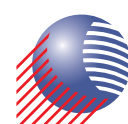




# Interim Results

Six months to 30 June 2008



**BRADY**

10 September 2008

**INTERIM RESULTS**  
**For the six months to 30 June 2008**

Brady plc (“Brady”, the “Company” or the “Group”), the global provider of trading, risk management and settlement solutions to the metals and commodities sectors, announces its interim results for the six months to 30 June 2008.

Financial Summary:

	<b>(Unaudited)</b> <b>6 months to</b> <b>30 June</b> <b>2008</b> <b>£'000</b>	<b>(Unaudited)</b> <b>6 months to</b> <b>30 June</b> <b>2007</b> <b>£'000</b>	<b>(Audited)</b> <b>Year to</b> <b>31 December</b> <b>2007</b> <b>£'000</b>
Sales revenue	2,475	2,548	5,711
Profit for the period before taxation	218	144	639
Profit for the period after taxation	168	101	486
Cash and cash equivalents	6,714	5,636	5,957
Basic earnings per share (pence)	0.61	0.38	1.82
Diluted earnings per share (pence)	0.56	0.35	1.64

Highlights:

- Profit before taxation up 51% to £218,000 compared to £144,000 for H1 2007
- Recurring maintenance revenues increased to £1.0 million (40% of total revenues) compared to £0.7 million (28% of total revenues) for H1 2007
- £6.7 million of cash resources as at 30 June 2008 (equivalent to 24 pence per share)
- One significant new contract signed in H1 of 2008 (with three further significant new contracts signed in July 2008 and one in August 2008)
- A more advanced sales opportunity pipeline that has doubled in size
- Two more clients have reached project acceptance and one further has gone live

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## **CHAIRMAN'S STATEMENT**

Brady's principal activity is the global provision of trading, risk management and settlement solutions to the metals and commodities sectors, through the delivery of customer focused software and services. The Group is focused on the metals markets, both base and precious, and on the soft commodities markets. Its offerings are capable of meeting these customer needs and of providing the Group with significant growth in sales revenues and profitability.

I am pleased to provide a summary of the developments at Brady in the first half of 2008, together with the financial results and the outlook for the rest of 2008 and beyond:

### **New Contracts**

The Group has announced one significant new licence contract in the first half of 2008 to Xstrata, to support their risk management operations of both refined metals and concentrates for their Dubai operations. The Group also announced on 31 July 2008 the signing of a further three significant new licence contracts: One with a Category 1 London Metal Exchange ("LME") ring dealing member for dealing and processing of all LME exchange traded and OTC metal trades, one with Ducab, a leading cable manufacturer in the Gulf region to support their risk management and hedging operations and a third one with Prysmian, one of the world's largest cable manufacturers to support their European risk management operations. The Group also announced on 21 August 2008 the signing of a significant new licence contract with the hedge fund division of a leading US private equity firm to support the trading and risk management operations of its commodities and metals fund. This compared to the signing of two significant new contracts in the first half of 2007 and three in the whole of 2007.

### **Market Outlook**

Brady's focus is on the metals and commodities markets. These markets have received significant attention from the world's investors given the dramatic price increases in recent years. Although there has been a reduction in some metals and commodities prices in recent months, this has not impacted the continued strong results from producers and fabricators. There have also been more entrants to the LME, which is a core market for the Group. Overall, the increase in activity in this area appears to be strong for the coming years, particularly relative to other asset classes and bearing in mind the global credit crunch in general.

### **Strategy and Operations**

Brady's goal is to be the solutions supplier of choice for producers, fabricators, banks, brokers and hedge funds, essentially covering the 'buy' and 'sell' sides of its chosen markets.

Following the completion of the commercial restructuring and our investment in building the European and North American sales teams, the Group is encouraged to see a more advanced pipeline. In monetary terms, the sales opportunity pipeline has more than doubled in value over the last six months. The Group now has six experienced quota-carrying account managers, compared to two that were in place a year ago.

We have signed significant deals in the year to date with industry leading global clients in London, Chicago, New York, Dubai and Italy, thus demonstrating that our solutions can be deployed around the world.

Geographically, 2008 has seen a strong focus in developing the North American business to support our existing client base and also to develop growth in new business. We expect to see the benefits of this development in the latter part of 2008 and into 2009.

From a product perspective, in the first half of 2008 the Group introduced high-speed web based applications so that clients may deal over the web and receive high performance position and profit and loss updates. There are also significant changes within the LME as the market becomes increasingly electronic. Brady is ideally positioned to support the new fully automated LME settlement system, LME SMART. The Group has also developed FIX format messaging, allowing consistent message formats between LME market participants.

## **Financial Results**

Total revenues for the first half of 2008 were £2.5 million, similar to the £2.5 million for the first half of 2007. Within the total, £1.0 million (40% of total revenue) was recurring support revenue, compared to £0.7 million (28% of total revenue) for the same period in 2007, reflecting the increasing installed base. A further £0.6 million (22% of total revenue) was for licence sales, compared to £0.8 million (32% of total revenue) for the same period in 2007. As previously forecasted, there has been limited opportunity to recognise significant licence revenues before the second half of 2008, due to new contract licence revenues not being recognised until customer acceptance. The licence sales in the first half of 2008 included the revenue recognised following the acceptance of two Trinity projects that were signed during 2007. In addition, KGHM, a copper miner based in Poland, went live during the period, the licence revenue having been recognised upon acceptance in 2007. Finally, £0.9 million (38% of total revenue) was for professional services and development revenues, in line with the £1.0 million (40% of total revenue) for the same period in 2007.

The gross margin for the first half of 2008 increased to 57% compared to 49% for the first half of 2007, primarily as a result of a higher proportion of revenues being recurring support revenues and a greater level of productivity achieved by the services teams.

The Board has successfully contained the Group's cost base whilst the benefits from the recent reorganisation and investment in the sales force feed into new licence contracts signed and ultimately into greater recognised revenues going forward. Expenses incurred in the first half of 2008 were £2.4 million, reduced from £2.5 million in the first half of 2007. In addition, expenditure in relation to strategic development programmes totalled £0.1 million, which, under IAS 38, were required to be capitalised. The Group remains committed to a programme of continuing development and upgrade of its solutions in order to continue to meet customer requirements and to remain at the forefront of technological advancements.

Profit before taxation for the first half of 2008 was £218,000 compared to £144,000 for the first half of 2007, an increase of 51%.

The effective tax rate for the first half of 2008 was 23% compared to an effective tax rate of 30% for the first half of 2007. This is due to the anticipated impact of research and development tax credits.

Profit after taxation for the first half of 2008 was £168,000, compared to £101,000 for the first half of 2007, an increase of 66%.

Basic earnings per share for the first half of 2008 increased to 0.61 pence from 0.38 pence for the first half of 2007. Diluted earnings per share for the first half of 2008 increased to 0.56 pence from 0.35 pence for the first half of 2007.

The Group's cash balances at 30 June 2008 were £6.7 million, an increase of £0.7 million from 31 December 2007. The Group's cash balances at 31 August 2008 had further increased to £7.0 million, primarily due to a reduction in receivables balances.

The Group's cash inflows from operating activities for the first half of 2008 was strong at £1.0 million. The Group continues to enjoy a very strong balance sheet and is committed to maintaining a tight control over its cash and working capital balances.

### **Board Changes**

We are delighted to report that the Company has been able to announce two new Board members in this six month period. Pat Brazel and Geoff Bicknell joined as Non-Executive Directors in January 2008. Both have a great deal of experience which we believe will be of significant value to the Group, strengthening our position in supplying global enterprise-level risk management and trading systems to our core markets.

The Board remains convinced that following their recruitment, the Group now has the skills and experience required to take the Group to the next level of development, to fulfil its potential and achieve sustained future growth.

### **Outlook**

The Board is pleased with the Group's progress in the first half of 2008 and, following the announcement of five significant new licence contacts signed in the year so far, demonstrates early success of the recent reorganisation and investment in the sales force.

The Group expects to accelerate further growth of the sales opportunity pipeline and to translate this into the execution of further licence contracts, as well as to complete a number of implementations during the remainder of 2008. The revenue associated with these and other activities in the second half of 2008 provides confidence in the Group meeting its financial expectations for the full year.

Overall, the Board believes that there remains a very positive market opportunity and there is evidence of strong continuing interest in the Group's product offerings. The Board remains convinced that the recent reorganisation changes made and the strategic investment in the sales force have provided a strong foundation to support further growth and financial payback in the remainder of 2008, into 2009 and beyond.

The Group continues to look for opportunities to use its strong balance sheet to enhance its product offering and build on its customer base through selective acquisitions.

### **Summary**

Having successfully completed its reorganisation, the Board believes that the Group is well placed to capitalise on a substantial and attractive market opportunity, having a leading position within the metals and mining sector. The Group has a strong product offering, an exceptionally solid balance sheet and has built a quality customer base and excellent reputation over a number of years. The new team continues to be excited by the challenge of aggressively seeking and securing new customer opportunities to add to the existing client base, and in delivering attractive organic revenue and profit growth.

The Board is not recommending the payment of an interim dividend for 2008.

Paul Fullagar  
Chairman

## Consolidated interim income statement

For the six months ended 30 June 2008

		<b>Six months 30 June 2008 (unaudited)</b>	<b>Six months 30 June 2007 (unaudited)</b>	<b>Year ended 31 Dec 2007</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Sales revenue</b>	4	<b>2,475</b>	<b>2,548</b>	<b>5,711</b>
Cost of sales		(1,073)	(1,300)	(2,401)
<b>Gross profit</b>		<b>1,402</b>	<b>1,248</b>	<b>3,310</b>
Selling and administrative expenses		(1,368)	(1,245)	(2,988)
<b>Operating result</b>		<b>34</b>	<b>3</b>	<b>322</b>
Finance income		184	141	317
<b>Result for the period before taxation</b>		<b>218</b>	<b>144</b>	<b>639</b>
Tax expense, net		(50)	(43)	(153)
<b>Net result for the period</b>		<b>168</b>	<b>101</b>	<b>486</b>
Attributable to shareholders of Brady plc		168	101	486
<b>Earnings per share (pence)</b>	6			
Basic		0.61	0.38	1.82
Diluted		0.56	0.35	1.64

## Consolidated interim balance sheet

30 June 2008

	30 June 2008 (unaudited)	30 June 2007 (unaudited)	31 Dec 2007
	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	264	154	287
Intangible assets			
Goodwill	243	243	243
Capitalised development costs	135	-	-
Other intangible assets	-	15	15
	642	412	545
<b>Current assets</b>			
Trade and other receivables	948	1,358	2,031
Cash and cash equivalents	6,714	5,636	5,957
<b>Total</b>	7,662	6,994	7,988
<b>Total assets</b>	<b>8,304</b>	<b>7,406</b>	<b>8,533</b>
<b>Equity</b>			
Share capital	275	263	274
Share premium account	3,804	3,154	3,762
Merger reserve	680	680	680
Equity reserve	255	183	216
Capital reserve	1	1	1
Retained earnings	1,309	1,062	1,447
<b>Total Equity</b>	6,324	5,343	6,380
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,534	1,600	1,778
Current tax payable	446	463	375
Total liabilities	1,980	2,063	2,153
<b>Total equity and liabilities</b>	<b>8,304</b>	<b>7,406</b>	<b>8,533</b>

## Consolidated interim statement of changes in equity

30 June 2008

### Equity attributable to equity holders of Brady plc:

	Share capital	Share premium account	Merger reserve	Equity reserve	Capital reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2007</b>	<b>262</b>	<b>3,121</b>	<b>680</b>	<b>161</b>	<b>1</b>	<b>1,223</b>	<b>5,448</b>
Increase in equity reserve in relation to options issued	-	-	-	22	-	-	22
Allotment of shares following exercise of share options	1	33	-	-	-	-	34
Profit and total recognised income and expenditure for the six month period	-	-	-	-	-	101	101
Dividends	-	-	-	-	-	(262)	(262)
<b>Balance at 30 June 2007</b>	<b>263</b>	<b>3,154</b>	<b>680</b>	<b>183</b>	<b>1</b>	<b>1,062</b>	<b>5,343</b>
Increase in equity reserve in relation to options issued	-	-	-	33	-	-	33
Allotment of shares following placing of shares	10	590	-	-	-	-	600
Allotment of shares following exercise of share options	1	18	-	-	-	-	19
Profit and total recognised income and expenditure for the six month period	-	-	-	-	-	385	385
<b>Balance at 31 December 2007</b>	<b>274</b>	<b>3,762</b>	<b>680</b>	<b>216</b>	<b>1</b>	<b>1,447</b>	<b>6,380</b>
Increase in equity reserve in relation to options issued	-	-	-	39	-	-	39
Allotment of shares following exercise of share options	1	42	-	-	-	-	43
Profit and total recognised income and expenditure for the six month period	-	-	-	-	-	168	168
Exchange difference on consolidation	-	-	-	-	-	(5)	(5)
Dividends	-	-	-	-	-	(301)	(301)
<b>Balance at 30 June 2008</b>	<b>275</b>	<b>3,804</b>	<b>680</b>	<b>255</b>	<b>1</b>	<b>1,309</b>	<b>6,324</b>

## Consolidated interim cash flow statement

For the six months ended 30 June 2008

	Six months 30 June 2008 (unaudited) £'000	Six months 30 June 2007 (unaudited) £'000	Year ended 31 Dec 2007 £'000
<b>Operating activities</b>			
Result for the period after tax	168	101	486
Depreciation of property, plant and equipment	64	46	103
Impairment of intangible assets	15	71	71
Interest receivable	(184)	(141)	(317)
Employee equity settled share options	39	22	55
Changes in trade and other receivables	1,062	929	255
Change in trade and other payables	(173)	(275)	(185)
Exchange differences on consolidation	(5)	-	-
Taxes refunded	21	115	115
	<u>1,007</u>	<u>868</u>	<u>583</u>
<b>Investing activities</b>			
Additions to property, plant and equipment	(41)	(62)	(251)
Additions to capitalised development	(135)	-	-
Interest received	184	141	317
	<u>8</u>	<u>79</u>	<u>66</u>
<b>Financing activities</b>			
Proceeds from share issues	43	34	653
Dividends paid	(301)	(262)	(262)
	<u>(258)</u>	<u>(228)</u>	<u>391</u>
Net changes in cash and cash equivalents	757	719	1,040
Cash and cash equivalents, beginning of period	5,957	4,917	4,917
<b>Cash and cash equivalents, end of period</b>	<b><u>6,714</u></b>	<b><u>5,636</u></b>	<b><u>5,957</u></b>

## Selected explanatory notes

### 1. Nature of operations and general information

Brady plc and its subsidiaries' principal activity is the provision of risk management and settlement solutions to the metals and commodities industries, through the delivery of customer focused software and services.

The Group provides the leading trading and risk management software for global commodity markets. On a single platform, the Group provides a complete integrated solution supporting entire commodities trading operations.

Brady plc, a limited liability company, is the Group's ultimate parent company. It is registered in England and Wales. The address of Brady plc's registered office, which is also its principal place of business, is 281 Cambridge Science Park, Milton Road, Cambridge, CB4 0WE.

These condensed consolidated interim financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board, and in accordance with IAS34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2007. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 240 of the Companies Act 1985. The Consolidated Financial Statements have been filed with the Registrar of Companies and are available on the Company's website, [www.bradypc.com](http://www.bradypc.com).

Brady plc's shares are listed on the London Stock Exchange's Alternative Investment Market (AIM). Brady plc's consolidated interim financial statements are presented in British pounds (£), which is also the functional currency of the ultimate parent company.

### 2. Accounting policies

The accounting policies applied by the Group are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2007.

### 3. Sales revenue fluctuations

The ability to predict the timing of large contract closures is inherently difficult. The Group's principal offering, Trinity, is an important software application and new customers need to carefully evaluate the software before placing an order. This, together with the Group's revenue recognition policy, creates long lead times and the potential for unpredictable fluctuations in sales revenue.

### 4. Segment analysis

The Group has one principal activity and makes sales to a variety of global destinations. An analysis of sales revenue by geographical market is given below:

	Six months 30 June 2008 (unaudited) £'000	Six months 30 June 2007 (unaudited) £'000	Year ended 31 Dec 2007 £'000
United Kingdom	1,212	902	2,350
Rest of Europe	199	52	750
North America	1,015	1,357	2,503

Rest of World	49	237	108
	<b>2,475</b>	<b>2,548</b>	<b>5,711</b>

## 5. Share issues

During the period under review, share options under Brady plc's share option schemes have been exercised. This increased Brady plc's ordinary shares issued and fully paid at the end of the period under review by 165,000 (year ended 31 December 2007: 166,000 in addition to 1,000,000 issued via a placing.)

## 6. Earnings per share and dividends

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Brady plc divided by the weighted average number of shares in issue during the period. All earnings per share calculations relate to continuing operations of the Company.

	<b>Profits attributable to shareholders</b>	<b>Weighted average number of shares</b>	<b>Basic earnings per share amount in pence</b>
Six months ended 30 June 2008	168,000	27,418,172	0.61
Six months ended 30 June 2007	101,000	26,370,165	0.38
Year ended 31 December 2007	486,000	26,742,316	1.82

The calculation of the diluted earnings per share is based on the profits attributable to the shareholders of Brady plc divided by the weighted average number of shares in issue during the period, as adjusted for dilutive share options. All earnings per share calculations relate to continuing operations of the Company.

	<b>Dilutive options</b>	<b>Anti-dilutive options</b>	<b>Diluted earnings per share amount in pence</b>
Six months ended 30 June 2008	2,470,891	1,569,000	0.56
Six months ended 30 June 2007	2,744,648	-	0.35
Year ended 31 December 2007	2,852,423	200,000	1.64

During the period ended 30 June 2008, Brady plc paid dividends of £301,000 to its equity shareholders (period ended 30 June 2007: £262,000)

## 7. Financial Statements

The financial information included in this report does not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. This statement can be obtained from the Company's registered office at 281 Cambridge Science Park, Milton Road, Cambridge, CB4 0WE and will be available on the Company's website [www.bradypc.com](http://www.bradypc.com).



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