



3 August 2009

SDL PLC

Interim results for the six months ended 30th June 2009

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 30th June 2009.

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	% Change
Income Statement:			
Revenue	83,293	76,007	+10%
Profit before tax and amortisation of intangible assets	14,519	11,864	+22%
Profit before tax	11,779	9,148	+29%
Earnings per ordinary share - basic (pence)	11.41	8.82	+29%
Adjusted earnings per ordinary share – basic (pence)	14.02	11.55	+21%
Statement of Financial Position:			
Total equity	154,658	125,452	
Cash and cash equivalents	32,919	15,978	
Interest bearing loans and borrowings	-	(7,156)	

Highlights:

- Results in line with expectations
- Headline sales growth of 10%
 - 9% organic growth, 1% increase due to 2008 acquisitions
- Positive revenue growth from both segments
 - Technology segment grew by 18% (20% currency benefit, 4% increase due to acquisitions, 6% decrease at constant currency)
 - Translation services growth of 6%, (20% currency benefit, 14% decrease at constant currency)
- Cross leverage improving – integrated selling of SDL Tridion, SDL Trisoft and Language Technology
- Progress in operating margin development and efficiency gains initiated
- XyEnterprise acquisition provides another step to true GIM leadership and enterprise content management
- Careful and measured cost controls in place, but with continued investment into key areas of the business
- Strong cash generation and net cash position of £32.9m

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

"I am particularly pleased to be able to report a solid half year of further progress for SDL, against a difficult macro economic climate. We have delivered both revenue and operating profits in the first half which are significantly ahead of the prior year, with positive organic growth in both technology and translation services, albeit aided by favourable currency movements. This continues the track record of a consistent year on year improvement in performance and demonstrates the resilience of our business model. Our cash generation was very strong and the strength of the balance sheet, with £32.9m of net cash and no debt, provides considerable financial flexibility and security.

"We believe we are starting to see real momentum in the realization of our GIM strategy and it has been particularly rewarding to see the recent acquisitions of Tridion, Idiom and Trisoft all generate very positive momentum in the first half of the year.

"The acquisition of XyEnterprise, a recognized leader in Component Content Management and Dynamic Publishing solutions, extends the range of solutions available to our clients and is a further strategic step in our end-to-end GIM technology offer.

"Given the global macro-economic environment, our approach to managing the business will remain measured and appropriately cautious for the rest of 2009; however the resilient performance in the first half provides a sound platform for us to continue to deliver to expectations.

I remain confident that the business is positioned for continued long-term growth and value creation for our shareholders."

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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 500 enterprise GIM solutions, has deployed over 170,000 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 32 countries. For more information, visit www.sdl.com

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Chairman's Statement

Summary Performance

I am very pleased to report a solid performance from SDL in the first half of 2009, against a tough macro economic climate. Both revenue (£83.3 million) and profit before tax and amortization (£14.5 million) are significantly ahead of the prior year. Total revenues increased by 10% over the same period in 2008 with both the Technology and Translation Services divisions contributing positive organic growth. The 10% revenue growth comprised 9% organic growth (of which 20% was derived from the positive impact of currency, with a reduction of 11% at constant currency); and 1% from the inclusion of a full half year of sales from Idiom and Trisoft. Translation Services sales grew by 6% over 2008 to £54.0 million (2008: £51.1million) and the Technology businesses grew by 18% over the same period last year to £29.3 million (2008: £24.9 million). Translation Services revenues were most impacted by the general economy, with the technology businesses showing considerable resilience. Profit before tax and amortisation of intangible assets increased by 22% to £14.5 million (2008: £11.9 million). We have managed the cost base carefully continuing to invest in our strategic growth opportunities whilst flexing the cost base down in other areas. The net cash position was £32.9 million at 30 June 2009 (31 December 2008: £31.2 million) which is after the payment of £9 million for the acquisition of XyEnterprise Inc. in June 2009. Cash generation in the first half of 2009 was strong which continues to give considerable financial security and flexibility. Overall we believe the performance of SDL demonstrates the resilience of our business model in a difficult economy.

Global Information Management Technology

SDL Trados Technology and SDL Enterprise Technologies (Language Technology business unit)

Language Technology revenues grew by 8% in the first half of 2009.

As anticipated enterprise software licence revenues declined, but much less than we expected, and actually grew in North America and Asia. There were some key licence sales made across a variety of industries, which reinforces the return on investment from using SDL Translation Management Systems to drive global content. With licence sales in the period to companies such as American Heart, LinkedIn, VMware and Ford Motor Company; SDL Enterprise North America (formerly Idiom) is now making a positive contribution to Group Profit. Sales in the Language Desktop business (SDL Trados Technology) were up 2% in the first half of 2009. This slower growth was expected as customers delayed purchases pending the launch of the new SDL Trados Studio 2009 product. The continued adoption of this product, which is a considerable enhancement over SDL Trados 2007, presents a whole new way of working for our user base.

Typically approximately 50% of the revenue for Language Technology comes from subscription and support and maintenance. We are pleased to report that these revenue streams have remained strong, supporting overall sales performance and compensating for lower new licence sales.

SDL Tridion (global web content management business unit)

SDL Tridion continued to focus on enabling customers to deliver consistent and persuasive customer experiences into multiple channels in multiple languages with the launch of SDL Tridion 2009 and the SDL Tridion Marketing Suite Solution. SDL Tridion has made sound progress in the implementation of organizational change and, reflective of this, revenue growth was 22% in the first half of 2009. Tridion continues to make excellent progress in developing its business in the US and had some important client wins in the first half of 2009 with new licence sales to HP, PAF Sweden, Bourne Leisure, Quest Software, Compassion International and Carrefour. The support and maintenance revenue stream also remains strong as does the profit contribution to the group as a whole.

SDL Trisoft™ (Component Content Management business unit)

The SDL Trisoft business has made progress in developing its sales base, particularly in the US. The business grew by almost 60% (normalized) over the same period last year and had notable new license deals in the first half with Informatica and McAfee. SDL Trisoft™ is doing a solid job in cross leveraging experience elsewhere in SDL in Enterprise sales and the offering is proving highly complementary to SDL's Global Information Management offering. SDL Trisoft™ is now integrated into SDL and making a positive revenue contribution in its own right, whilst offering considerable opportunity to leverage deals with SDL's Language technology, with around 50% of the deals being joint Language Technology and Content Management Technology.

Translation Services

The Translation Services segment grew organically by 6% during the first half of 2009. This segment of the business was most impacted by general economic conditions and benefitted from favourable impact of currency. The primary source of growth continued to come from SDL's established client base. Customer performance was mixed with increases at Garmin, Cisco, Philips, and RIM, coupled with some new wins with companies such as American Heart, Continental Airlines and PKR Technologies. This was partially offset by shortfalls at certain global clients that were more heavily impacted by the general economic conditions. There has been considerable price pressure in the Translation Services sector, particularly from the larger businesses, however this has been mitigated by the innovative customers such as Philips, HP and Garmin consolidating their spend to SDL, and importantly adopting more of SDL's integrated GIM technology and infrastructure to maximise performance and efficiency. The aggregate performance of the Translation Services business demonstrates the importance of having a well diversified client base.

The ability to flex the cost base combined with SDL's unique mix of leveraging our own technology, global infrastructure and internal processes continued to give a level of resilience to the Translation Services performance in a difficult economy.

Acquisition of XyEnterprise Inc.

The acquisition of XyEnterprise Inc. in June 2009 represents a further strategic step in delivering the SDL technology offer of a true end-to-end solution to manage global content.

The acquisition builds on the acquisition of SDL Trisoft™, a Belgium-based company and a world leader in Component Content Management software in 2008. Since the Trisoft acquisition, SDL has seen an increasing demand for XML-based solutions, particularly DITA, a rapidly growing standard for writing technical content in XML. A roster of leading companies have adopted SDL Trisoft including: NetApp, VMware, Micro Focus, Hach Company and others.

As a recognised leader in Component Content Management and Dynamic Publishing solutions, XyEnterprise significantly extends SDL's product line with the addition of two new robust publishing solutions, support for an additional technical XML standard (S1000D) for the aerospace and defence industries and also provides SDL with a high end publishing capability with XyEnterprise XPP product. XyEnterprise brings to SDL significant technical expertise and a world class customer base of around 200 clients such as Boeing, the US Navy, Lexis Nexis and Unisys.

SDL sees these standards-based technologies as an important growth area in the market and has created a new business unit under the brand name SDL XySoft™, from the merger of SDL Trisoft and XyEnterprise. The unit will have a combined management team and R&D organization. XyEnterprise will continue to do business as a US-based, Delaware company.

Vision and Strategy for Global Information Management

If an international business is present in just 10 countries by definition 90% of the content will be in a foreign language. The cost and complexity of creating and maintaining this content to

ship products into multiple regions is enormous. SDL's Global Information Management value proposition manages this complex process of delivery of global content into local markets. GIM ensures consistency of branding, accelerates the roll out of new products and minimizes translation costs. SDL has a solution that covers the whole translation supply chain from creation of content to the publishing of that content, that covers all functions of an enterprise and that centralizes language assets and maximises re-use of those assets.

In the last 6 months we have seen more companies leveraging across SDL's business units than ever before; with clients such as HP, already standardised on SDL's Translation Management Technology (SDL TMS), purchasing SDL Tridion; Philips working closely with SDL to enhance their go to market content strategy with the help of SDL Tridion; Continental Airlines, already an owner of SDL's TMS adopting SDL's localization services, Informatica, already an owner of SDL TMS adopting SDL's Trisoft and Global Authoring Management technology. We are seeing analysts such as Forrester and Gartner put more emphasis on the management of language in their commentary and see the trend of Global Information Management adoption across our business growing significantly as we move into 2010.

Outlook

SDL does not anticipate any major uplift from economic recovery in the second half of 2009 and expects trading conditions to remain challenging for the rest of the year. Our approach to managing the business in the second half will therefore continue to be measured and appropriately cautious. The solid, resilient performance in the first half does, however, provide a sound platform. Given current momentum we are confident that we will continue to deliver to full year expectations.

In making the XyEnterprise acquisition and in launching our SDL Trados 2009 product we have made two further decisive steps in the realization of our long term goal of delivering the full potential of our true end to end Global Information Management solution.

The Board continues to believe that the business offers excellent opportunity for both short term stability with long term growth and value creation.

Mark Lancaster
Chairman and CEO
SDL plc
3 August 2009

SDL plc
Interim Condensed Consolidated Income Statement

	Notes	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Continuing Operations				
Sale of goods		12,221	11,314	24,102
Rendering of services		71,072	64,693	134,673
REVENUE	3	83,293	76,007	158,775
Cost of sales		(37,545)	(34,282)	(71,884)
GROSS PROFIT		45,748	41,725	86,891
Administrative expenses		(31,500)	(29,816)	(61,298)
OPERATING PROFIT BEFORE AMORTISATION OF INTANGIBLE ASSETS		14,248	11,909	25,593
Amortisation of intangible assets		(2,740)	(2,716)	(5,743)
OPERATING PROFIT	4	11,508	9,193	19,850
Finance costs		-	(355)	(462)
Finance revenue		271	319	471
Share of loss of associate		-	(9)	(9)
PROFIT BEFORE TAX		11,779	9,148	19,850
Tax expense	5	(3,121)	(2,520)	(5,310)
PROFIT FOR THE PERIOD		8,658	6,628	14,540
Profit for the period attributable to equity holders of the parent		8,649	6,598	14,485
Minority interest		9	30	55
		8,658	6,628	14,540
		Pence	Pence	Pence
Earnings per ordinary share - basic (pence)	6	11.41	8.82	19.21
Earnings per ordinary share - diluted (pence)	6	10.98	8.58	18.75
Adjusted earnings per ordinary share - basic (pence)	6	14.02	11.55	24.99
Adjusted earnings per ordinary share - diluted (pence)	6	13.50	11.23	24.38

SDL plc
Interim Condensed Statement of Comprehensive Income

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Profit for the period	8,658	6,628	14,540
Currency translation differences on foreign currency intangibles and net investments	(21,812)	5,160	36,527
Currency translation differences on foreign currency equity loans to foreign subsidiaries	3,653	(318)	(2,311)
Other comprehensive income	(18,159)	4,842	34,216
Total comprehensive income	(9,501)	11,470	48,756
Attributable to:			
Equity holders of the parent	(9,510)	11,440	48,701
Minority interests	9	30	55
	(9,501)	11,470	48,756

SDL plc
Interim Condensed Consolidated Statement of Financial Position

	Notes	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment		4,044	4,041	4,524
Intangible assets		131,183	116,722	138,225
Deferred income tax		4,189	6,993	6,455
Rent deposits		655	420	641
		140,071	128,176	149,845
CURRENT ASSETS				
Trade and other receivables		34,135	36,631	44,537
Financial assets	9	44	11	-
Current tax asset		1,330	-	561
Cash and cash equivalents		32,919	15,978	31,227
		68,428	52,620	76,325
TOTAL ASSETS		208,499	180,796	226,170
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		(39,268)	(31,440)	(43,527)
Financial liabilities	9	-	(668)	(2,016)
Current tax liabilities		(6,887)	(7,199)	(8,252)
Provisions		(38)	(36)	(38)
		(46,193)	(39,343)	(53,833)
NON CURRENT LIABILITIES				
Interest bearing loans and borrowings	7	-	(7,156)	-
Other payables		(107)	(563)	(124)
Deferred income tax		(6,481)	(7,558)	(8,100)
Provisions		(1,060)	(724)	(1,084)
		(7,648)	(16,001)	(9,308)
TOTAL LIABILITIES		(53,841)	(55,344)	(63,141)
NET ASSETS		154,658	125,452	163,029
EQUITY				
Share capital		760	754	757
Share premium		92,916	92,244	92,483
Shares to be issued		203	406	406
Retained earnings		39,784	22,410	30,250
Foreign exchange differences		20,995	9,780	39,154
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		154,658	125,594	163,050
Minority interest		-	(142)	(21)
		154,658	125,452	163,029

The Interim Financial Information presented in this Interim Report was approved by the Board of Directors on 3 August 2009.

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 2007 (audited)	750	91,866	541	14,921	4,938	-	113,016
Profit for the period	-	-	-	6,598	-	30	6,628
Other comprehensive income	-	-	-	-	4,842	-	4,842
Total comprehensive income	-	-	-	6,598	4,842	30	11,470
Deferred taxation on share based payments	-	-	-	201	-	-	201
Arising on exercise of share options	4	243	-	-	-	-	247
Arising on 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
Profit for the period	-	-	-	7,887	-	25	7,912
Other comprehensive income	-	-	-	-	29,374	-	29,374
Total comprehensive income	-	-	-	7,887	29,374	25	37,286
Deferred taxation on share based payments	-	-	-	(1,242)	-	-	(1,242)
Tax credit for share options	-	-	-	494	-	-	494
Arising on exercise of share options	3	239	-	-	-	-	242
Arising on acquisition of Trisoft	-	-	-	-	-	96	96
Share-based payments	-	-	-	701	-	-	701
At 31 December 2008 (audited)	757	92,483	406	30,250	39,154	(21)	163,029
Profit for the period	-	-	-	8,649	-	9	8,658
Other comprehensive income	-	-	-	-	(18,159)	-	(18,159)

Total comprehensive income	-	-	-	8,649	(18,159)	9	(9,501)
Deferred taxation on share based payments	-	-	-	(13)	-	-	(13)
Arising on exercise of share options	3	230	-	-	-	-	233
Arising on acquisition of Trisoft	-	-	-	-	-	12	12
Arising on acquisition of Passolo	-	203	(203)	-	-	-	-
Share-based payments	-	-	-	898	-	-	898
At 30 June 2009 (unaudited)	760	92,916	203	39,784	20,995	-	154,658

These amounts are attributable to equity holders of the parent company with the exception of minority interest.

SDL plc
Interim Condensed Consolidated Statement of Cash Flows

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Profit before tax	11,779	9,148	19,850
Depreciation of property, plant and equipment	903	746	1,630
Amortisation of intangible assets	2,740	2,716	5,743
Finance costs	-	355	462
Finance revenue	(271)	(319)	(471)
Share of loss of associate	-	9	9
Minority interest	-	(30)	-
Share-based payments	898	690	1,391
Deferred taxation on share based payments	-	201	-
Decrease/(increase) in trade and other receivables	11,828	(450)	(8,565)
(Decrease)/increase in trade and other payables and provisions	(9,403)	(4,310)	9,723
Exchange differences	(1,688)	726	1,271
CASH GENERATED FROM OPERATIONS	16,786	9,482	31,043
Income tax paid	(4,102)	(1,086)	(4,647)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	12,684	8,396	26,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(527)	(829)	(2,323)
Receipts from sale of property, plant and equipment	69	6	78
Payment to acquire subsidiaries	(9,159)	(13,732)	(13,662)
Net cash acquired with subsidiaries	1,287	343	343
Interest received	271	319	471
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(8,059)	(13,893)	(15,093)

SDL plc
Interim Condensed Consolidated Statement of Cash Flows

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
FINANCING ACTIVITIES			
Net proceeds from issue of ordinary share capital	233	247	489
Repayment of interest bearing loans and borrowings	-	(10,332)	(17,555)
Proceeds from new loans	-	9,500	9,500
Interest paid	-	(355)	(462)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	233	(940)	(8,028)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,858	(6,437)	3,275
MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at start of the period	31,227	21,511	21,511
Increase/(decrease) in cash and cash equivalents	4,858	(6,437)	3,275
Effect of exchange rates on cash and cash equivalents	(3,166)	904	6,441
Net cash and cash equivalents at end of the period	32,919	15,978	31,227

SDL plc
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 2009 have been prepared on a going concern basis 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 2008.

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 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009, noted below:

IAS 1 Revised Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in

one single statement, or in two linked statements. The Group has elected to present two linked statements.

IFRS 8 Operating Segments

This Standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 3, including revised comparative information.

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because of a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

2. Business Combinations

Acquisition of Trisoft NV

On 24 April 2009 the Group acquired the remaining 5% of the voting rights of Trisoft NV (a company based in Belgium) taking its ownership to 100%. Cash consideration of £190,400 was paid. The book value of the net liabilities of Trisoft at this date were £202,000. The difference between the consideration and the book value of the interest acquired has been recognised as goodwill.

Acquisition of XyEnterprise Inc

On 26 June 2009 the Group acquired 100% of the share capital of XyEnterprise Inc, an unlisted company based in the United States of America. The principal activity of XyEnterprise Inc is the provision of XML Component Content Management (CCM) and Dynamic Publishing solutions.

The total cost of the combination comprised \$14.8 million (£9.0 million) and was funded from the Group's existing cash resources.

The provisional fair value of the identifiable assets and liabilities of XyEnterprise Inc as at the date of acquisition were:

	Book value	Provisional fair value to Group
	Unaudited	
	£'000	£'000
Intangible assets	-	3,279
Property, plant and equipment	338	338
Cash and cash equivalents	1,287	1,287
Trade receivables	1,016	1,016
Other receivables	469	469
Trade payables	(68)	(68)
Other payables	(3,018)	(3,018)
Deferred tax assets	610	610
Deferred tax liabilities	-	(918)
Net assets	<u>634</u>	2,995
Provisional Goodwill arising on acquisition		<u>5,974</u>
		<u>8,969</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	83
Cash paid to shareholders	8,886
Total cash paid	<u>8,969</u>
Cash outflow on the acquisition:	
Net cash and cash equivalents acquired with the subsidiary	1,287
Total cash paid	(8,969)
Net cash outflow	<u>(7,682)</u>

From the date of acquisition XyEnterprise Inc has contributed £nil of revenue and a profit of £nil to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been £8.7 million and revenue from continuing operations would have been £86.5 million. Included in the £6.0 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.

3. Segment information

The Group operates in the Global Information Management industry. For management purposes the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- 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.

Within the Technology segment a number of operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net contribution after allocations, which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Six months ended 30 June 2009 (unaudited)

	Translation Services	Technology	Adjustments and eliminations*	Total
	£'000	£'000	£'000	£'000
External revenue	53,970	29,323	-	83,293
Internal revenue	43	-	(43)	-
Total revenue	<u>54,013</u>	<u>29,323</u>	<u>(43)</u>	<u>83,293</u>
Segment profit before tax	9,944	1,835	-	<u>11,779</u>

Six months ended 30 June 2008 (unaudited)

	Translation Services	Technology	Adjustments and eliminations*	Total
	£'000	£'000	£'000	£'000
External revenue	51,142	24,865	-	76,007
Internal revenue	-	15	(15)	-
Total revenue	<u>51,142</u>	<u>24,880</u>	<u>(15)</u>	<u>76,007</u>
Segment profit before tax	8,074	1,074	-	<u>9,148</u>

Year ended 31 December 2008 (unaudited)

	Translation Services	Technology	Adjustments and eliminations*	Total
	£'000	£'000	£'000	£'000
External revenue	106,100	52,675	-	158,775
Internal revenue	-	69	(69)	-
Total revenue	<u>106,100</u>	<u>52,744</u>	<u>(69)</u>	<u>158,775</u>
Segment profit before tax	17,895	1,955	-	<u>19,850</u>

*Adjustments and eliminations comprise the elimination of inter segment revenue against inter-segment cost of sales. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Revenue by geographical destination was as follows:

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
United Kingdom	6,218	6,436	13,696
Rest of Europe	33,292	30,555	64,918
USA	30,814	27,720	57,505
Rest of North America	6,415	5,516	10,671
Rest of the World	6,554	5,780	11,985
	<u>83,293</u>	<u>76,007</u>	<u>158,775</u>

Segment assets:

	Translation Services	Technology	Adjustments and eliminations	Total
	£'000	£'000	£'000	£'000
Segments assets:				
At 30 June 2009	44,841	125,220	⁽¹⁾ 38,438	208,499
At 30 June 2008	51,098	106,727	⁽²⁾ 22,971	180,796
At 31 December 2008	54,103	133,824	⁽³⁾ 38,243	226,170

(1) Segment assets do not include cash (£32,919,000), Corporation Tax (£1,330,000) and Deferred Tax (£4,189,000).

(2) Segment assets do not include cash (£15,978,000), and Deferred Tax (£6,993,000).

(3) Segment assets do not include cash (£31,227,000), Corporation Tax (£561,000) and Deferred Tax (£6,455,000).

4. Operating profit

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Is stated after charging/(crediting):			
Research and development expenditure	4,774	3,080	8,044
Bad debt expense	84	55	460
Depreciation of owned and leased assets	903	746	1,630
Amortisation of intangibles	2,740	2,716	5,743
Operating lease rentals for plant and machinery	319	25	763
Operating lease rentals for land and buildings	2,518	2,437	4,953
Operating lease rentals received for land and buildings	(75)	(88)	(150)
Net foreign exchange differences	(542)	2,328	(764)
(Gain)/loss on foreign exchange derivatives	(226)	(136)	3,764

5. Taxation

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
UK corporation tax:			
UK current tax on income for the period	578	291	1,264
Adjustments in respect of prior periods	-	-	(122)
Tax credit for share options taken to equity	-	-	494
	578	291	1,636
Foreign tax:			
Current tax on income for the period	2,212	2,545	4,247
Adjustments in respect of prior periods	-	-	58
	2,212	2,545	4,305
Total current taxation	2,790	2,836	5,941
Deferred taxation:			
Origination and reversal of timing differences	344	(517)	487
Adjustments in respect of prior periods	-	-	(77)
Deferred tax (debit)/credit for share options taken to equity	(13)	201	(1,041)
Total deferred taxation	331	(316)	(631)
Tax Expense	3,121	2,520	5,310

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 2009 this has the effect of increasing the effective tax rate by approximately 0.1% (at 31 December 2008: 2.8%; at 30 June 2008: 2.2%).

6. Earnings per share

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Profit for the period attributable to equity holders of the parent	8,649	6,598	14,485
	m	m	m
Basic weighted average number of shares (million)	75.8	75.1	75.4
Employee share options and shares to be issued (million)	2.9	2.2	1.9
Diluted weighted average number of shares (million)	78.7	77.3	77.3

Adjusted earnings per share:

	Unaudited 6 months to 30 June 2009 £'000	Unaudited 6 months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Profit for the period attributable to equity holders of the parent	8,649	6,598	14,485
Amortisation of intangible fixed assets	2,740	2,716	5,743
Less: deferred tax benefit associated with amortisation of intangible fixed assets	(760)	(653)	(1,392)
Adjusted profit for the period attributable to equity holders of the parent	10,629	8,661	18,836
	m	m	m
Basic weighted average number of shares (million)	75.8	75.1	75.4
Diluted weighted average number of shares (million)	78.7	77.3	77.3
	Pence	Pence	Pence
Adjusted earnings per ordinary share – basic (pence)	14.02	11.55	24.99
Adjusted earnings per ordinary share – diluted (pence)	13.50	11.23	24.38

7. Interest-bearing loans

The Group met the cost of acquisition of XyEnterprise Inc of £9.0 million from existing cash reserves. The undrawn committed borrowing facility is £20.0 million (December 2008: £20.0 million).

8. Share-based payments

On 21 January 2009, 372,269 Long Term Incentive Plan (LTIP) shares were awarded and on 2 March 2009, 814,846 LTIP shares and 346,342 stock options were awarded to certain key senior executives and employees of the SDL Group. The exercise price of the options of 290.50 pence was equal to the market price of the shares on the date of grant.

9. Derivatives and other financial instruments

At 30 June 2009 the Group had forward contracts to sell \$2 million each month through to 28 August 2009 at between \$1.6142 to \$1.6152 to £1.00. As at 30 June 2009 the Group's hedging contracts were valued at an asset of £44,355 (December 2008: liability £2,016,068). The exchange gains on these contracts were recognised in the income statement during the period as the hedging contracts do not qualify for hedge accounting.

10. General notes

The financial information in these interim statements does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the year ended 31 December 2008 is based on the statutory accounts for the financial year ended 31 December 2008. Those accounts, upon which the auditors issued an unqualified opinion in accordance with section 235 Companies Act 1985 and did not contain a statement under section 237 (2) or (3) Companies Act 1985, have been delivered to the registrar of companies. The interim financial statements were approved by the Board of Directors on 3 August 2009.

11. Events after the statement of financial position date

There are no known events occurring after the statement of financial position date that require disclosure.

Responsibility Statement by the Management Board

The directors confirm that to the best of their knowledge, and in accordance with IAS 34 Interim Financial Reporting, that 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. There have been no related parties' transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual reporting date.

For and on behalf of the Board

John Hunter