of the Companies Act 1985. The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Listing Rules of the Financial Services Authority ('FSA'). The accounting policies applied in these interim financial statements are consistent with those applied in the Group's most recent annual financial statements. Revenue and administrative expenses for the comparative period ended 30 June 2006 has been restated to include the contribution received from Cable & Wireless in line with the treatment adopted in the financial statements for the full year ended 31 December 2006 and as described in note 26 to those financial statements. The impact of this change is to increase revenue in the comparative period by £234,000 and increase administrative costs by £234,000. There is no change to the reported trading loss for that period. The interim financial statements were approved by the Board on 21 September 2007. The financial statements for the year ended 31 December 2006, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ('IFRS'), and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those financial statements was unqualified and did not contain a statement made under s237 (2) or (3) of the Companies Act 1985. These interim financial statements will be forwarded to shareholders shortly.

### 2 Segmental information

#### Revenue by source

	Period ended 30 June 2007			Period ended 30 June 2006		
	Segment revenue	Inter-segment sales	Sales to external customers	Segment revenue	Inter-segment sales	Sales to external customers
	£'000	£'000	£'000	£'000	£'000	£'000
Asia Pacific	876	(338)	538	1,219	(121)	1,098
EMEA	3,883	0	3,883	4,212	0	4,212
North America	2,015	0	2,015	1,891	0	1,891
	<u>6,774</u>	<u>(338)</u>	<u>6,436</u>	<u>7,322</u>	<u>(121)</u>	<u>7,201</u>

Result by segment	Period ended 30 June 2007				Period ended 30 June 2006			
	Asia Pacific	EMEA	North America	Total	Asia Pacific	EMEA	North America	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment result	(254)	(435)	69	(620)	36	147	384	567
Unallocated expenses				(946)				(1,051)
Trading loss				(1,566)				(484)
Net finance revenue				58				51
Loss before income tax				(1,508)				(433)
Income tax credit				240				50
Net loss for the year				<u>(1,268)</u>				<u>(383)</u>

<b>Revenue by business segment</b>		Period ended		Period ended	
		30 June 2007		30 June 2006	
		£'000	£'000	£'000	£'000
Real Time Financial Solutions	Real Time Financial Solutions	3,676		3,921	
	IT Staff placement business	1,445		1,965	
			5,121		5,886
Storage Solutions			1,315		1,315
			<u>6,436</u>		<u>7,201</u>

<b>Result by business segment</b>	Period ended 30 June 2007			Period ended 30 June 2006		
	RTFS	Storage	Total	RTFS	Storage	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Segment result	(809)	189	(620)	609	(42)	567
Unallocated expenses			(946)			(1,051)
Trading loss			(1,566)			(484)
Net finance revenue			58			51
Loss before income tax			(1,508)			(433)
Income tax credit			240			50
Net loss for the year			<u>(1,268)</u>			<u>(383)</u>

### 3 Taxation

	Six months ended	Six months ended	Year ended
	30 June 2007	30 June 2006	31 December 2006
<i>UK tax</i>			
Research and development credit	(265)	(50)	(90)
<i>Foreign tax</i>			
Corporation tax	-	-	-
Withholding tax charge	25	-	50
Tax credit	<u>(240)</u>	<u>(50)</u>	<u>(40)</u>

#### 4 Loss per ordinary share

Basic loss per share amounts are calculated by dividing net loss or profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net loss or profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	Six months ended	Six months ended	Year ended
	30 June	30 June	31 December
	2007	2006	2006
	£'000	£'000	£'000
Net loss attributable to equity holders of the parent	(1,268)	(383)	(374)
	Number	Number	Number
Basic weighted average number of shares			
Dilutive potential ordinary shares:	50,350,890	50,269,809	50,293,800
Employee share options	-	-	-
Diluted weighted average number of shares	50,350,890	50,269,809	50,293,800

The employee share options are not dilutive because they would reduce the loss per share in both years. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this interim statement.

#### 5 Dividends paid and proposed

No dividends were declared or paid during the period or comparative periods.

## 6 Reconciliation of movements in equity

	Share capital	Share premium	Other reserves	Currency translation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2006</b>	2,513	10,009	1,039	(29)	(5,973)	7,559
Exchange differences on translation of foreign operations	0	0	0	(81)	0	(81)
Share based expense recognised in the income statement	0	0	0	0	(9)	(9)
Issue of shares	0	0	0	0	0	0
Attributable loss for the period	0	0	0	0	(383)	(383)
<b>At 30 June 2006</b>	2,513	10,009	1,039	(110)	(6,365)	7,086
Exchange differences on translation of foreign operations	0	0	0	(22)	0	(22)
Share based expense recognised in the income statement	0	0	0	0	(27)	(27)
Issue of shares	5	28	0	0	0	33
Attributable profit for the period	0	0	0	0	9	9
<b>At 31 December 2006</b>	2,518	10,037	1,039	(132)	(6,383)	7,079
Exchange differences on translation of foreign operations	0	0	0	2	0	2
Share based expense recognised in the income statement	0	0	0	0	12	12
Issue of shares	0	0	0	0	0	0
Attributable loss for the period	0	0	0	0	(1,268)	(1,268)
<b>At 30 June 2007</b>	2,518	10,037	1,039	(130)	(7,639)	5,825