



4 August 2008

SDL PLC

Interim results for the six months ended 30 June 2008

Continuing take-up of Global Information Management supports strong growth across business

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 2008.

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | % Change |
|---|---|---|----------|
| Income Statement: | | | |
| Revenue | 76,007 | 54,478 | +40% |
| Profit before tax and amortisation of intangible assets | 11,864 | 8,714 | +36% |
| Profit before tax | 9,148 | 7,178 | +27% |
| Earnings per ordinary share - basic (pence) | 8.82 | 7.70 | +15% |
| Adjusted earnings per ordinary share – basic (pence)* | 11.55 | 9.52 | +21% |
| Balance Sheet: | | | |
| Total equity | 125,452 | 101,771 | |
| Cash and cash equivalents | 15,978 | 15,965 | |
| Interest bearing loans and borrowings | (7,156) | (11,552) | |

* Note – the adjusted earnings per share comparatives have been restated to reflect the tax effects of the amortisation of intangible fixed assets. Previously the Group added back the amortisation only and not the related tax benefit / charge.

Highlights:

- Results significantly ahead of expectations
 - 24% organic revenue growth (16% in constant currency)
 - 16% of revenue growth from acquisitions
- Good growth across all divisions:
 - Technology segment revenue doubled to £25m
 - 40% organic growth
 - Full 6 months contribution from Tridion
 - Translation Services revenue up 20%
- New customers include:
 - Cerner, Premier Farnell and Genzyme (SDL Enterprise Products)
 - Metlife, State of Minnesota, Hughes and Boston Consulting (SDL Tridion)
- Successful integration of Idiom
- Strong cash flow from operations at £8.4m

Mark Lancaster, Chairman and Chief Executive of SDL, commented:

"I am particularly pleased with the performance of the Group in the first half. Our GIM business continues to gain traction as companies increasingly need to unify the entire localisation supply chain, demonstrated by a good performance from the core technology operations as well as a full six months contribution from Tridion. In translation services the Group's business process outsourcing supports a large part of the underlying organic growth, in particular with those existing clients with the GIM technology platform. The integration of Idiom is continuing in line with expectations and remains on target to achieve break-even at the operating margin by the end of the year.

“Creating and managing global content is SDL’s business and the strong results for the first half of 2008 support the view that it remains a high priority for global businesses generally. Despite a deterioration in the global macro-economic environment, SDL is continuing to see positive trading across most of the markets for the services and technology businesses. We continue to carefully monitor the macro-economic conditions, which could cause a reduction in translation services or technology solutions spend. However, we have entered the second half of the financial year with a strong sales pipeline that gives us confidence for the year as a whole.”

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SDL plc

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About SDL

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 480 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

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Chairman's Statement

Summary Performance

I am very pleased to report an extremely strong performance by SDL in the first half of 2008, with both revenue and operating profits significantly ahead of market expectations. The prime drivers for the increase over the expectations to date for 2008 are the solid organic growth from both the Enterprise and Desktop Technology divisions, a full six month's contribution from Tridion, which was acquired in May 2007, and an organic growth of 20 percent within the Translation Services business. Total revenues were up 40 percent at £76.0 million (2007: £54.5 million), with approximately 24 percent of this revenue growth being organic and 16 percent contributed by acquisitions. The Group's revenue has benefited from the strength of the Euro, which has contributed approximately 8 percent of the overall increase in revenue. Profit before tax and amortisation of intangible assets has increased by 36 percent to £11.9 million (2007: £8.7 million). The net cash position was £8.8 million at 30 June 2008 (31 December 2007: £15.5 million), which is after the payment of £13.7 million for the acquisition of Idiom Technologies Inc in February 2008.

Global Information Management Technology

SDL Trados Technology and SDL Enterprise Technologies

Both elements of the SDL technology segment saw revenue increases of approximately 40 percent over the same period in 2007. The SDL Enterprise Technologies business has experienced an increase in new customer licence sales, adding customers such as Genzyme, Cerner Corporation and Premier Farnell to its portfolio of leading global businesses. SDL Trados Technology, a business unit which focuses on productivity software for the translation supply chain, saw a 37 percent increase in new licence revenue growth.

Both business units attribute this strong demand to the increasing need for companies to unify processes across the entire localisation supply chain, creating significant efficiencies and quicker time-to-market by utilising a common platform for localisation.

SDL Tridion (global web content management business unit)

SDL Tridion's focus on enabling customers to deliver consistent and persuasive customer experiences in multiple languages across multiple web sites and channels remains robust with a solid number of new customer wins in the first half of 2008, including Metlife, State of Minnesota, Hughes and Boston Consulting. SDL Tridion has seen sales revenues increase by 11 percent compared to the first half of 2007. The business has performed extremely well in the US market, although this overall growth has been tempered by the strength of the Euro. In contrast SDL Tridion's domestic markets have been less buoyant, however we are pleased to be entering the second half of 2008 with a solid sales pipeline for the Tridion business unit.

Translation Services

The Translation Services segment grew organically by 20% during the first half of 2008, being 13 percent at constant currency as a result of the effect of the strengthening of the Euro. A significant element of the underlying organic growth comes from SDL's established client base, to which the Group provides business process outsourcing, in particular those that have adopted SDL's Global Information Management (GIM) technology platform. Following its adoption of GIM in late 2007, Renault has provided SDL with significant levels of localisation revenues in the first half of 2008 and this has been complemented by increased revenues from established customers such as Case New Holland, Philips, Adobe and Dell. Scaling up to these additional volumes and improving the services margins is made possible by SDL's unique mix of leveraging our technology, global infrastructure and internal processes. The structure and integrated nature of our regional offices allows considerable scaling and provides extensive resource capacity which, when coupled with our Knowledge-based Translation solutions, has transformed the landscape for translation, speeding up time to market and significantly reducing costs for our clients.

Acquisition of Idiom Technologies Inc.

The acquisition of Idiom Technologies Inc for £13.7 million, announced on 11 February 2008, confirmed SDL's leading position in delivering GIM systems to the market. The integration of SDL's and Idiom's technology solutions is progressing to plan and will provide improved efficiencies of scale and shared intellectual property, providing a smoother solution for managing the translation supply chain. Idiom is integrating well into the organisation and, in line with our expectations, is on target to achieve break-even at the operating margin by the end of the year.

Vision and Strategy for Global Information Management

SDL's GIM technology accelerates the delivery of global content into local markets, ensures the operational consistency of branding and reduces the costs to translate content into multiple languages. In order to provide comprehensive global content 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 automates the delivery of global content in a controlled manner throughout this entire supply chain. It is now estimated that over 90 percent of the Global 1000 companies rely on SDL Technology products, creating a solid foundation for future growth in a world that increasingly communicates across political and cultural boundaries.

Outlook

Creating and managing global content is SDL's business and the strong results for the first half of 2008 support the view that it remains a high priority for global businesses generally. Despite a deterioration in the global macro-economic environment SDL is continuing to see positive trading across most of the markets for the services and technology businesses. We continue to carefully monitor the macro-economic conditions, which could cause a reduction in translation services or technology solutions spend. However, we have entered the second half of the financial year with a strong sales pipeline that gives us confidence for the year as a whole.

Mark Lancaster
Chairman and CEO
SDL plc
4 August 2008

SDL plc

Interim Condensed Consolidated Income Statement

| | | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|--|-----|---|--|--|
| Continuing Operations | | | | |
| Sale of goods | | 11,314 | 7,370 | 17,930 |
| Rendering of services | | 64,693 | 47,108 | 99,479 |
| REVENUE | (3) | 76,007 | 54,478 | 117,409 |
| Cost of sales | | (34,282) | (26,368) | (54,521) |
| GROSS PROFIT | | 41,725 | 28,110 | 62,888 |
| Administrative expenses | | (29,816) | (19,273) | (45,695) |
| OPERATING PROFIT BEFORE AMORTISATION OF INTANGIBLE ASSETS | | 11,909 | 8,837 | 17,193 |
| Amortisation of intangible assets | | (2,716) | (1,536) | (4,294) |
| OPERATING PROFIT | (4) | 9,193 | 7,301 | 12,899 |
| Finance costs | | (355) | (367) | (628) |
| Finance revenue | | 319 | 244 | 489 |
| Share of loss of associate | | (9) | - | (35) |
| PROFIT BEFORE TAX | | 9,148 | 7,178 | 12,725 |
| UK tax expense | (5) | (291) | (355) | (455) |
| Foreign tax expense | (5) | (2,229) | (1,784) | (3,100) |
| Tax expense | (5) | (2,520) | (2,139) | (3,555) |
| PROFIT FOR THE PERIOD | | 6,628 | 5,039 | 9,170 |
| Profit for the period attributable to equity holders of the parent | | 6,598 | 5,039 | 9,170 |
| Minority interest | | 30 | - | - |
| | | 6,628 | 5,039 | 9,170 |
| | | Pence | Pence | Pence |
| Earnings per ordinary share - basic (pence) | (6) | 8.82 | 7.70 | 13.07 |
| Earnings per ordinary share – diluted (pence) | (6) | 8.58 | 7.42 | 12.83 |
| Adjusted earnings per ordinary share – basic (pence)* | (6) | 11.55 | 9.52 | 17.74 |
| Adjusted earnings per ordinary share – diluted (pence)* | (6) | 11.23 | 9.17 | 17.42 |

* Note – the adjusted earnings per share comparatives have been restated to reflect the tax effects of the amortisation of intangible fixed assets. Previously the Group added back the amortisation only and not the related tax benefit / charge.

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Interim Condensed Consolidated Balance Sheet

| | Notes | Unaudited 30 June 2008 £'000 | Unaudited 30 June 2007 £'000 | Audited 31 December 2007 £'000 |
|--|-------|---------------------------------------|---------------------------------------|---|
| ASSETS | | | | |
| NON CURRENT ASSETS | | | | |
| Property, plant and equipment | | 4,041 | 3,362 | 3,240 |
| Intangible assets | | 116,722 | 99,816 | 102,300 |
| Investment in an associate | | - | - | 256 |
| Loan to associate | | - | - | 286 |
| Deferred income tax | | 6,993 | 6,219 | 4,663 |
| Rent deposits | | 420 | 293 | 333 |
| | | 128,176 | 109,690 | 111,078 |
| CURRENT ASSETS | | | | |
| Trade and other receivables | | 36,631 | 29,976 | 33,687 |
| Financial assets | | 11 | 169 | - |
| Cash and cash equivalents | | 15,978 | 15,965 | 21,511 |
| | | 52,620 | 46,110 | 55,198 |
| TOTAL ASSETS | | 180,796 | 155,800 | 166,276 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | | (31,440) | (27,970) | (32,048) |
| Interest bearing loans and borrowings | (7) | - | (2,000) | (2,000) |
| Financial liabilities | | (668) | - | (793) |
| Current tax liabilities | | (7,199) | (5,264) | (5,948) |
| Provisions | | (36) | (86) | (58) |
| | | (39,343) | (35,320) | (40,847) |
| NON CURRENT LIABILITIES | | | | |
| Interest bearing loans and borrowings | (7) | (7,156) | (9,552) | (4,055) |
| Other payables | | (563) | (243) | (215) |
| Deferred tax | | (7,558) | (8,312) | (7,541) |
| Provisions | | (724) | (602) | (602) |
| | | (16,001) | (18,709) | (12,413) |
| TOTAL LIABILITIES | | (55,344) | (54,029) | (53,260) |
| NET ASSETS | | 125,452 | 101,771 | 113,016 |
| EQUITY | | | | |
| Share capital | | 754 | 744 | 750 |
| Share premium | | 92,244 | 91,687 | 91,866 |
| Shares to be issued | | 406 | 541 | 541 |
| Retained earnings | | 22,410 | 11,244 | 14,921 |
| Foreign exchange differences | | 9,780 | (2,445) | 4,938 |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | 125,594 | 101,771 | 113,016 |
| Minority interest | | (142) | - | - |
| | | 125,452 | 101,771 | 113,016 |

The Interim Financial Information presented in this Interim Report was approved by the Board of Directors on 4 August 2008.

SDL plc

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 | Minority interest £'000 | Total £'000 |
|--|---------------------------|---------------------------|------------------------------------|-------------------------------|---|-------------------------------|----------------|
| At 31 December 2006 (audited) | 625 | 51,096 | 66 | 4,334 | (1,615) | - | 54,506 |
| 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 |
| At 30 June 2007 (unaudited) | 744 | 91,687 | 541 | 11,244 | (2,445) | - | 101,771 |
| Currency translation differences on foreign currency intangibles and net investments | - | - | - | - | 6,467 | - | 6,467 |
| Currency translation differences on foreign currency equity loans to foreign subsidiaries | - | - | - | - | 916 | - | 916 |
| Deferred taxation on share based payments | - | - | - | (1,673) | - | - | (1,673) |
| Tax credit for share options | - | - | - | 753 | - | - | 753 |
| Total income and expense for the period recognised directly in equity | - | - | - | (920) | 7,383 | - | 6,463 |
| Net profit for the period | - | - | - | 4,131 | - | - | 4,131 |
| Total income and expense for the period | - | - | - | 3,211 | 7,383 | - | 10,594 |
| Arising on share options | 6 | 180 | - | - | - | - | 186 |
| Arising on acquisition of Tridion | - | (1) | - | - | - | - | (1) |
| Share-based payments | - | - | - | 466 | - | - | 466 |
| At 31 December 2007 (audited) | 750 | 91,866 | 541 | 14,921 | 4,938 | - | 113,016 |

| | | | | | | | |
|---|------------|---------------|------------|---------------|--------------|--------------|----------------|
| Currency translation differences on foreign currency intangibles and net investments | - | - | - | - | 5,160 | - | 5,160 |
| Currency translation differences on foreign currency equity loans to foreign subsidiaries | - | - | - | - | (318) | - | (318) |
| Deferred taxation on share based payments | - | - | - | 201 | - | - | 201 |
| Total income and expense for the period recognised directly in equity | - | - | - | 201 | 4,842 | - | 5,043 |
| Net profit for the period | - | - | - | 6,598 | - | 30 | 6,628 |
| Total income and expense for the period | - | - | - | 6,799 | 4,842 | 30 | 11,671 |
| Arising on share options | 4 | 243 | - | - | - | - | 247 |
| Minority interest arising on the acquisition of Trisoft | - | - | - | - | - | (172) | (172) |
| Arising on acquisition of Passolo | - | 135 | (135) | - | - | - | - |
| Share-based payments | - | - | - | 690 | - | - | 690 |
| At 30 June 2008 (unaudited) | 754 | 92,244 | 406 | 22,410 | 9,780 | (142) | 125,452 |

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

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Interim Condensed Consolidated Cash Flow Statement

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|--|---|--|--|
| Profit before tax | 9,148 | 7,178 | 12,725 |
| Depreciation of property, plant and equipment | 746 | 645 | 1,506 |
| Amortisation of intangible assets | 2,716 | 1,536 | 4,294 |
| Finance costs | 355 | 367 | 628 |
| Finance revenue | (319) | (244) | (489) |
| Share of loss of associate | 9 | - | 35 |
| Minority interest | (30) | - | - |
| Share-based payments | 690 | 365 | 831 |
| Deferred taxation on share based payments | 201 | 1,506 | 586 |
| Gain on disposal of property, plant and equipment | - | - | 17 |
| (Increase) in debtors | (450) | (4,324) | (7,967) |
| (Decrease)/increase in current liabilities and provisions | (4,310) | (664) | 4,114 |
| Exchange differences | 726 | (1,681) | 2,098 |
| Income tax paid | (1,086) | (539) | (2,373) |
| NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES | 8,396 | 4,145 | 16,005 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments to acquire property, plant and equipment | (829) | (693) | (1,425) |
| Receipts from sale of property, plant and equipment | 6 | 1 | 46 |
| Purchase of Tridion Holding BV | - | (47,139) | (47,139) |
| Purchase of PASS Process Automation Software Systems Engineering GmbH | - | (608) | (608) |
| Purchase of Idiom Technologies Inc | (13,732) | - | - |
| Net cash acquired with subsidiaries | 343 | 11,813 | 11,813 |
| Payment to acquire investment in associate | - | - | (577) |
| Interest received | 319 | 244 | 489 |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (13,893) | (36,382) | (37,401) |

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Interim Condensed Consolidated Cash Flow Statement

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|---|---|--|--|
| FINANCING ACTIVITIES | | | |
| Net proceeds from issue of ordinary share capital | 247 | 40,644 | 40,829 |
| Repayment of interest bearing loans and borrowings | (10,332) | (1,000) | (6,492) |
| Proceeds from new loans | 9,500 | 1,023 | 1,023 |
| Interest paid | (355) | (367) | (628) |
| NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES | (940) | 40,300 | 34,732 |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (6,437) | 8,063 | 13,336 |
| MOVEMENT IN CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents at start of the period | 21,511 | 7,978 | 7,978 |
| (Decrease)/increase in cash and cash equivalents | (6,437) | 8,063 | 13,336 |
| Effect of exchange rates on cash and cash equivalents | 904 | (76) | 197 |
| Net cash and cash equivalents at end of the period | 15,978 | 15,965 | 21,511 |

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 2008 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 2007.

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 2007.

2. Business Combinations

Acquisition of Idiom Technologies Inc

On 8 February 2008 the Group acquired 100% of the share capital of Idiom Technologies Inc, a company based in the USA.

The total cost of the combination comprised \$26.8 million (£13.7 million) and was funded through both a loan from the Bank of \$19.0 million (£9.5 million), and from the Group's existing cash resources.

The provisional fair value of the identifiable assets and liabilities of Idiom Technologies Inc 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 | - | 3,905 |
| Property, plant and equipment | 146 | 167 |
| Cash and cash equivalents | 195 | 195 |
| Trade receivables | 598 | 595 |
| Other receivables | 2,609 | 2,612 |
| Loans from third parties | (1,838) | (1,838) |
| Trade payables | (769) | (769) |
| Other payables | (3,005) | (2,315) |
| Deferred tax assets | - | 2,240 |
| Deferred tax liabilities | - | (1,093) |
| Net (liabilities)/assets | <u>(2,064)</u> | <u>3,699</u> |
| Provisional Goodwill arising on acquisition | | <u>10,033</u> |
| | | <u>13,732</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.

| | |
|--|------------------------|
| Discharged by: | £'000 |
| Costs associated with the acquisition | 146 |
| Cash paid to shareholders | <u>13,586</u> |
| Total cash paid | <u>13,732</u> |
| Cash outflow on the acquisition: | |
| Net cash and cash equivalents acquired with the subsidiary | 195 |
| Total cash paid | <u>(13,732)</u> |
| Net cash outflow | <u>(13,537)</u> |

From the date of acquisition Idiom Technologies Inc has contributed £1.7 million of revenue and a loss of £0.4 million 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 £11.5 million and revenue from continuing operations would have been £76.4 million. Included in the £10.0 million 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.

Consolidation of Trisoft NV

In December 2007 the Group acquired a 49% interest in the share capital of Trisoft NV, a company based in Belgium. At the time of the acquisition, SDL plc entered into a call option agreement with the remaining shareholders allowing the Group to acquire the remaining 51% on a predetermined valuation formula. This call option was not exercisable until 7 June 2008 and consequently the 49% investment was accounted for as an investment in an associate in the 2007 accounts.

While SDL plc has not exercised its call option since 7 June 2008, the Directors consider that the Group has power over more than 50% of the voting rights by virtue of the existence of the exercisable call option and therefore the results of Trisoft NV have been consolidated with those of the Group. As a result the interest in Trisoft NV was treated as an associate company from 1 January 2008 to 7 June 2008 and has been consolidated into the Group since that date.

The total cost of the 49% interest in Trisoft NV was €0.8 million (£0.6 million) and was funded from the Group's existing cash resources. The Group has also loaned Trisoft NV €400,000.

The provisional fair value of the identifiable assets and liabilities of Trisoft NV as at 7 December 2007 were:

| | Book value | Provisional fair value |
|---|-------------------|-----------------------------------|
| | £'000 | to Group £'000 |
| Intangible assets | 323 | 185 |
| Property, plant and equipment | 14 | 14 |
| Cash and cash equivalents | 148 | 148 |
| Trade receivables | 63 | 63 |
| Other receivables | 23 | 23 |
| Loans from third parties | (94) | (94) |
| Trade payables | (54) | (54) |
| Other payables | (212) | (212) |
| Deferred tax assets | - | 236 |
| Deferred tax liabilities | - | (52) |
| Net assets | <u>211</u> | <u>257</u> |
| Provisional Goodwill arising on acquisition | | <u>320</u> |
| | | <u>577</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 consolidation to the date of the reporting period.

| | |
|--|---------------------|
| Discharged by*: | £'000 |
| Costs associated with the acquisition | 4 |
| Cash paid to shareholders | <u>573</u> |
| Total cash paid | <u>577</u> |
| Cash outflow on the acquisition: | |
| Net cash and cash equivalents acquired with the subsidiary | 148 |
| Total cash paid | <u>(577)</u> |
| Net cash outflow | <u>(429)</u> |

* in 2007

From the date of consolidation Trisoft NV has contributed £0.1 million of revenue and a profit of less than £0.1 million to the net profit before tax of the Group. If the consolidation had taken place at the beginning of the year, the profit before tax and amortisation of intangible assets for the Group would have remained the same based on the 49% interest but revenue from continuing operations would have been increased by £0.6 million to £76.6 million. Included in the £0.3 million 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 Tridion Holding BV in 2007

On 18 May 2007 the Group acquired 100% of the share capital of Tridion Holding BV, a company based in the Netherlands. The goodwill arising on the acquisition was provisionally calculated as £25,020,000 in the 31 December 2007 audited accounts and the intangible assets fair valued at £17,727,000. Following a detailed review, the goodwill has been finalised at a value of £26,216,000, being an increase of £1,196,000, (being the net of £1,661,000 reclassified from intangible assets and an adjustment to the fair value of the deferred tax liability of £465,000), and the intangibles have been finalised at a fair value of £16,066,000, a decrease of £1,661,000.

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 2008 (unaudited)

| | Translation Services £'000 | Technology £'000 | Total £'000 |
|----------------------|----------------------------------|---------------------|----------------------|
| Revenue | <u>51,142</u> | <u>24,865</u> | <u>76,007</u> |
| Segment results | 8,107 | 1,077 | 9,184 |
| Unallocated expenses | | | <u>(36)</u> |
| Profit before tax | | | <u>9,148</u> |

The Technology segment result before amortisation of intangible assets is a profit of £3.4 million.

Six months ended 30 June 2007 (unaudited)

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

The Technology segment result before amortisation of intangible assets is a profit of £1.0 million.

Year ended 31 December 2007 (audited)

| | Translation Services £'000 | Technology £'000 | Total £'000 |
|----------------------|----------------------------------|---------------------|----------------|
| Revenue | 84,178 | 33,231 | 117,409 |
| Segment results | 12,670 | 194 | 12,864 |
| Unallocated expenses | | | (139) |
| Profit before tax | | | 12,725 |

The Technology segment result before amortisation of intangible assets is a profit of £3.7 million.

Revenue by geographical destination was as follows:

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|-----------------------|---|--|--|
| United Kingdom | 6,436 | 4,381 | 11,148 |
| Rest of Europe | 30,555 | 20,560 | 46,368 |
| USA | 27,720 | 20,950 | 41,229 |
| Rest of North America | 5,516 | 5,399 | 10,437 |
| Rest of the World | 5,780 | 3,188 | 8,227 |
| | 76,007 | 54,478 | 117,409 |

4. Operating profit

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|---|---|--|--|
| Is stated after charging/(crediting): | | | |
| Research and development expenditure | 3,080 | 2,298 | 5,374 |
| Bad debt expense | 55 | - | 159 |
| Depreciation of owned and leased assets | 746 | 645 | 1,506 |
| Amortisation of intangibles – tax deductible/IAS 38 related | 2,330 | 1,150 | 3,523 |
| Amortisation of intangibles – non tax deductible | 386 | 386 | 771 |
| Operating lease rentals for plant and machinery | 25 | 32 | 69 |
| Operating lease rentals for land and buildings | 2,437 | 1,712 | 3,737 |
| Operating lease rentals received for land and buildings | (88) | (75) | (150) |
| Net foreign exchange differences | 2,328 | (72) | 644 |
| (Gain)/loss on foreign exchange derivatives | (136) | (305) | 1,267 |

5. Taxation

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|---|---|--|--|
| UK corporation tax: | | | |
| UK current tax on income for the period | 291 | 337 | - |
| Adjustments in respect of prior periods | - | - | (131) |
| Tax credit for share options taken to equity | - | 192 | 945 |
| | 291 | 529 | 814 |
| Foreign tax: | | | |
| Current tax on income for the period | 2,545 | 1,784 | 3,311 |
| Adjustments in respect of prior periods | - | - | (36) |
| | 2,545 | 1,784 | 3,275 |
| Total current taxation | 2,836 | 2,313 | 4,089 |
| Deferred taxation: | | | |
| Origination and reversal of timing differences | (517) | (1,488) | (104) |
| Adjustments in respect of prior periods | - | - | (71) |
| Deferred tax credit/(debit) for share options taken to equity | 201 | 1,314 | (359) |
| Total deferred taxation | (316) | (174) | (534) |
| Tax Expense | 2,520 | 2,139 | 3,555 |

Due to the requirements of IAS 12, in conjunction with IFRS 2, the Schedule 23 tax credit for share options exercised and deferred taxation on unexpired options have partly been recorded in equity. For the 6 months ended 30 June 2008 this has the effect of increasing the effective tax rate by approximately 2.2% (at 31 December 2007: 4.6%; at 30 June 2007: 21.0%).

6. Earnings per share

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|--|---|--|--|
| Profit for the period attributable to equity holders of the parent | 6,598 | 5,039 | 9,170 |
| | m | m | m |
| Basic weighted average number of shares (million) | 75.1 | 65.5 | 70.2 |
| Employee share options and shares to be issued (million) | 2.2 | 2.5 | 1.3 |
| Diluted weighted average number of shares (million) | 77.3 | 68.0 | 71.5 |

Adjusted earnings per share:

| | Unaudited 6 months to 30 June 2008 £'000 | Unaudited 6 months to 30 June 2007 £'000 | Audited Year to 31 December 2007 £'000 |
|---|---|--|--|
| Profit for the period attributable to equity holders of the parent | 6,598 | 5,039 | 9,170 |
| Amortisation of intangible fixed assets | 2,716 | 1,536 | 4,294 |
| Adjusted profit for the period attributable to equity holders of the parent | 9,314 | 6,575 | 13,464 |
| Tax expense | 2,520 | 2,139 | 3,555 |
| Tax benefit associated with the amortisation of intangible fixed assets | 653 | 345 | 1,015 |
| Adjusted tax expense | 3,173 | 2,484 | 4,570 |
| | m | m | m |
| Basic weighted average number of shares (million) | 75.1 | 65.5 | 70.2 |
| Diluted weighted average number of shares (million) | 77.3 | 68.0 | 71.5 |
| | Pence | Pence | Pence |
| Adjusted earnings per ordinary share – basic (pence)* | 11.55 | 9.52 | 17.74 |
| Adjusted earnings per ordinary share – diluted (pence)* | 11.23 | 9.17 | 17.42 |

*Note – the adjusted earnings per share comparatives have been restated to reflect the tax effects of the amortisation of intangible fixed assets. Previously the Group added back the amortisation only and not the related tax benefit / charge. The previously disclosed adjusted earnings per share figures on the old policy were as follows:

| | Unaudited 6 months to 30 June 2007 Pence | Audited Year to 31 December 2007 Pence |
|--|--|--|
| Adjusted earnings per ordinary share – basic (pence) | 10.04 | 19.19 |
| Adjusted earnings per ordinary share – diluted (pence) | 9.68 | 18.84 |
| | Unaudited 6 months to 30 June 2007 m | Audited Year to 31 December 2007 m |
| Diluted weighted average number of shares (million) | 68.0 | 71.5 |

7. Interest-bearing loans

On 7 February 2008, as part of the short term funding for the acquisition of Idiom Technologies Inc, the Group borrowed £9,500,000 using the Group's revolving facility at LIBOR + 0.85%. In addition the Group assumed a £1,932,000 loan with the acquisition of Idiom Technologies Inc.

In the first 6 months of 2008 the Group repaid £8.4 million of the revolving credit facility, bearing an interest rate of LIBOR + 0.85%. The Group also repaid the loan of £1.9 million assumed upon the acquisition of Idiom Technologies Inc.

8. Share-based payments

On 28 February 2008, 856,300 stock options were issued to certain key senior executives and employees of the SDL Group. 714,300 of these were issued to employees of Tridion Holding BV in conjunction with the acquisition of Tridion Holding BV. The exercise price of the options of 278.92 pence was equal to the market price of the shares on the date of the issue.

9. Derivatives and other financial instruments

At 30 June 2008 the Group had forward contracts to sell €2 million each month through to 30 November 2008 at €1.374 to £1.00. As at 30 June 2008 the Group recognised an unrealised loss of £657,000 in relation to this hedge (31 December 2007 – unrealised loss of £793,000).

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 2007 is based on the statutory accounts for the financial year ended 31 December 2007. 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 the balance sheet that require disclosure.

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities, risks and uncertainties associated with the expected development of the Group for the remaining months of the financial year.

For and on behalf of the Board

Alastair Gordon