

Consolidated Balance Sheet

6 months to 30 June 2000

	Unaudited 30 June 2000 £	Unaudited 30 June 1999 £	Audited 31 Dec. 1999 £
FIXED ASSETS			
Tangible assets	6,668,618	4,524,311	6,638,122
Investments	344,492	312,657	311,946
	<u>7,013,110</u>	<u>4,836,968</u>	<u>6,950,068</u>
CURRENT ASSETS			
Stocks	103,351	177,178	101,155
Debtors	4,956,083	4,815,590	4,633,974
Cash at bank and in hand	336,671	391,978	534,447
	<u>5,396,105</u>	<u>5,384,746</u>	<u>5,269,576</u>
CREDITORS: amounts falling due within one year	<u>(3,952,464)</u>	<u>(4,477,628)</u>	<u>(3,949,137)</u>
NET CURRENT ASSETS	<u>1,443,641</u>	<u>907,118</u>	<u>1,320,439</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,456,751</u>	<u>5,744,086</u>	<u>8,270,507</u>
CREDITORS: amounts falling due after more than one year	<u>(1,206,707)</u>	<u>(1,529,701)</u>	<u>(1,490,566)</u>
DEFERRED INCOME	<u>(1,053,833)</u>	<u>(1,041,776)</u>	<u>(1,016,880)</u>
EQUITY MINORITY INTERESTS	<u>(59,264)</u>	<u>(77,187)</u>	<u>(131,447)</u>
	<u>6,136,947</u>	<u>3,095,422</u>	<u>5,631,614</u>
CAPITAL AND RESERVES			
Called up share capital	608,134	604,823	604,823
Share premium account	1,857,385	1,809,053	1,809,053
Revaluation reserve	2,432,759	187,477	2,452,691
Other reserves	27,528	16,267	1,703
Profit and loss account	1,211,141	477,802	763,344
EQUITY SHAREHOLDERS' FUNDS	<u>6,136,947</u>	<u>3,095,422</u>	<u>5,631,614</u>

Consolidated Cash Flow Statement

6 months to 30 June 2000

	Unaudited 30 June 2000 £	Unaudited 30 June 1999 £
OPERATING PROFIT	649,540	609,222
Adjustments for:		
Depreciation	349,502	445,987
Release of Government grants	(28,212)	(36,942)
(Increase)/decrease in stocks	(2,196)	61,801
Increase in debtors	(276,951)	(37,251)
Increase in creditors	336,844	110,701
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>1,028,527</u>	<u>1,153,518</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(82,759)</u>	<u>(137,064)</u>
TAXATION PAID	<u>(95,158)</u>	<u>(44,263)</u>
EQUITY DIVIDENDS PAID	<u>(106,590)</u>	<u>—</u>
CAPITAL EXPENDITURE	<u>(379,998)</u>	<u>(118,251)</u>
CASH INFLOW BEFORE FINANCING	<u>364,022</u>	<u>853,940</u>
FINANCING	<u>(284,813)</u>	<u>(384,046)</u>
INCREASE IN CASH IN THE PERIOD	<u>79,209</u>	<u>469,894</u>
ANALYSIS OF CASH MOVEMENT		
Cash in hand and at bank	(197,776)	109,698
Bank overdraft	276,985	360,196
	<u>79,209</u>	<u>469,894</u>

Notes

- Earnings per share have been calculated on the issued share capital of 5,954,770 ordinary shares (1999 – 5,921,666 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 1999. The figures for the year to 31 December 1999 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 2000

Interim Results for the six months to 30 June 2000

- Record half-year sales of £8,302,280 against £7,677,884 in 1999
- Pre-tax interim profits of £611,162 against £509,549, up 20%.
- Interim dividend of 0.85p per share, up 21%
- Delcam's sales in the U.S.A., world's largest CAD/CAM market, up 30% in the first half
- Continued recovery in the Far East
- Two major product launches scheduled for the second half
- Continued high level of investment in product development

Chairman's Statement

Financial Highlights

As I reported at our last AGM, trading in 2000 has continued the improvement seen last year. Sales for the six-month period to 30 June 2000 were £8,302,280 compared with £7,677,884 in the corresponding period last year. Profit before tax of £611,162 reflects a continued improvement from the first-half profit in 1999 of £509,549. Earnings per share were 8.1p compared with earnings per share of 7.0p in the corresponding period last year. A net cash flow of £1,028,527 was generated from operating activities.

Dividend

In view of our improved performance and reflecting the directors' confidence in future trading, the interim dividend has been increased. A net interim dividend of 0.85p per share (0.7p per share in 1999) will be paid on 22 September 2000 to shareholders on the Register as at 15 September 2000. The shares are expected to be quoted ex dividend on 11 September 2000.

Chairman's Statement continued

Review

Products

Delcam supplies leading software for the design, manufacture and inspection of complex shapes. Typical applications include aerospace and automotive components, housings for mobile phones and other electrical appliances, sports equipment and footwear. This area of the CAD/CAM industry is growing rapidly as a result of the desire for more complex designs in many consumer products and because of the increasing rate of styling modifications to meet changing fashions.

A recent review by the US consulting and market research firm CIMdata has confirmed our position as the leading supplier of NC software and services to the toolmaking industry both in North America and in Europe.

The first half of the year has seen the introduction of new programs for footwear design and a new entry-level machining package sold via the Internet. We have also introduced an Internet-based data translation service. Work is now under way on major releases of our two key products — the design software PowerSHAPE and our machining software PowerMILL. These are both due for release during the autumn. The rights to the mould design package developed by Tecnocad have been acquired and an improved version of this software will also be available later this year.

Extensive media coverage has been gained from the selection of Delcam software for the production of the Maitreya Buddha in Bodhi Gaya, India. This high-profile project will produce the largest statue in the world. The work has now started in Birmingham and will be continued in our recently opened Indian operation.

This year, a distribution and development agreement has been signed with the leading metrology company, Renishaw plc, that will allow the supply of our reverse engineering technology to many of its customers. The arrangements for measuring arm manufacturers to supply our inspection software PowerINSPECT with their products are working successfully and are expected to be extended later this year.

United Kingdom

Lower levels of confidence and investment seen throughout UK manufacturing industry has had an impact on software sales following the record results achieved in the first half of 1999. Some improvement is expected in the second half of the year. Sales of services have continued

to grow, with the results from the Tooling Services Division showing substantial improvement.

Europe

We have seen continued strong growth in Italy with sales up by 20%, together with considerable improvements in Spain and Scandinavia.

We are developing plans for the expansion of our distribution network in Germany. This will allow us to take advantage of the launch of our new product upgrades later in the year.

Within Eastern Europe, the slow recovery in Russia has resulted in a significant increase in sales in the region. A new reseller has been appointed in Poland that should lead to increased business from that country.

The Americas

In North America, the world's largest market for CAD/CAM software, we have continued the strong growth seen during 1999 with sales increasing by 30% compared with the first half of last year. Additional staff have been recruited for the North American office and further experienced resellers have been appointed.

In South America, the easing of the economic problems in Brazil has led to a doubling of sales compared with the disappointing first half results in 1999.

The Far East

Japan, China, Hong Kong, Thailand and Malaysia have all seen improved results as the recovery continues in these countries and in Korea sales were up by 29%. We have opened an office in India to support the reseller in the country and to expand our distribution network.

Prospects

We have made good progress so far this year, both technically and commercially. The major software releases, and continuing investment in our sales channels, planned for the second half of the year should ensure that this progress will be maintained both for the remainder of this year and into 2001.

T R M KINSEY

Chairman

30 August 2000

Consolidated Profit and Loss Account

6 months to 30 June 2000

	Unaudited 30 June 2000 £	Unaudited 30 June 1999 £	Audited Year to 31 Dec. 1999 £
TURNOVER	8,302,280	7,677,884	15,774,254
Cost of sales	(2,929,317)	(2,885,492)	(5,886,850)
GROSS PROFIT	5,372,963	4,792,392	9,887,404
Distribution costs	(1,780,282)	(1,559,041)	(4,004,251)
Administrative expenses	(2,943,141)	(2,624,129)	(4,653,932)
OPERATING PROFIT	649,540	609,222	1,229,221
Income from interest in associates	44,381	37,391	58,289
Interest receivable	4,464	725	11,108
Interest payable	(87,223)	(137,789)	(256,543)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	611,162	509,549	1,042,075
Tax on profit on ordinary activities	(160,091)	(117,746)	(218,234)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	451,071	391,803	823,841
Equity minority interests	32,183	21,420	(23,050)
PROFIT FOR THE PERIOD	483,254	413,223	800,791
Dividends proposed	(50,616)	(41,452)	(148,042)
RETAINED PROFIT FOR THE PERIOD	432,638	371,771	652,749
EARNINGS PER SHARE	8.1p	7.0p	13.5p