



3 September 2007

## SDL PLC

### Interim results for the six months ended 30 June 2007

#### Continued strong progress and significant increase in profitability

SDL plc ("SDL" or "the Group"), a leader in the emerging market for Global Information Management (GIM) solutions, is pleased to announce its unaudited interim results for the six months ended 30 June 2007.

	<b>Unaudited 6 months to 30 June 2007 £'000</b>	Unaudited 6 months to 30 June 2006 £'000	% Change
<b>Income Statement:</b>			
Revenue	<b>54,478</b>	45,566	+20%
Earnings before interest, taxation, depreciation and amortisation of intangibles (EBITDA)	<b>9,482</b>	6,163	+54%
Profit before tax and amortisation of intangibles	<b>8,714</b>	5,070	+72%
Profit before tax	<b>7,178</b>	3,627	+98%
Earnings per ordinary share - basic (pence)	<b>7.70</b>	3.32	+132%
Adjusted earnings per ordinary share – basic (pence)	<b>10.04</b>	5.65	+78%
<b>Balance Sheet:</b>			
Total equity	<b>101,771</b>	51,609	
Cash and cash equivalents	<b>15,965</b>	6,157	
Interest bearing loans and borrowings	<b>(11,552)</b>	(16,605)	

#### Highlights:

- Results ahead of market expectations
- Gross Margin up 2% points to 52% compared to the first half of 2006
- Tridion contribution of revenue of £3.8m and £1.8m of profit before tax
- Successful integration of Tridion with encouraging early signs of cross-selling opportunities
- Strengthening of product set with acquisition of Passolo for €2m
- Strong market penetration: SDL supplies technology and/or services to the world's top 10 brands
- Significant new business wins including Intel, Phillips and Greater London Authority

#### Commenting on the interim results Mark Lancaster, Chairman and Chief Executive of SDL, said:

"We are pleased to announce a strong performance for the half year, ahead of market expectations. We continue to see solid organic growth driven by the increased adoption of our technology and a growing awareness of our solutions. In addition, the acquisition of Tridion, a leading web content management software company, has integrated well into SDL, contributing to the growth in the period.

"Looking ahead, we remain confident in our prospects for the full year. Overall, we are encouraged by the progress achieved to date and anticipate to see continued growing interest in Global Information Management Solutions. We believe that our newly acquired web content management capability combined with SDL's Translation Management System, make for a compelling proposition to address the complex requirements of an evolving market place. We anticipate that this combined offering will deliver continued growth in the longer term."

## **SDL plc**

### **For further information please contact:**

#### **SDL plc**

Mark Lancaster, Chief Executive

Tel: 01628 410 127

#### **Financial Dynamics**

Edward Bridges/Juliet Clarke/Haya Chelhot

Tel: 020 7831 3113

### **Background information**

SDL is the leader in Global Information Management (GIM) solutions that empower organizations to accelerate the delivery of high-quality multilingual content to global markets. Its enterprise software and services integrate with existing business systems to manage the delivery of global information from authoring to publication and throughout the distributed translation supply chain.

Global industry leaders rely on SDL to provide enterprise software or hosted services for their GIM processes, including ABN-Amro, Best Western, Bosch, Canon, Chrysler, CNH, Hewlett-Packard, Microsoft, Philips, SAP, Sony, SUN Microsystems and Virgin Atlantic. SDL has implemented more than 400 enterprise GIM solutions, has deployed over 150,000 software licenses across the GIM ecosystem and provides access to on-demand translation portals for 10 million customers per month. Over 1,000 service professionals deliver consulting, implementation and language services through its global infrastructure of more than 50 offices in 30 countries. For more information, visit [www.sdl.com](http://www.sdl.com)

## Chairman's Statement

### Summary Performance

The first half of 2007 saw SDL achieve record revenue and operating profit, ahead of market expectations. Revenues were up 20% at £54.5 million (H1 2006: £45.6 million) with 11% of this revenue growth being organic and the balance contributed by the acquisition of Tridion. Profit before tax and amortisation of intangible assets has increased by 72% to £8.7 million (H1 2006: £5.1 million) with £1.8m being contributed from Tridion end of quarter licence revenue, giving a 36% increase in organic profit.

### Integration of Tridion

Tridion, a leading web content management software company, has integrated well into the SDL group. We are pleased to have released Tridion's Web Content Management System with SDL Translation Management system tightly integrated, allowing businesses to truly create and deliver global web content across their enterprise. While a number of the customers are common to both businesses, the majority do not overlap, which will allow us to leverage our solutions into the combined customer base of the businesses. We are starting to see the benefits of the combined entity, with Tridion already starting to expand its footprint into Asia and the west coast of America, utilising SDL's existing infrastructure to speed up this process and reduce the costs of expansion. We anticipate a number of the second half deals for 2007 to be joint Global Information Management solutions with Tridion and SDL technology.

### Our Technology

The combined installations of SDL's enterprise Global Information Management Solutions, including web content management, translation management systems and terminology management, are now getting close to the 600 mark, most of these being from blue chip customers such as Intel, FedEx, Canon, ABN Amro, Virgin Atlantic, John Deere and Philips. We are seeing an increasing number of the world's leading brands across all sectors use SDL Global Information Management technology in some form, confirming not only that awareness of our solutions is growing, but also the value they add to the leading global businesses.

### Services Infrastructure

The Services side of the Group has continued to grow. Our Knowledge-based Translation solution ("SDL KbTS") is transforming the landscape of translation, speeding up time to market and reducing costs. We are continuing to see significant momentum in the KbTS category with a 200% increase in the volume of words being translated over the equivalent period in 2006. We have also added some significant business process outsourcing clients to the SDL portfolio such as Linde, Burger King and Research in Motion. SDL now has arguably the most integrated and extensive local language office network in the industry, with a global infrastructure of language production offices situated in more than 30 countries. All of these offices are fully integrated with each other via SDL's Global Information Management Technology, driving internal operational efficiencies and bringing scalability to our services offering.

### Vision and strategy for SDL

The vision of SDL is to help the world's leading brands to deliver a consistent message globally and also to accelerate time to market by providing the software and services to deliver all corporate information into different languages. Our solutions are becoming increasingly recognised for web globalisation and brand management through to technical support (for lowering the overall cost of delivering global support) as well as the traditional functions such as localisation of technical documentation. In order to provide comprehensive Global Information Management, the complete supply chain of those involved in the creation and maintenance of global content must be included in the solution. SDL's technology provides increased integration across this supply chain enabling new line-of-business functions to leverage the global supply chain more efficiently. The integration of the Tridion content management system into the SDL technology portfolio provides SDL with the technology basis to take advantage of the growing acceptance amongst global corporations of using web-based technologies to drive growth initiatives around sales, marketing and support.

**Outlook**

Looking ahead, we remain confident in our prospects for the full year. The technology divisions are expected to increase their revenue contribution second half to first half, primarily due to Global Information Management traction combined with the additional full half year from the Tridion acquisition. The localisation services division will slightly decrease their revenue contribution second half to first half, primarily due to seasonal projects, but also due to the dollar weakness; the predominant services revenue being derived from North America. We anticipate the market conditions to remain similar to those of the first half, however with increasing interest in Global Information Management solutions we expect to see continued revenue traction on the technology side of the business.

Looking forward to 2008, we anticipate further consolidation in both the content management and translation services spaces. We expect to see continued growth in global trading and increased awareness of the need to create and manage content for global markets, a great deal of this being driven from the need to have a global web presence. We consider the acquisition of the Tridion web content management system coupled with SDL's Translation Management System to be a key solution for the evolving global market that will deliver continued growth in the longer term.

Mark Lancaster  
Chairman and CEO  
SDL plc  
31 August 2007

\*see: <http://www.sdl.com/company/press-releases-sdl/press-release-sdl.htm?id=66>

Interim Condensed Consolidated Income Statement

	Notes	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
<b>Continuing Operations</b>				
Sale of goods		7,370	5,351	10,190
Rendering of services		47,108	40,215	84,521
<b>REVENUE</b>	(3)	<b>54,478</b>	45,566	94,711
Cost of sales		(26,368)	(22,999)	(47,947)
<b>GROSS PROFIT</b>		<b>28,110</b>	22,567	46,764
Administrative expenses		(19,273)	(16,951)	(33,610)
<b>OPERATING PROFIT BEFORE AMORTISATION OF INTANGIBLE ASSETS</b>		<b>8,837</b>	5,616	13,154
Amortisation of intangible assets		(1,536)	(1,443)	(2,865)
<b>OPERATING PROFIT</b>	(4)	<b>7,301</b>	4,173	10,289
Finance costs		(367)	(640)	(1,143)
Finance revenue		244	94	230
<b>PROFIT BEFORE TAX</b>		<b>7,178</b>	3,627	9,376
UK tax expense	(5)	(355)	(453)	(691)
Foreign tax expense	(5)	(1,784)	(1,117)	(2,522)
Tax expense	(5)	(2,139)	(1,570)	(3,213)
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>5,039</b>	2,057	6,163
		<b>Pence</b>	Pence	Pence
Earnings per ordinary share - basic (pence)	(6)	<b>7.70</b>	3.32	9.91
Earnings per ordinary share – diluted (pence)	(6)	<b>7.42</b>	3.23	9.53
Adjusted earnings per ordinary share – basic (pence)	(6)	<b>10.04</b>	5.65	14.52
Adjusted earnings per ordinary share – diluted (pence)	(6)	<b>9.68</b>	5.51	13.97

Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment		3,362	2,985	3,104
Intangible assets		99,816	61,610	58,381
Deferred income tax		6,219	1,484	2,005
Rent deposits		293	442	313
		<b>109,690</b>	<b>66,521</b>	<b>63,803</b>
<b>CURRENT ASSETS</b>				
Trade and other receivables		29,976	19,979	20,739
Financial Assets		169	169	474
Cash and cash equivalents		15,965	6,157	7,978
		<b>46,110</b>	<b>26,305</b>	<b>29,191</b>
<b>TOTAL ASSETS</b>		<b>155,800</b>	<b>92,826</b>	<b>92,994</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables		(27,970)	(17,002)	(18,700)
Interest bearing loans and borrowings	(7)	(2,000)	(2,000)	(2,000)
Current tax liabilities		(5,264)	(4,013)	(4,361)
Provisions		(86)	(305)	(125)
		<b>(35,320)</b>	<b>(23,320)</b>	<b>(25,186)</b>
<b>NON CURRENT LIABILITIES</b>				
Interest bearing loans and borrowings	(7)	(9,552)	(14,605)	(9,656)
Other payables		(243)	(374)	(280)
Deferred tax		(8,312)	(2,540)	(2,981)
Provisions		(602)	(378)	(385)
		<b>(18,709)</b>	<b>(17,897)</b>	<b>(13,302)</b>
<b>TOTAL LIABILITIES</b>		<b>(54,029)</b>	<b>(41,217)</b>	<b>(38,488)</b>
<b>NET ASSETS</b>		<b>101,771</b>	<b>51,609</b>	<b>54,506</b>
<b>EQUITY</b>				
Share capital		744	623	625
Share premium		91,687	50,953	51,096
Shares to be issued		541	66	66
Retained earnings		11,244	(731)	4,334
Foreign exchange differences		(2,445)	698	(1,615)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		<b>101,771</b>	<b>51,609</b>	<b>54,506</b>

The Interim Financial Information presented in this Interim Report was approved by the Board of Directors on 31 August 2007.

## Interim Condensed Consolidated Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Shares to be Issued £'000	Retained Earnings £'000	Foreign Exchange Differences £'000	Total £'000
<b>At 31 December 2005 (audited)</b>	<b>615</b>	<b>50,629</b>	<b>238</b>	<b>(2,893)</b>	<b>1,005</b>	<b>49,594</b>
Currency translation differences on foreign currency intangibles and net investments	-	-	-	-	121	121
Currency translation differences on foreign currency equity loans to foreign subsidiaries	-	-	-	-	(428)	(428)
Deferred taxation on share based payments	-	-	-	(156)	-	(156)
Tax credit for share options	-	-	-	111	-	111
Total income and expense for the period recognised directly in equity	-	-	-	(45)	(307)	(352)
Net profit for the period	-	-	-	2,057	-	2,057
Total income and expense for the period	-	-	-	2,012	(307)	1,705
Arising on share options	4	156	-	-	-	160
Arising on acquisition of Lomac	3	103	(106)	-	-	-
Arising on acquisition of Lingua Franca	1	65	(66)	-	-	-
Share-based payments	-	-	-	150	-	150
<b>At 30 June 2006 (unaudited)</b>	<b>623</b>	<b>50,953</b>	<b>66</b>	<b>(731)</b>	<b>698</b>	<b>51,609</b>
	Share Capital £'000	Share Premium £'000	Shares to be Issued £'000	Retained Earnings £'000	Foreign Exchange Differences £'000	Total £'000
Currency translation differences on foreign currency intangibles and net investments	-	-	-	-	(1,606)	(1,606)
Currency translation differences on foreign currency equity loans to foreign subsidiaries	-	-	-	-	(707)	(707)
Deferred taxation on share based payments	-	-	-	335	-	335
Tax credit for share options	-	-	-	172	-	172
Total income and expense for the period recognised directly in equity	-	-	-	507	(2,313)	(1,806)
Net profit for the period	-	-	-	4,106	-	4,106
Total income and expense for the period	-	-	-	4,613	(2,313)	2,300
Arising on share options	2	143	-	-	-	145
Share-based payments	-	-	-	452	-	452
<b>At 31 December 2006 (audited)</b>	<b>625</b>	<b>51,096</b>	<b>66</b>	<b>4,334</b>	<b>(1,615)</b>	<b>54,506</b>

**Interim Condensed Consolidated Statement of Changes in Equity**

	Share Capital £'000	Share Premium £'000	Shares to be Issued £'000	Retained Earnings £'000	Foreign Exchange Differences £'000	Total £'000
Currency translation differences on foreign currency intangibles and net investments	-	-	-	-	(894)	(894)
Currency translation differences on foreign currency equity loans to foreign subsidiaries	-	-	-	-	64	64
Deferred taxation on share based payments	-	-	-	1,314	-	1,314
Tax credit for share options	-	-	-	192	-	192
Total income and expense for the period recognised directly in equity	-	-	-	1,506	(830)	676
Net profit for the period	-	-	-	5,039	-	5,039
Total income and expense for the period	-	-	-	6,545	(830)	5,715
Arising on share options	5	475	-	-	-	480
Arising on acquisition of Lingua Franca	1	65	(66)	-	-	-
Arising on acquisition of Tridion	113	39,916	-	-	-	40,029
Arising on acquisition of Passolo	-	135	541	-	-	676
Share-based payments	-	-	-	365	-	365
<b>At 30 June 2007 (unaudited)</b>	<b>744</b>	<b>91,687</b>	<b>541</b>	<b>11,244</b>	<b>(2,445)</b>	<b>101,771</b>

These amounts are attributable to equity holders of the parent company.

Interim Condensed Consolidated Cash Flow Statement

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
<b>Profit before tax</b>	<b>7,178</b>	3,627	9,376
Depreciation of property, plant and equipment	645	547	1,272
Amortisation of intangible assets	1,536	1,443	2,865
Finance costs	367	640	1,143
Finance revenue	(244)	(94)	(230)
Share-based payments	365	150	602
Gain on disposal of property, plant and equipment	-	-	(7)
Increase in debtors	(4,324)	(1,610)	(1,825)
(Decrease)/increase in current liabilities and Provisions	(664)	(1,165)	215
Exchange differences	(175)	4	(1,032)
Income tax paid	(539)	(1,202)	(2,515)
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>4,145</b>	2,340	9,864
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment	(693)	(486)	(1,433)
Receipts from sale of property, plant and equipment	1	-	49
Purchase of Trados Inc	-	(76)	-
Purchase of Tridion Holding BV	(47,139)	-	-
Purchase of PASS Process Automation Software Systems Engineering GmbH	(608)	-	-
Net cash acquired with subsidiaries	11,813	-	-
Interest received	244	94	230
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(36,382)</b>	(468)	(1,154)
<b>FINANCING ACTIVITIES</b>			
Net proceeds from issue of ordinary share capital	40,644	160	305
Repayment of interest bearing loans and borrowings	(1,000)	(2,162)	(6,596)
Proceeds from new loans	1,023	-	-
Interest paid	(367)	(640)	(1,143)
<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<b>40,300</b>	(2,642)	(7,434)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,063</b>	(770)	1,276
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at start of the period	7,978	6,976	6,976
Increase/(decrease) in cash and cash equivalents	8,063	(770)	1,276
Effect of exchange rates on cash and cash equivalents	(76)	(49)	(274)
Net cash and cash equivalents at end of the period	<b>15,965</b>	6,157	7,978

## Notes to the Interim Condensed Consolidated Financial Statements

### 1. Basis of preparation and accounting policies

#### Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

#### Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 December 2006.

### 2. Business Combinations

#### Acquisition of Tridion Holding BV

On 18 May 2007 the Group acquired 100% of the share capital of Tridion Holding BV, a company based in The Netherlands.

The total cost of the combination comprised €69 million (£49 million) and was funded through both the placing and open offer of 11.3m shares on the London Stock Exchange, raising £40m net of expenses, and from the Group's existing cash resources.

The provisional fair value of the identifiable assets and liabilities of Tridion Holding BV as at the date of acquisition were:

	<i>Book value</i>	<i>Provisional fair value</i>
	<i>£'000</i>	<i>to Group £'000</i>
Intangible assets	-	17,727
Property, plant and equipment	140	140
Cash and cash equivalents	11,491	11,491
Trade receivables	3,780	3,746
Other receivables	1,443	1,443
Trade payables	(1,114)	(1,114)
Other payables	(6,335)	(6,369)
Deferred tax assets	-	2,900
Deferred tax liabilities	-	(5,318)
Net assets	<u>9,405</u>	<u>24,646</u>
Provisional Goodwill arising on acquisition		<u>24,562</u>
		<u><b>49,208</b></u>

All fair values included in the above analysis are provisional fair values which are based upon management's best estimate at the date of preparation of the financial statements. The fair values are only provisional due to the proximity of the acquisition to the date of the reporting period.

## SDL plc

Discharged by:	<b>£'000</b>
Costs associated with the acquisition	2,069
Cash paid	47,139
Total	<u><u>49,208</u></u>
Cash outflow on the acquisition:	
Net cash and cash equivalents acquired with the subsidiary	11,491
Cash paid	(47,139)
Net cash outflow	<u><u>(35,648)</u></u>

From the date of acquisition Tridion Holding BV has contributed £3,800,000 of revenue and £1,800,000 to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, the profit before tax and amortisation of intangible assets for the Group would have been £8,252,000 and revenue from continuing operations would have been £60,664,000. Included in the £24,562,000 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include customer loyalty and assembled workforce.

### Acquisition of PASS Process Automation Software Systems Engineering GmbH

On 15 June 2007 the Group acquired the business of PASS Process Automation Software Systems Engineering GmbH, based in Bonn, Germany.

The total cost of the combination comprised cash of €1,000,000 (£676,000), of which €100,000 is held in escrow, and 160,728 ordinary shares, 32,146 of which were issued on completion. The total fair value of shares in the Group, both issued on completion and to be issued in the future, was €1,000,000 (£676,000). The acquisition value is £4.21 per share, being the published price of the shares of SDL plc at the date of exchange.

The provisional fair value of the identifiable assets and liabilities of PASS Process Automation Software Systems Engineering GmbH as at the date of acquisition were:

	<b>Book value</b>	<b>Provisional</b>
	<b>£'000</b>	<b>fair value</b>
		<b>to Group</b>
		<b>£'000</b>
Intangible Assets	-	626
Property, plant and equipment	21	21
Cash and cash equivalents	322	322
Trade receivables	77	77
Other receivables	12	12
Trade payables	(2)	(2)
Other payables	(135)	(376)
Deferred tax	-	(187)
Net assets	<u>295</u>	493
Provisional Goodwill arising on acquisition		905
		<u><u>1,398</u></u>

All fair values included in the above analysis are provisional fair values which are based upon management's best estimate at the date of preparation of the financial statements. The fair values are only provisional due to the proximity of the acquisition to the date of the reporting period.

## SDL plc

Discharged by:	<b>£'000</b>
Costs associated with the acquisition	46
Shares issued at fair value	135
Shares to be issued at fair value	541
Cash paid	608
Cash held on escrow	68
Total	<u><b>1,398</b></u>

Cash outflow on the acquisition:	
Net cash and cash equivalents acquired with the subsidiary	322
Cash paid	(608)
Net cash outflow	<u><b>(286)</b></u>

From the date of acquisition PASS Process Automation Software Systems Engineering GmbH has contributed a loss of £7,000 to the net profit of the Group. If the combination had taken place at the beginning of the year, the profit before tax and intangible assets amortisation for the Group would have been £8,838,000 and revenue from continuing operations would have been £54,796,000. Included in the £905,000 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include customer loyalty and assembled workforce.

### 3. Segment information

The Group operates in the Global Information Management industry. The primary reporting format is determined to be business segments, being Translation Services and Technology.

The Translation Services segment is the provision of a translation service to customer's multilingual content.

The Technology segment is the sale of enterprise and desktop technology developed to help automate and manage multilingual assets, including web sites, together with associated consultancy and other services.

The Group's geographical segments are based on the geographical destination of revenues.

#### Six months ended 30 June 2007 (unaudited)

	Translation Services £'000	Technology £'000	Total £'000
Revenue	42,510	11,968	<b>54,478</b>
Segment results	7,407	(106)	<b>7,301</b>
Unallocated expenses			<b>(123)</b>
Profit before tax			<u><b>7,178</b></u>

The Technology segment result before amortisation of intangible assets is a profit of £1,045,000.

#### Six months ended 30 June 2006 (unaudited)

	Translation Services £'000	Technology £'000	Total £'000
Revenue	36,818	8,748	<b>45,566</b>
Segment results	4,803	(630)	<b>4,173</b>
Unallocated expenses			<b>(546)</b>
Profit before tax			<u><b>3,627</b></u>

The Technology segment result before amortisation of intangible assets is a profit of £428,000.

## SDL plc

### Year ended 31 December 2006 (audited)

	Translation Services £'000	Technology £'000	Total £'000
Revenue	77,852	16,859	<b>94,711</b>
Segment results	11,332	(1,043)	<b>10,289</b>
Unallocated expenses			<b>(913)</b>
Profit before tax			<b>9,376</b>

The Technology segment result before amortisation of intangible assets is a profit of £1,052,000.

Revenue by geographical destination was as follows:

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
United Kingdom	4,381	3,371	7,307
Rest of Europe	20,560	15,880	34,121
USA	20,950	18,595	36,823
Rest of North America	5,399	4,460	9,704
Rest of the World	3,188	3,260	6,756
	<b>54,478</b>	45,566	94,711

#### 4. Operating profit

	Unaudited 6 months to 30 June 2007 £'000	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
Is stated after charging/(crediting):			
Research and development expenditure	2,298	2,372	4,724
Depreciation of owned and leased assets	645	547	1,272
Amortisation of intangibles	1,536	1,443	2,865
Net foreign exchange differences	(72)	(424)	(1,256)

5. Taxation

	<b>Unaudited 6 months to 30 June 2007 £'000</b>	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
UK corporation tax:			
UK current tax on income for the period	337	399	670
Adjustments in respect of prior periods	-	-	(242)
Tax credit for share options taken to equity	192	111	283
	<b>529</b>	510	711
Foreign tax:			
Current tax on income for the period	1,784	1,117	2,201
Adjustments in respect of prior periods	-	-	(72)
	<b>1,784</b>	1,117	2,129
Total current taxation	<b>2,313</b>	1,627	2,840
Deferred taxation:			
Origination and reversal of timing differences	(1,488)	99	(277)
Adjustments in respect of prior periods	-	-	471
Deferred tax credit/(debit) for share options taken to equity	1,314	(156)	179
Total deferred taxation	<b>(174)</b>	(57)	373
Tax on profit	<b>2,139</b>	1,570	3,213

Due to the requirements of IAS 12, in conjunction with IFRS 2, the Schedule 23 tax credit for share options exercised is largely recorded in equity. For the 6 months ended 30 June 2007 this has the effect of increasing the effective tax rate by approximately 2.7% (at 31 December 2006: 3.2%; at 30 June 2006: 2.2%).

6. Earnings per share

	<b>Unaudited 6 months to 30 June 2007 £'000</b>	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
Profit for the period attributable to equity holders of the parent	5,039	2,057	6,163
	m	m	m
Basic weighted average number of shares (million)	65.5	61.9	62.2
Employee share options and shares to be issued (million)	2.5	1.6	2.5
Diluted weighted average number of shares (million)	<b>68.0</b>	63.5	64.7

**Adjusted earnings per share:**

	<b>Unaudited 6 months to 30 June 2007 £'000</b>	Unaudited 6 months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
Profit for the period attributable to equity holders of the parent	<b>5,039</b>	2,057	6,163
Amortisation of intangibles	<b>1,536</b>	1,443	2,865
Adjusted profit for the period attributable to equity holders of the parent	<b>6,575</b>	3,500	9,028
	<b>m</b>	m	m
Basic weighted average number of shares (million)	<b>65.5</b>	61.9	62.2
Diluted weighted average number of shares (million)	<b>68.0</b>	63.5	64.7
	<b>Pence</b>	Pence	Pence
Adjusted earnings per ordinary share – basic (pence)	<b>10.04</b>	5.65	14.52
Adjusted earnings per ordinary share – diluted (pence)	<b>9.68</b>	5.51	13.97

**7. Interest-bearing loans**

On 31 March 2007 and 29 June 2007 the Group repaid on each date £500,000 of a secured bank loan bearing an interest rate of LIBOR + 1.25%.

On 16 May 2007, as part of the short term funding for the acquisition of Tridion Holding BV, the Group borrowed €1,500,000 using the Group's revolving facility at LIBOR + 1.25%. This loan was subsequently repaid in full on 31 July 2007.

**8. Share-based payments**

On 23 May 2007, 680,000 stock options were issued to certain key senior executives and employees of Tridion Holding BV in conjunction with the acquisition of Tridion Holding BV. The exercise price of the options of 375 pence was equal to the market price of the shares on the date of the issue.

In addition, on 23 February 2007 321,074 share awards were granted under the terms of the long-term incentive program approved by the shareholders at the EGM on 27 April 2006. The exercise price of these awards was at 1p par value.

**9. Derivatives and other financial instruments**

At 30 June 2007 the Group had forward contracts to sell \$1 million each month through to 31 December 2007 at \$1.91. As at 30 June 2007 the Group recognised an unrealised gain of £169,000 in relation to this hedge (31 December 2006 – unrealised gain of £469,000).

**10. General notes**

The financial information in these interim statements does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2006 is based on the statutory accounts for the financial year ended 31 December 2006. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the registrar of companies.

**11. Events after the balance sheet date**

There are no known events occurring after the date of this report that require disclosure.

**Independent Review Report to SDL plc**

**INTRODUCTION**

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, and the related notes 1 to 11. 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.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

**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 Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

**REVIEW WORK PERFORMED**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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 have been 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.

Ernst & Young LLP  
Reading  
31 August 2007