

Appian Technology plc / Ticker: ATT / Market: AIM / Sector: Technology
26 June 2008

Appian Technology plc ('Appian', 'the Company')
Interim Results

Appian Technology plc, the AIM-traded provider of Automatic Number Plate Recognition ('ANPR') systems and traffic management products and solutions, announces its interim results for the six months ended 31 March 2008.

Overview

- Initiatives implemented during the period to increase sales, widen customer base and geographical penetration, reduce costs and strengthen team and balance sheet
- Reduced costs and streamlined operations anticipated to provide annualised cost saving of £1.54 million
- Product development programme ongoing to further reduce production costs and enhance margins
- Balance sheet strengthened having raised £1.39 million (net) from a placing of new shares and approximately £1.24 million through the issue of Convertible Loan Notes
- Record order intake of £5.4 million in year to date

Chairman's Statement

I am pleased to report on the progress that Appian has made in the first six months of the financial year, during which we have expanded our geographic reach and strengthened our position as a leading provider of ANPR systems to security and law enforcement agencies worldwide.

As mentioned in my last statement to shareholders, the second half of the financial year ended 30 September 2007 was challenging, due to a combination of the delay in the receipt of anticipated orders by circumstances outside our and our customers' control and the increase in our cost base following the acquisition of Genesis. We therefore initiated a strategic review, which has been our focus during this period, centred on increasing sales, widening our customer base and geographical penetration, reducing costs and strengthening the management team, board and balance sheet. As our various contract wins and sales orders received in the year to date indicate, together with reducing costs, these actions are now bearing fruit, although they will not be reflected in the Company's profit and loss account until the full year results.

Operations Report

Appian made progress in all its markets, namely in the UK and Ireland, the Middle East and the Americas, resulting in a number of contract wins and its best half year to date for order intake. Business in hand in the year to date is £5.4 million in aggregate, which, with the exception of £0.26 million, is anticipated to be delivered by the end of the current financial year. This includes all orders received so far and annual maintenance revenue. Total sales in the last financial year amounted to £4.77 million.

In the UK and Ireland market, Appian has grown its market share and successfully won a number of strategic tenders. In particular, our fixed-site ANPR business has developed, with new systems recently installed at 4 UK international airports (East Midlands, Manchester, Southampton and London City) and at a UK military base. We have successfully displaced our competitors and are now supplying our ANPR technology to a number of new UK police forces including North Yorkshire, Lincolnshire and Leicestershire and a major UK security force.

Internationally, our profile continues to develop and we have doubled our level of sales. We secured contracts to install ANPR systems at 3 further prestigious Middle Eastern hotels. In order to capture the increasing global demand for ANPR technology, and to expose our products to new geographical markets, we have a number of new international partners, including Transguard, a division of the Jumerah group, and Norbain. Norbain are a major global security distributor and we are excited to be working with them on the Middle Eastern and on a number of African projects. We also have a number of international contracts pending, which we hope to announce in due course.

Our Maltese joint venture company, CVA, in which we have a 30% interest, is receiving excellent feedback for its operation of the Congestion Charging Scheme in Valetta. Launched in May 2007 under a 10 year contract, the system is currently undergoing acceptance testing and we expect this to be revenue generating in the next financial year. Importantly, the scheme was recently voted the best case study of 2007 by the European Local Transport Information Service and is generating considerable interest in other European countries where policymakers are evaluating the possibility of introducing similar systems in major towns and cities. The scheme is also being presented at the European Local and Regional Government Finance Conference meeting in Rome.

During the period, Appian signed its first original equipment manufacturer agreement ('OEM') with US based Civica Software ('Civica'), its Californian based distributor. This has now been devolved to a new company, Platescan Inc ('Platescan') and, as part of the agreement, Appian has been granted an initial 5% of free equity in Platescan with

the option to acquire a further 5% at the same price at which new shares were issued to a government-backed venture capital investor, recently announced by Platescan.

Platescan is focused on developing and distributing technology products for the US Government and law enforcement agencies. Under the terms of the agreement, Platescan will integrate Appian's TalonSP™ recognition engine into its proprietary hardware and software system, PlateScan™, to create a superior product that enables customers to proactively identify vehicles of interest during routine patrols.

Product Development

Our decision to develop and contract manufacture our own camera products, rather than purchasing commodity cameras off the shelf, has improved our product range and enhanced strategic independence. Adjustment to this changed business operation resulted in a one-off delay in order delivery during the period but has since proved to be successful.

We continue to upgrade our range of cameras, including the fixed site Cobra camera, which has sold very successfully since its launch in January 2007. We have also rolled out the new Stinger range, an enhanced Cobra with inbuilt processing and communications capabilities, as well as the Viper range, an in-car dual purpose video and ANPR camera aimed at the police market.

Re-engineering of our principal camera products to further reduce production costs and enhance margins is currently underway.

Board and Management Team

The management team has been strengthened and reorganised to ensure that we maximise our potential and remain at the forefront of ANPR technology development and provision. Commercial Director, Tom Keene is responsible for sales and marketing, with particular focus on developing international and traffic markets. Tony Price is Head of Operations, Dr. Peter Csakany was appointed Head of Development in December 2007 and Adrian Cadd has been promoted to the position of UK Sales Director.

The financial team has been strengthened with the appointment of Simon Michaels who joined as Finance Manager in April 2008 with a view to a future appointment to the Board. Simon, aged 40, is a chartered accountant, who has wide ranging business experience at plc level having previously held positions with Coopers & Lybrand, RP Corporate Strategy, Finance Director UK and US Operations for Harvey Nash Group plc and Group Finance Director and Company Secretary of Mercury Group plc.

Mr Michaels replaces the Company's former FD David Hearn, who stepped down from the Board in April and the interim CFO, Philip Lindsell, who departed at the end of April. Additionally, the Board plans to appoint a non-executive Chairman in the near future.

Financials

In line with expectations, the Company is reporting a turnover of £2,037,222 (2007: £3,511,063) and gross profit of £945,297 (2007: £1,702,987) for the six months ended 31 March 2008. The Company incurred a post tax loss of £1,280,916 (2007: loss of £431,226). Non-recurring costs in this half year amounted to £0.305 million. The Board is not declaring a dividend.

The Board anticipates that with the exception of £0.26 million, business in hand of £5.4 million generated this year will be delivered and reflected in the Company's 2008 year end results.

In this financial year, Appian has raised £1.39 million (net) from a placing of new shares in December 2007 and approximately £1.24 million through the issue of two tranches of convertible loan notes in March and June 2008. Certain directors have contributed significantly to these issues.

The Company has implemented an aggressive cost reduction programme with the aim of reducing costs to a rate of £3.4 million per annum by the end of this financial year from an annualised peak of £4.9 million in the second half of the financial year to September 2007. Further opportunities to reduce costs are being constantly assessed.

Outlook

With a record period for order intake and pipeline, steady gross margin and the implementation of an aggressive cost cutting programme whose major benefits will be seen during the remainder of this financial year and next, we believe that Appian has significant future potential in this emerging market. We remain committed to being at the forefront of ANPR technology and we believe the improvement in order intake reflects that the Company's products are gaining further recognition and traction both in the UK and internationally and demonstrates the continuing growth of the market.

Patrick Ryan
Executive Chairman and CEO
26 June 2008

APPIAN TECHNOLOGY PLC

Consolidated interim income statement

For the six months ended 31 March 2008

	Unaudited 6 months ended 31-Mar-08 £	Restated Unaudited 6 months ended 31-Mar-07 £	Restated Unaudited 12 months ended 30-Sep-07 £
Revenue	2,037,222	3,511,063	4,775,548
Cost of sales	(1,091,925)	(1,808,076)	(2,883,089)
Gross profit	945,297	1,702,987	1,892,459
Administrative expenses	(2,236,471)	(2,006,233)	(4,476,695)
Share based payment	(43,308)	(151,299)	(224,355)
Depreciation	(24,579)	(16,600)	(42,833)
Amortisation of intangibles	(56,531)	(9,738)	(15,240)
Operating expenses	(2,360,889)	(2,183,870)	(4,759,123)
Operating loss	(1,415,592)	(480,883)	(2,866,664)
Impairment of investments	-	-	(101,425)
Net finance costs	(51,533)	4,859	(44,528)
Loss before tax	(1,467,125)	(476,024)	(3,012,617)
Tax on loss	186,209	44,798	47,371
Loss for the period	(1,280,916)	(431,226)	(2,965,246)
Basic and diluted loss per share (pence)	(0.75)	(0.29)	(2.01)

APPIAN TECHNOLOGY PLC
Consolidated interim balance sheet
As at 31 March 2008

	Unaudited 31-Mar-08 £	Restated Unaudited 31-Mar-07 £	Restated Unaudited 30-Sep-07 £
Non-current assets			
Goodwill	1,366,501	2,060,201	1,366,501
Other intangible assets	659,076	439,882	634,652
Property, plant and equipment	160,693	155,486	167,474
Investments	176,425	202,850	101,425
	2,362,695	2,858,419	2,270,052
Current assets			
Inventories	865,044	923,797	711,324
Trade and other receivables	2,265,497	2,997,641	1,727,662
Cash and cash equivalents	355,246	1,212,042	70,589
	3,485,787	5,133,480	2,509,575
Total assets	5,848,482	7,991,899	4,779,627
Current liabilities			
Trade and other payables	1,998,152	2,493,550	2,188,106
Bank borrowings	828,681	622,687	555,068
	2,826,833	3,116,237	2,743,174
Non-current liabilities	1,106,396	634,351	247,921
Total liabilities	3,933,229	3,750,588	2,991,095
Net assets	1,915,253	4,241,311	1,788,532
Equity			
Share capital	1,897,687	1,526,550	1,528,550
Share premium	11,367,215	10,365,838	10,372,023
Other reserve	623,432	623,432	623,432
Share options reserve	418,937	302,573	375,629
Retained earnings	(12,392,018)	(8,577,082)	(11,111,102)
Total equity	1,915,253	4,241,311	1,788,532

	Restated Unaudited	Restated Unaudited	Restated Unaudited	Restated Unaudited	Restated Unaudited	Restated Unaudited
	Share capital	Share premium	Share options reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 October 2006	1,506,550	10,290,347	151,274	623,432	(8,145,856)	4,425,747
Changes in equity for 6 months						
Share based payment charge	-	-	151,299	-	-	151,299
Net income recognised directly to equity	-	-	151,299	-	-	151,299
Loss for the period	-	-	-	-	(431,226)	(431,226)
Total recognised income and expense for the period	1,506,550	10,290,347	302,573	623,432	(8,577,082)	4,145,820
Issue of share capital	20,000	75,491	-	-	-	95,491
Balance at 31 March 2007	1,526,550	10,365,838	302,573	623,432	(8,577,082)	4,241,311
Balance at 1 October 2006	1,506,550	10,290,347	151,274	623,432	(8,145,856)	4,425,747
Changes in equity for the year						
Share based payment charge	-	-	224,355	-	-	224,355
Net income recognised directly to equity	-	-	224,355	-	-	224,355
Loss for the period	-	-	-	-	(2,965,246)	(2,965,246)
Total recognised income and expense for the year	1,506,550	10,290,347	375,629	623,432	(11,111,102)	1,684,856
Issue of share capital	22,000	81,676	-	-	-	103,676
Balance at 30 September 2007	1,528,550	10,372,023	375,629	623,432	(11,111,102)	1,788,532

	Share capital	Share premium	Share based payments reserve	Other reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 October 2007	1,528,550	10,372,023	375,629	623,432	(11,111,102)	1,788,532
Changes in equity for 6 months						
Share based payment charge	-	-	43,308	-	-	43,308
Net income recognised directly to equity	-	-	43,308	-	-	43,308
Loss for the period	-	-	-	-	(1,280,916)	(1,280,916)
Total recognised income and expense for the year	1,528,550	10,372,023	418,937	623,432	(12,392,018)	550,924
Issue of share capital	369,137	1,107,411	-	-	-	1,476,548
Expense of equity share issue	-	(112,219)	-	-	-	(112,219)
Balance at 31 March 2008	1,897,687	11,367,215	418,937	623,432	(12,392,018)	1,915,253

APPIAN TECHNOLOGY PLC

Condensed consolidated cash flow statement

For the six months ended 31 March 2008

	Unaudited 6 months ended 31-Mar-08 £	Restated Unaudited 6 months ended 31-Mar-07 £	Restated Unaudited 12 months ended 30-Sep-07 £
Loss on ordinary activities before tax	(1,467,125)	(476,024)	(3,012,617)
Depreciation	24,579	16,600	42,833
Amortisation of intangibles	56,531	9,738	15,240
Impairment of available-for-sale investment	-	-	101,425
Share based payments	43,308	151,299	224,355
Net interest payable/(receivable)	51,533	(4,859)	44,528
(Increase)/decrease in inventories	(153,720)	(85,844)	126,629
(Increase)/decrease in trade and other receivables	(537,835)	(367,155)	902,824
Decrease in trade and other payables	(223,431)	(65,987)	(103,930)
Net interest paid	(51,533)	4,859	(44,528)
Tax received/(paid)	186,209	44,798	47,371
Net cash outflow from operating activities	(2,071,484)	(772,575)	(1,655,870)
Purchases of property, plant & equipment	(17,799)	(111,464)	(149,685)
Purchases of intangibles	(80,954)	(262,797)	(463,369)
Acquisition of investment	(75,000)	(202,850)	(202,850)
Net cash used in investing activities	(173,753)	(577,111)	(815,904)
Issue of loan stock	903,000	-	-
Repayments of borrowings	75,276	-	-
Share issue (net proceeds)	1,364,329	95,491	103,676
Net cash flows on finance leases	(20,798)	141,284	194,353
Net cash raised in financing activities	2,321,807	236,775	298,029
Net increase/(decrease) in cash & cash equivalents	76,570	(1,112,911)	(2,173,745)
Cash & cash equivalents at beginning of period	(472,563)	1,714,182	1,714,182
Cash & cash equivalents at end of the period	(395,993)	601,271	(472,563)

APPIAN TECHNOLOGY PLC

NOTES TO THE INTERIM RESULTS

For the six months ended 31 March 2008

1 BASIS OF PREPARATION

The interim financial information has been prepared by applying the IFRS-compliant accounting policies published on the group's website, www.appian-tech.com.

Appian Technology's consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These interim consolidated financial statements are for the six months ended 31 March 2008. They have been prepared following the recognition and measurement principles of IFRS, because they are part of the period covered by the Group's first IFRS financial statements for the year ending 30 September 2008. 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 for the year ended 30 September 2007.

These financial statements have been prepared on the going concern basis, under the historical cost convention.

These consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies published on the Group's website which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 September 2008 or are expected to be adopted and effective at 30 September 2008, our first annual reporting date at which we are required to use IFRS accounting standards as adopted by the EU.

Appian Technology plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 September 2007. The date of transition to IFRS was 1 October 2006. The comparative figures in respect of 2007 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are shown on the group's website. The transition to IFRS has not resulted in any adjustments to the previously reported results and balance sheets other than in respect of format and disclosure requirements.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

2 LOSS PER ORDINARY SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Loss per share has been calculated on the “net basis”.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	Unaudited 6 months ended 31-Mar-08	Unaudited 6 months ended 31-Mar-07	Unaudited 12 months ended 30-Sep-07
Loss after taxation (£)	(1,280,916)	(431,226)	(2,965,246)
Weighted average number of ordinary shares in issue during the period	170,571,118	146,600,050	147,188,146
Loss per ordinary 1 p share (pence)	(0.75)	(0.29)	(2.01)

3 TAX

The tax credit arises on research and development.

4 DIVIDENDS

During the interim period, no dividends were paid to the shareholders, (2007: £nil).

5 PROPERTY, PLANT AND EQUIPMENT

During the period the Group acquired new computer equipment of £17,799 under a finance lease.

6 BORROWINGS

The Company issued £653,000 of Convertible Loan Notes on 18 March 2008, which are unsecured and bear an annual interest rate of 8.25 per cent. They are payable quarterly in arrears and are convertible at any time into ordinary shares of £0.01 in Appian at 4 pence per share. The loan stock in issue at the beginning of the period was rolled forward on the same terms.

7 SHARE CAPITAL

During December 2007 the Company issued 36,913,700 new ordinary shares of £0.01 each for a cash price of £0.04.

No warrants were exercised in the period.

The difference between the total consideration and the nominal value of the shares issued has been credited to the share premium account.

8 POST BALANCE SHEET EVENTS

Following the period end the Company issued £513,000 of loan stock. The Convertible Loan Notes bear an annual interest rate of 8.25 per cent. payable quarterly in arrears and are convertible at any time into ordinary shares of £0.01 in the Company at 4 pence per share.

9 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ended 30 September 2007 have not been extracted from the statutory financial statements for that year. Those financial statements, which were prepared under UK Generally Accepted Accounting Principles, have been reported on by the Company's auditors and filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

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For further information please visit www.appian-tech.com or contact:

Pat Ryan	Appian Technology plc	Tel: 01628 554750
Tom Keene	Appian Technology plc	Tel: 01628 554750
Hugo de Salis	St Brides Media and Finance Ltd	Tel: 020 7242 4477
Tom Griffiths	Arbuthnot Securities	Tel: 020 7012 2000

Notes to Editors

Appian Technology Plc is a leading provider of Automated Number Plate Recognition (ANPR) based enforcement, crime reduction, counter terrorism (CT) and traffic management systems and products. It provides these products to a diverse growing global market, helping governments, local authorities, national and international police forces and commercial organisations in all aspects of security, surveillance and traffic management.

Appian's key products include its world leading Talon ANPR software as well as the recently launched range of Cobra ANPR cameras. The Company has an active R&D department, which continues to develop and customise new products for the global markets.