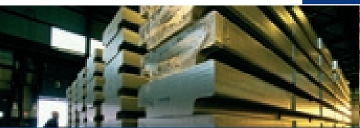
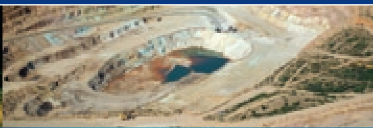


BRADY

# Interim Results

*Six months to June 2005*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**Trading Performance:**

- Revenue declined 21% at £1,530,585 (2004: £1,940,299)
- (Loss)/profit before tax £(268,537) (2004: profit £823,300)
- Loss per share of 0.80p per share (2004: earnings per share of 2.73p)
- Cash balances £4,268,592 (2004: £5,503,571)

**Operations:**

- Completed the acquisition of Tradesoft BV in July
- Completed the integration of Colplan
- Delivered Version 600 for client testing

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# Interim Results

*Six months to June 2005*

Brady plc, the international supplier of fully integrated software solutions for commodity trading and supply chain management, announces its interim results for the six months to 30 June 2005.

For further information please contact:

Brady plc

| | |
|---|---|
| Graham Simister, Chairman | Tel: 020 7351 0425 |
| Robert Brady, Chief Executive | Tel: 01223 479 479 |

# Chairman’s Statement

## Business Review

Though we achieved much in the first half of 2005, progress to date has been slower than we had hoped for at the time of writing my statement in our Annual Report for the year to December 2004.

On the positive side we made some significant progress in a number of areas, in particular:

- we acquired Tradesoft, a Dutch specialist software company bringing add-on knowledge and a number of excellent clients such as Norilsk and Noranda without impacting on our net cash position;
- added further customers through small sales of Opval products to Dresdner Bank and Rab Capital; and
- continued to develop the core Trinity product.

Encouraging as these developments are, our revenues and profits for the year are highly dependent on new Trinity licence sales and as reported in our trading update in August we did not sign the major new Trinity licences we had expected to close in the first half. This is particularly disappointing given the large pipeline of sales leads we have developed. Delays to signing contracts are frustrating but we supply a mission critical piece of software and the decision making process for such system changes within our clients are often lengthy and complicated.

The signing up of new clients is undoubtedly linked to the release of the latest version of Trinity, called Trinity 600. We delivered the alpha version of Trinity 600 on time in January of this year and the beta version in April. However late specification changes by one of our two lead Trinity 600 customers resulted in further feature requirements and a corresponding delay in the final release. Testing of the beta version is ongoing and we had hoped to announce that our first client was live on Trinity 600 around the end of the third quarter. There is likely to be a delay before we reach this point and shareholders should note that as we get closer to the year end our customers are likely to want to finish their year-end processes and go live in 2006 rather than risk introducing a new system in November or December.

## Financial Results

Group turnover declined 21% to £1,530,585 (2004: £1,940,299) reflecting the absence of new Trinity licence sales in the period referred to above.

The loss before tax for the period was £(268,537) compared to a profit before tax of £823,300 in the equivalent period last year. The decline is almost entirely due to the absence of new Trinity licence sales, given the inherent high margin on incremental licence sales. Although it is of course disappointing to report a loss it is worth noting that the majority of our costs are now covered by recurring revenue streams and we would hope that this period’s lack of new licence sales proves to be the exception.

Our cash balance at the end of the period was £4.3 million.

## Outlook

Second half trading has begun with two upgrades of Trinity 500 going live in July, one in August and another in September without problems. A major client is undertaking a paid review of an Opval upgrade. We have signed modest additional work with a major Tradesoft client and are in detailed discussions with another about upgrading to Trinity.

Our focus for the second half will be twofold: to get Trinity 600 live and we must work to sign up contracts with the clients in our existing sales pipeline. These two issues are doubtless related. To ensure we address the issues properly Brian Collins, ex-CEO of Opval, will become Group Sales Director to give a new impetus to our sales effort whilst freeing up Dr Robert Brady’s time to focus on product quality and implementation.

**Graham Simister**
*Chairman*

## Consolidated Profit and Loss Account

*For the six months ended 30th June 2005*

| | Notes | Six months 30 June 2005 (unaudited) £ | Six months 30 June 2004 (unaudited) £ | Year ended 31 Dec 2004 (audited) £ |
|---|---|---|---|---|
| **Turnover** | 2 | 1,530,585 | 1,940,299 | 4,832,440 |
| **Operating (Loss)/profit** | | (351,790) | 792,001 | 1,780,478 |
| **Net interest receivable** | | 83,253 | 31,299 | 134,311 |
| **(Loss)/profit on ordinary activities before taxation** | | (268,537) | 823,300 | 1,914,789 |
| **Tax on profit on ordinary activities** | 3 | 61,827 | 246,990 | 481,527 |
| **(Loss)/profit on ordinary activities after taxation** | | (206,710) | 576,310 | 1,433,262 |
| **(Loss)/profit for the period** | | (206,710) | 576,310 | 1,433,262 |
| **(Loss) earnings per share** | 4 | (0.80)p | 2.73p | 6.13p |
| **Fully diluted (Loss)/earnings per share** | 4 | (0.77)p | 2.55p | 5.83p |

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## Consolidated Balance Sheet

*For the six months ended 30th June 2005*

| | Six months 30 June 2005 (unaudited) £ | Six months 30 June 2004 (unaudited) £ | Year ended 31 Dec 2004 (audited) £ |
|---|---|---|---|
| Fixed assets | | | |
| Intangible assets | 922,267 | 927,134 | 973,504 |
| Tangible assets | 142,546 | 123,351 | 129,085 |
| Investments | 15,027 | 15,027 | 15,027 |
| | 1,079,840 | 1,065,512 | 1,117,616 |
| Current assets | | | |
| Debtors | 1,433,955 | 745,690 | 1,524,374 |
| Cash at bank and in hand | 4,268,592 | 5,503,571 | 4,550,562 |
| | 5,702,547 | 6,249,261 | 6,074,936 |
| Creditors | | | |
| amount falling due within one year | (1,064,644) | (2,406,045) | (1,298,599) |
| Net current assets | 4,637,903 | 3,843,216 | 4,776,337 |
| Total assets less current liabilities | 5,717,743 | 4,908,728 | 5,893,953 |
| Provision for liabilities and charges | (25,000) | - | (25,000) |
| **Net assets** | 5,692,743 | 4,908,728 | 5,868,953 |
| **Capital and reserves** | | | |
| Called up share capital | 259,242 | 253,953 | 258,062 |
| Share premium account | 3,051,098 | 3,602,614 | 3,021,778 |
| Merger reserve | 680,000 | - | 680,000 |
| Capital reserve | 1,000 | 1,000 | 1,000 |
| Profit and Loss account | 1,701,403 | 1,051,161 | 1,908,113 |
| **Equity shareholders' funds** | 5,692,743 | 4,908,728 | 5,868,953 |

*For the six months ended 30th June 2005*

| | Six months 30 June 2005 (unaudited) £ | Six months 30 June 2004 (unaudited) £ | Year ended 31 Dec 2004 (audited) £ |
|---|---|---|---|
| **Cash (outflow)/inflow from operating activities** | (341,051) | 818,332 | 566,022 |
| Interest received | 83,253 | 31,299 | 134,311 |
| Taxation | - | - | (2,374) |
| Capital Expenditure | (54,672) | (41,468) | (82,628) |
| Acquisition | - | 581,246 | (282,204) |
| **Cash (outflow)/inflow before financing** | (312,470) | 1,389,409 | 333,127 |
| **Financing** | | | |
| Issue of share capital | 30,500 | 2,760,699 | 2,864,224 |
| Expenses in connection with share issue | - | (461,811) | (462,063) |
| **Funds from capital raising** | 30,500 | 2,298,888 | 2,402,161 |
| **(Decrease)/increase in cash for the period** | (281,970) | 3,688,297 | 2,735,288 |

**Reconciliation of net cash flow to movement in net funds**

| | Six months 30 June 2005 (unaudited) £ | Six months 30 June 2004 (unaudited) £ | Year ended 31 Dec 2004 (audited) £ |
|---|---|---|---|
| (Decrease)/increase in cash for the period | (281,970) | 3,688,297 | 2,735,288 |
| Net funds at the beginning of the period | 4,550,562 | 1,815,274 | 1,815,274 |
| Net funds at the end of the period | 4,268,592 | 5,503,571 | 4,550,562 |

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Consolidated Cash Flow Statement

*For the six months ended 30th June 2005*

| | Six months 30 June 2005 (unaudited) £ | Six months 30 June 2004 (unaudited) £ | Year ended 31 Dec 2004 (audited) £ |
|---|---|---|---|
| **Reconciliation of operating portfolio to cash flow** | | | |
| Operating (Loss)/profit | (351,790) | 792,001 | 1,780,478 |
| Depreciation | 41,211 | 34,815 | 70,182 |
| Loss on sale of tangible assets | - | - | 59 |
| Amortisation of goodwill | 51,237 | - | 51,237 |
| Decrease/(increase) in debtors | 90,419 | (361,103) | (1,192,404) |
| (Decrease)/increase in creditors | (172,128) | 352,619 | (143,530) |
| Net cash (Outflow)/inflow from operating activities | (341,051) | 818,332 | 566,022 |

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NOTES

### 1. Basis of preparation

The interim financial information has been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The principal accounting policies are set out in the company's 2004 statutory financial statements. The policies remain as stated in the annual report for the year ended 31 December 2004.

The financial information set out in this report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ended 31 December 2004 have been extracted from the statutory financial statements, which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 240 of the Companies At 1985. The financial statements for the six months ended 30 June 2005 and 30 June 2004 are un-audited.

### 2. Segmental Analysis

| | Six months 30 June 2005 (unaudited) | Six months 30 June 2004 (unaudited) | Year ended 31 Dec 2004 (audited) |
|---|---|---|---|
| | **£** | **£** | **£** |
| *By Destination* | | | |
| United Kingdom | 1,103,029 | 773,276 | 2,722,650 |
| Rest of Europe | 84,350 | 103,194 | 211,877 |
| North America | 239,782 | 951,671 | 1,680,279 |
| Rest of World | 103,425 | 112,158 | 217,634 |
| | 1,530,585 | 1,940,299 | 4,832,440 |

### 3. Taxation

The tax credit (2004: charge) for the six months June 2005 is calculated by applying a tax rate of 30% (2004: 30%) to the estimated profits chargeable to corporation tax for the period.

### 4. (Loss)/earnings per ordinary share

The calculation of the basic (Loss)/earnings per share is based on the profits/losses attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

| | (Loss)/profits attributable to ordinary shares | Weighted average number of shares | Basic (Loss)/ earnings per share amount in pence |
|---|---|---|---|
| | **£** | **£** | **£** |
| Six months ended 30 June 2005 | (206,710) | 25,865,216 | (0.80) |
| Six months ended 30 June 2004 | 576,310 | 21,072,936 | 2.73 |
| Year ended 31 December 2004 | 1,433,262 | 23,370,477 | 6.13 |

During the period ended 30 June 2005, options existed which had the anti-dilutive effect of increasing the weighted average number of shares by 1,134,033 to 26,940,249. The diluted loss per share for the period ended 30 June 2005 was (0.77)p.

The diluted profit per share for the period ended 30 June 2004 was 2.55p.

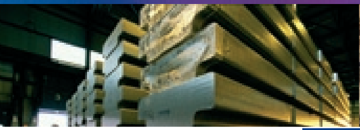
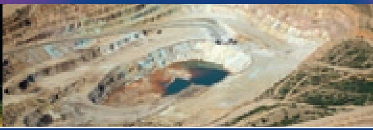
The diluted profit per share for the year ended 31 December 2004 was 5.83p.

### 5. Contingent liability

The company is in dispute with a client over a significant contract to supply a modified Trinity system. The dispute is at an early stage and the potential impact, if any, cannot be established. The directors, having taken legal advice, believe at this stage the issues raised are without merit.

### 6. Distribution

This statement will be sent to all shareholders and can be obtained from the company's registered office: 281 Cambridge Science Park, Milton Road, Cambridge, CB4 0WE.



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