

Consolidated Cash Flow Statement

6 months to 30 June 2002

	Unaudited 30 June 2002 £000	Unaudited 30 June 2001 £000
OPERATING PROFIT	526	744
Adjustments for		
Depreciation	299	282
Release of Government grants	(32)	(28)
Increase in stocks	(47)	(160)
Increase in debtors	(513)	(607)
Increase/(decrease) in creditors	672	(59)
NET CASH FLOW FROM OPERATING ACTIVITIES	905	172
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(7)	(10)
TAXATION PAID	(79)	(117)
EQUITY DIVIDENDS PAID	(145)	(145)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT	(411)	(548)
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING	263	(648)
LOAN AND LEASE REPAYMENTS	(232)	(28)
INCREASE/(DECREASE) IN CASH IN THE PERIOD	31	(676)
ANALYSIS OF CASH MOVEMENT		
Cash in hand and at bank	(113)	(383)
Bank overdraft	144	(293)
	31	(676)

Notes

- Basic earnings per share have been calculated on the issued share capital of 6,044,478 (2001 — 5,990,787) Ordinary shares of 10p each and on the profit after tax and minority interests.
- Copies of this interim statement are being sent to all shareholders and will be available from the Registered Office of the Company, Small Heath Business Park, Birmingham, B10 0HJ, for a period of 14 days from the date of this statement.
- The taxation charge is based on the estimated effective rate of tax for the full year.
- The financial information set out above does not comprise full accounts within the meaning of Section 240 of the Companies Act 1985.
- The interim figures set out in this statement are unaudited but have been prepared on a basis consistent with the statutory financial statements for the year to 31 December 2001. The figures for the year to 31 December 2001 have been extracted from the statutory financial statements for that year which have been filed with the Registrar of Companies and carry an unqualified audit report.



Delcam Plc

INTERIM REPORT 2002

Interim Results for the six months to 30 June 2002

- Record half-year sales of £9.5 million against £9.0 million in 2001
- Pre-tax interim profit of £0.5 million, up £0.4 million on second half of 2001
- Interim dividend of 0.95p maintained as directors remain confident for continued recovery into second half of 2002
- Strong growth in maintenance revenues in first half
- Continued high level of investment in product development
- Position as world's leading international specialist supplier of NC software and services confirmed by CIMdata
- Outright winner in "Best Software" category at Metalwork Production International Machine Tool Awards

Chairman's Statement

Financial Highlights

I am very pleased to report that, during the first half of 2002, Delcam has seen a strong recovery from the difficulties experienced by the Company during the second half of last year. Sales for the half year to 30 June 2002 were £9.5 million compared with £9.0 million during the first half of 2001, an increase of 6%, despite general trading conditions being more difficult than in the equivalent period of 2001.

Profit before tax of £0.5 million was 29% lower than the first half of last year but represents an improvement of £0.4 million on the second half of 2001, while the Company has continued to increase its investment in product development and in sales and marketing. Basic earnings per share were 6.1p compared with 8.9p in the equivalent period last year.

There has been a £0.7 million improvement in cash generation over the first six months of last year, further reducing gearing to 21% since the year end.

Dividend

The increase in sales and the results of our additional investment give us confidence in the future profitability of the Company. As a result, the

Chairman's Statement continued

Board proposes to maintain an interim dividend of 0.95p per ordinary share. It will be paid on 16 September 2002 to shareholders on the Register as at 30 August 2002. The shares are expected to be quoted ex dividend on 28 August 2002.

Review

Despite the somewhat gloomy economic news, which has resulted in a loss of confidence and delays in investment decisions by many of our customers, we have managed to improve sales in most countries. The most significant exceptions were in the UK and in South America. In contrast, our sales have recovered particularly well in North America.

Given the overall growth achieved, we might have expected stronger profits. However, costs have also increased as, in spite of the current economic uncertainty, we continue to take the long-term view with regard to our investments in product development, sales and marketing.

Service income has shown strong growth, in particular the maintenance revenues paid by our customers to receive newer versions of our software. This reflects our customers' satisfaction with the significant improvements we are continuing to make to our products. Overall, our software continues to be very competitive. While this is difficult to measure in absolute terms, I believe we have moved ahead of our competitors in key areas, including high-value machining operations such as high-speed machining and five-axis machining.

Delcam is focused on organic growth but this does not mean we exclude the possibility of acquiring other companies servicing the same market, if we are convinced that this might enhance shareholder value.

Over the last few years we have investigated possible acquisitions but, so far, we have not been confident of achieving the enhancement in shareholder value that we desired. With the current general reduction in company market capitalisation, it is clear that better opportunities might present themselves.

Outlook

The general outlook for the second half of the year is satisfactory. In normal circumstances, our second half produces better results than the first half. This was not the case during 2001 but we believe that our normal trading pattern will return this year, unless there is a further deterioration in global manufacturing activity.

T R M KINSEY

Chairman

21 August 2002

Consolidated Profit and Loss Account

6 months to 30 June 2002

	Unaudited 30 June 2002 £000	Unaudited 30 June 2001 £000	Audited Year to 31 Dec 2001 £000
TURNOVER	9,518	9,004	18,248
Cost of sales	(3,134)	(2,826)	(5,941)
GROSS PROFIT	6,384	6,178	12,307
Distribution costs	(2,424)	(2,284)	(4,177)
Administration expenses	(3,589)	(3,281)	(7,516)
Other operating income	155	131	270
OPERATING PROFIT	526	744	884
Income from interest in associates	42	31	103
Interest receivable	3	16	23
Interest payable	(52)	(57)	(157)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	519	734	853
Tax on profit on ordinary activities	(152)	(207)	(294)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	367	527	559
Equity minority interests	0	4	38
PROFIT FOR THE PERIOD	367	531	597
Dividends proposed	(57)	(57)	(204)
RETAINED PROFIT FOR THE PERIOD	310	474	393
EARNINGS PER SHARE	6.1p	8.9p	9.9p

Consolidated Balance Sheet

As at 30 June 2002

	Unaudited 30 June 2002 £000	Unaudited 30 June 2001 £000	Audited 31 Dec 2001 £000
FIXED ASSETS			
Intangible assets	73	—	84
Tangible assets	6,483	6,629	6,360
Investments	787	326	766
	7,343	6,955	7,210
CURRENT ASSETS			
Stocks	233	320	186
Debtors	5,495	5,188	4,982
Cash at bank and in hand	414	399	527
	6,142	5,907	5,695
CREDITORS: amounts falling due within one year	(4,318)	(3,367)	(3,808)
NET CURRENT ASSETS	1,824	2,540	1,887
TOTAL ASSETS LESS CURRENT LIABILITIES	9,167	9,495	9,097
CREDITORS: amounts falling due after more than one year	(618)	(1,056)	(775)
DEFERRED INCOME	(1,173)	(1,161)	(1,191)
EQUITY MINORITY INTERESTS	(42)	(69)	(12)
	7,334	7,209	7,119
CAPITAL AND RESERVES			
Called up share capital	612	612	612
Share premium account	1,920	1,910	1,920
Revaluation reserve	2,328	2,378	2,353
Other reserves	1	13	1
Profit and loss account	2,473	2,296	2,233
EQUITY SHAREHOLDERS' FUNDS	7,334	7,209	7,119