ANITE PLC
INTERIM REPORT AND ACCOUNTS 2007



HIGHLIGHTS

"DURING THE LAST FEW YEARS WE HAVE MADE SIGNIFICANT PROGRESS IN IMPLEMENTING OUR STRATEGY TO BECOME THE LEADING SUPPLIER OF INDUSTRY-SPECIFIC SOFTWARE SOLUTIONS IN THE SECTORS IN WHICH WE OPERATE."

FINANCIAL HIGHLIGHTS (adjusted)*

> **Revenues up 11.1% to £79.1m (2006: £71.2m)**
> **Operating profits of £10.6m (2006: £10.3m)**
> **Operating margins of 13.4% (2006: 14.5%)**
> **First time contribution of £9.4m of revenues and £3.4m of operating profits from network testing (Nemo)**
> **Profit before tax of £9.6m (2006: £10.5m) after net finance charges £1.0m (2006: net income £0.2m)**
> **Net debt of £22.7m (30 April 2007: net debt £22.5m)****
> **Interim dividend of 0.275p per share (2006: 0.25p)**
> **Basic earnings per share 2.2p (2006: 2.2p) and diluted earnings per share 2.2p (2006: 2.1p)**

STATUTORY RESULTS

> **Revenue from continuing operations £79.1m (2006: £72.0m)**
> **Profit before tax from continuing operations: £4.4m (2006: £9.7m), including Nevis exit costs of £2.5m**
> **Profit for the period £4.8m (2006: £8.3m)**
> **Basic and diluted earnings per share 1.4p (2006: 2.4p)**

OPERATING HIGHLIGHTS*

> **Orders up 8.5% at £77.7m (2006: £71.6m)**
> **Agreement with Agilent for new strategic partnership**
> **Strong performance from Travel and good overall progress by Public Sector**
> **Pericles losses reduced to £0.3m (2006: loss of £1.9m)**
> **Software licences and recurring revenues up to 65.7% of total revenues (2006: 56.7%)**

* Adjusted results are in respect of continuing operations before own platform development exit costs (£2.5m; 2006: nil) disposed businesses, share-based payments (£1.1m; 2006: £0.7m) and amortisation of acquired intangible assets (£1.6m; 2006: nil). See attached income statement and notes for details. For a reconciliation of adjusted results to reported statutory results see note 2.3.

** See note 9 for summary of net debt.

CHAIRMAN'S STATEMENT

Introduction

The half year has seen good results in Travel, Public Sector and Wireless network testing (Nemo) with a disappointing revenue performance from Wireless handset testing that held back the overall performance. Adjusted operating profits rose, benefiting from a strong first time contribution by network testing, offset at the profit before tax level by increased financing costs.

A strategic partnership with Agilent Technologies Inc. was announced in November 2007, and is an important milestone for our handset testing business which is expected to enhance significantly its prospects and market position.

Our investment in Travel and Public Sector to position these businesses for future growth is producing both better financial performance and a notable and continuing improvement in the quality of earnings as the proportion of software licences and recurring revenues continues to increase.

Further details of the Company's performance are provided in the Chief Executive's business review on page 3.

Acquisitions and disposals

In July 2007 we disposed of our remaining German IT Services business, Anite Deutschland, for a total consideration of £8.0m payable in cash. The disposal represented the Group's last remaining business in the IT services market in Europe and was one of nine transactions completed in the last four years.

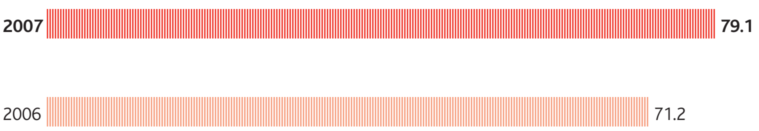
We will continue to review disposals that both sharpen the focus of our business and deliver shareholder value as well as selective acquisition opportunities that will help achieve our aim of being number one or two in our chosen markets. I am pleased to report that Nemo, the network testing business acquired last year, reported a strong first time contribution with revenues of £9.4m and adjusted operating profits of £3.4m in these results.

Results

Revenue from continuing operations was £79.1m (2006: £72.0m, including disposed businesses of £0.8m). Adjusted operating profits were £10.6m (2006: £10.3m) and operating margins were 13.4% (2006: 14.5%). Adjusted profits are stated before disposed businesses, share-based payments (2007: £1.1m; 2006: £0.7m), own platform development exit costs (2007: £2.5m; 2006: nil) and amortisation of acquired intangible assets (2007: £1.6m; 2006: nil).

Revenue £m

£79.1m



Profit before tax* £m

£9.6m

Basic earnings per share* p

2.2p

* All references to adjusted results are in respect of continuing operations before own platform development exit costs (£2.5m; 2006: nil) disposed businesses, share-based payments (£1.1m; 2006: £0.7m) and amortisation of acquired intangible assets (£1.6m; 2006: nil). See attached income statement and notes for details. For a reconciliation of adjusted results to reported statutory results see note 2.3.

The reconciliation of adjusted operating profit to profit before tax from continuing operations is as follows:

	2007 £m	2006 £m
Adjusted operating profit	**10.6**	10.3
Finance (charges)/income	**(1.0)**	0.2
Profit before tax	**9.6**	10.5
Share-based payments	**(1.1)**	(0.7)
Own platform development exit costs	**(2.5)**	–
Amortisation of acquired intangible assets	**(1.6)**	–
Profit before tax from continuing operations before disposed businesses	**4.4**	9.8
Loss on disposed businesses	**–**	(0.1)
Profit before tax from continuing operations	**4.4**	9.7

Net finance charges in the period were £1.0m (2006: net income £0.2m) following the acquisitions made in the second half of the last financial year.

Profit from continuing operations before tax was £4.4m (2006: £9.7m), giving basic earnings per share (after tax) of 0.9p (2006: 2.1p).

Profit for the period after tax including discontinued operations was £4.8m (2006: £8.3m). Basic and diluted earnings per share including discontinued operations were 1.4p (2006: 2.4p).

Dividend and share buyback

The Board has declared an interim dividend of 0.275p per share (2006: 0.25p). This dividend will be payable on 28 March 2008 to shareholders on the register as at 7 March 2008.

A resolution to renew the authority to buy back shares was approved at the Company's AGM held on 3 October 2007. During the period 2.58m shares were bought back for cancellation at a cost of £1.8m and an average price of 71.4p per share. £3.3m was also spent on buying 4.0m shares for the Company's Employee Share Ownership Plan and 0.2m shares for the Share Incentive Plan.

Balance sheet and cash

Net debt was £22.7m (30 April 2007: net debt £22.5m; October 2006: net cash £22.7m). This includes the cash consideration of £8.0m from the disposal of Anite Deutschland and reflects the £5.1m expenditure on share buybacks and shares for the employee share ownership and share incentive plans. The increase in net debt compared to the same period last year largely reflects the total initial consideration and costs paid in relation to the acquisitions of Nemo and Invenova of £63.7m.

Change of name

The name of the Company was changed to "Anite plc" at the AGM held on 3 October 2007. This recognised the changing nature of the business and enables simplified marketing.

People

On behalf of the Board, I would like to thank all employees for their contribution, hard work and support during the period.

Summary

During the past few years we have made significant progress in implementing our strategy to become the leading supplier of industry-specific software solutions in the sectors in which we operate, through a combination of investment in our products, strategic acquisitions to strengthen our position and disposals to sharpen our focus.

Anite has a robust balance sheet and is in sound financial health. The Board has, however, been aware for some time that the ownership of several businesses has led to a stock market valuation that reflects a structural discount. It is therefore working actively, with its advisors, to explore a variety of strategic alternatives to remove or at least significantly reduce the scale of this discount.

Clay Brendish *Chairman*

CHIEF EXECUTIVE'S REVIEW

Introduction

In the first half we improved adjusted operating profit whilst continuing our investment in growth opportunities and there has been continuing progress in terms of improving the quality of our earnings and enhancing and refining the structure of our business. Software licences and recurring revenues for continuing operations have increased to 65.7% of total revenues (2006: 56.7%) continuing the trend of previous years.

Within Wireless, there was a slowdown of activity in handset testing but an excellent performance from network testing. Travel performed strongly and Local Government returned a first half profit for the first time in two years reflecting the initial benefits of the investment made in recent years in its key products, the tight control of costs and a reduction in Pericles losses. SIS profits were down year on year as anticipated. Further details of divisional performance are provided below.

In November we announced the agreement with Agilent, a major strategic milestone. This is expected to enhance our handset testing activities whilst reducing third party hardware and development costs and removing the risks inherent in undertaking our own development. This resulted in an exceptional charge of £2.5m, being the cost to exit our own development programme.

Wireless

Anite provides specialist systems and software for mobile phone handset testing and network testing. Our customers are global technology developers, mobile phone manufacturers, test houses and mobile phone network operators.

Wireless KPIs	**2007**	2006
Orders, £m	**35.6**	24.3
Revenue, £m	**32.3**	26.4
Operating profit*, £m	**5.9**	7.3
Operating margin**, %	**18.3**	27.7
R&D – P&L expense, £m	**6.5**	3.3
R&D – total spend, £m	**6.5**	4.2
Headcount	**297**	194

* Continuing operations before disposed businesses, share-based payments, amortisation of acquired intangible assets and own platform development exit costs.
** Operating margin represents adjusted operating profit divided by revenue.

Despite a strong overall October performance and an excellent first time contribution from network testing, profits in Wireless fell. These results were impacted by a planned increase in development spending in the division (an additional £3.2m was expensed in the income statement). The net effect on profits in the period of net capitalised R&D was nil compared to the previous period in which net capitalised R&D improved profits by £0.9m. Capitalised R&D is amortised over three years. The weak US$ reduced Wireless revenues by £0.8m and profits by £0.4m. In addition, sales of third party hardware fell by £2.0m. Software licences and recurring revenues as a percentage of total divisional revenues continued to rise to 83% from 72%.

Handset testing

After three years of strong growth this business experienced weakness in demand during the period. This was caused by the technology cycle (2G revenues in long-term decline, 3G revenues peaking and 4G revenues yet to start), budget constraints in key customers in the USA (focusing on higher utilisation of existing test systems rather than purchasing new) and weakness in Japan and Korea.

Network testing (Nemo)

This business line has performed strongly with good revenue growth and profitability. Since acquisition, our focus has been on expanding the business geographically, through the opening of new offices such as that in Dubai, which services the Middle East, and appointing new distributors. In addition we continue to invest in expanding the product line.

The network testing market tends to be very competitive and order book visibility is generally very short, but the business is very well placed with excellent products and improved routes to market.

"WE HAVE ENTERED INTO A STRATEGIC PARTNERSHIP WITH AGILENT TO DELIVER MARKET LEADING TEST SOLUTIONS FOR THE DESIGN OF NEXT GENERATION MOBILE COMMUNICATIONS PRODUCTS."

Strategic partnership with Agilent

In November, we entered into a strategic partnership with Agilent to deliver market leading test solutions for the design of next generation mobile communications products conforming to the new LTE (4G) standard. The combined solutions, which are anticipated to be market leading, will become available in 2008.

In the absence of acceptable alternatives, Anite had previously pursued a strategy of developing its own in-house hardware platform in respect of the standard. The partnership has enabled Anite to cease its in-house development on the Nevis platform and will enhance development of best-of-breed solutions.

By bringing together the combined strengths of the two companies, we will provide a comprehensive portfolio of solutions that address the entire R&D lifecycle, from early development through to interoperability testing. This entails combined development activity and adoption of each other's software and hardware. The sharing of know-how will benefit the customers of both companies.

Wireless outlook

We are committed to ensuring that the Agilent partnership will result in improved revenue opportunities and reduced research and development and third party costs for Anite. The principal financial benefits of the agreement are expected to be derived in Anite's financial year commencing 1 May 2008 and are expected to be ongoing.

We are managing the business assuming the weakness in the handset testing market continues, with second half revenues in the handset area expected to be lower than the second half last year. Consequently, we have taken some cost reduction actions which, together with the financial benefits of the Agilent partnership, should mitigate some of the likely financial impact in the second half. Looking ahead to next year, we anticipate LTE (4G) revenues building up and returning the division to overall growth.

Travel

Anite is a leading travel technology solution provider for tour operators, air fare consolidators and cruise, ferry, motor and rail inclusive operators in the UK and Europe. Our new @com suite of products is helping our customers respond to the challenges and opportunities of the internet.

Travel KPIs	2007	2006
Orders, £m	**18.6**	21.7
Revenue*, £m	**16.6**	13.8
Operating profit*, £m	**4.1**	3.0
Operating margin**, %	**24.7**	21.7
R&D – P&L expense and total spend, £m	**0.1**	0.3
Headcount	**247**	228

* Continuing operations before disposed businesses and share-based payments.
** Operating margin represents underlying operating profit divided by revenue.

Travel performed strongly in the half year with good revenue and operating profit growth compared to last year. This reflected ongoing delivery of the division's healthy order book and a strong performance by the managed services operations. Multi million pound orders were received from TUI Germany (initial contract with further orders anticipated in the second half), Finnair (@com contract extension) and Norwich Union (managed services for financial products). International revenues as a percentage of Travel's total revenues continue to rise to 18.7% in this period (2006: 14.5%).

Delivering the existing order book and completion of the @com development work are key to the success of the division in the second half of the financial year and over the next 18 months. This is at a time when consolidation amongst UK customers has been a feature with the recent mergers of MyTravel with Thomas Cook, whose contractual arrangements continue for the next four years, and First Choice with TUI, whose contractual arrangements continue for between 12 and 24 months. Our marketing focus remains on international opportunities, particularly in Germany and Northern Europe.

Travel outlook

In Travel we anticipate continuing progress, as it focuses on delivery of its strong order book and the investment in @com development.

Public Sector

Anite is a market leader in software and solutions to key parts of local government, such as local tax collection, benefits payments, housing management and social care solutions – as well as an important supplier of Secure Information Solutions (SIS) to the criminal justice markets. More than 400 public sector organisations, including all UK police forces and 75% of local authorities use our solutions.

Public Sector KPIs	2007	2006
Orders, £m	**23.5**	25.6
Revenue, £m	**30.2**	31.0
Operating profit*, £m	**1.7**	1.2
Operating margin**, %	**5.6**	3.9
R&D – P&L expense, £m	**1.9**	2.6
R&D – total spend, £m	**1.6**	3.7
Headcount	**640**	688

* Continuing operations before disposed businesses and share-based payments.

** Operating margin represents underlying operating profit divided by revenue.

Total Public Sector

Public Sector benefited from the continuing reduction in Pericles losses (down £1.6m to £0.3m) and tight cost control, resulting in a good increase in first half profits and continuing sequential progress. Although total revenues fell by £0.8m, this included a fall of £1.1m in sales of third party hardware and the end of VME revenues (£0.9m below last year).

Net capitalised R&D in the period reduced profits by £0.3m (net amortisation), compared to last year when net capitalised R&D improved profits by £1.1m. Capitalised R&D is amortised over three years.

Profits were also affected by the reduction in VME profits (down £0.5m). Software licences and recurring revenues rose to 57% of revenues compared to 48% in the same period last year, reflecting the continuing improvement of the quality of divisional earnings.

We are pleased with progress made with our two main objectives in this division, namely the ongoing investment in new products targeted at future growth opportunities, and improving profitability at a time of considerable change within the public sector marketplace.

Local Government

In Local Government, which reported a first half profit for the first time in two years, our investment in new products has been focused in the areas where we are strongest and believe that the opportunities are greatest. These include social care, where a more nationally based approach from government and the fact that we have products that now address the children/ adults split in social services, are beginning to bear fruit.

We continue to make good progress with Pericles and believe that it will prove to be a successful product that will generate profits in the future as a core part of our Local Government business, and as a result there was no increase in the related contract provision.

Secure Information Solutions (SIS)

SIS profits were down year on year as anticipated, the business having had a strong first half last year that benefited from a disproportionately high level of software license sales and a high professional services utilisation.

In October, SIS was awarded a three year £3.6m contract to support the national Automatic Number Plate Recognition (ANPR) system which secures Anite's position as a major supplier of national police information systems. Anite's ANPR solution takes reads from roadside traffic cameras and stores them in a secure database enabling police to deny criminals the use of the UK road network. The UK is ahead of the rest of world in respect of sophisticated forensic and police information systems and we are currently exploring opportunities to secure international business.

Public Sector outlook

We expect Local Government's improved sequential performance to continue, boosted by a recovery in social care and a further reduction in Pericles losses.

For SIS, we also anticipate an improved second half performance with a good pipeline of new business and no major bid costs to cover.

Summary

Trading, as in previous years, is weighted towards the second half. The Board expects performance for the financial year as a whole to be broadly in line with last year.

Steve Rowley *Chief Executive*

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 31 October 2007

	Note	**Six months ended 31 October 2007 (unaudited) £000**	Six months ended 31 October 2006 (unaudited) (restated) £000	Year ended 30 April 2007 (audited) (restated) £000
Continuing operations				
Revenue	2.1	**79,131**	72,010	161,478
Cost of sales		**(38,452)**	(36,755)	(77,742)
Gross profit		**40,679**	35,255	83,736
Distribution costs		**(7,718)**	(5,034)	(12,764)
Research and development		**(11,551)**	(6,252)	(15,581)
Administrative expenses		**(15,990)**	(14,425)	(30,157)
Operating expenses	2.5	**(35,259)**	(25,711)	(58,502)
Operating profit before share-based payments, exceptional items and amortisation of acquired intangible assets		**10,580**	10,250	28,336
Share-based payments		**(1,080)**	(706)	(1,825)
Own platform development exit costs	2.6	**(2,441)**	–	–
Amortisation of acquired intangible assets		**(1,639)**	–	(1,277)
Operating profit		**5,420**	9,544	25,234
Other gains and losses	3a	**–**	–	(1,136)
Finance income		**1,139**	426	1,319
Finance charges		**(2,119)**	(227)	(2,081)
Profit from continuing operations before tax		**4,440**	9,743	23,336
Tax expense	4	**(1,204)**	(2,560)	(7,009)
Profit from continuing operations		**3,236**	7,183	16,327
Profit from discontinued operations	3b	**1,609**	1,147	3,944
Profit for the period		**4,845**	8,330	20,271
Profit attributable to equity holders of the parent		**4,845**	8,330	20,271
Continuing and discontinued operations				
Earnings per share – basic	5	**1.4p**	2.4p	5.8p
– diluted		**1.4p**	2.4p	5.7p
Continuing operations				
Earnings per share – basic	5	**0.9p**	2.1p	4.7p
– diluted		**0.9p**	2.0p	4.6p

CONDENSED CONSOLIDATED BALANCE SHEET
31 October 2007

	Note	**Six months ended 31 October 2007 (unaudited) £000**	Six months ended 31 October 2006 (unaudited) (restated) £000	Year ended 30 April 2007 (audited) £000
Non-current assets				
Goodwill		**77,178**	34,119	83,233
Other intangible assets		**30,679**	6,900	32,431
Property, plant and equipment		**11,761**	12,751	12,754
Deferred tax assets		**2,400**	2,183	1,895
Derivative financial assets		**67**	–	121
Trade and other receivables	7	**–**	–	934
		122,085	55,953	131,368
Current assets				
Inventories	6	**3,683**	2,926	4,509
Trade and other receivables	7	**47,696**	46,195	58,327
Current tax assets		**967**	2,058	195
Cash deposit held in escrow	8	**8,380**	–	8,197
Cash and cash equivalents		**18,480**	22,747	18,665
		79,206	73,926	89,893
Assets classified as held for sale		**–**	327	–
		79,206	74,253	89,893
Total assets		**201,291**	130,206	221,261
Current liabilities				
Trade and other payables	10	**(49,546)**	(53,696)	(65,996)
Bank borrowings		**(4,964)**	–	(4,829)
Current tax payable		**(12,663)**	(13,981)	(12,354)
Provisions		**(10,456)**	(2,502)	(14,443)
		(77,629)	(70,179)	(97,622)
Liabilities directly associated with assets classified as held for sale		**–**	(455)	–
		(77,629)	(70,634)	(97,622)
Non-current liabilities				
Bank borrowings		**(44,676)**	–	(44,610)
Other payables		**–**	(38)	–
Deferred tax liabilities		**(7,681)**	–	(6,481)
Derivative financial liabilities		**(3,296)**	–	(1,722)
Provisions		**(4,198)**	(8,563)	(5,884)
		(59,851)	(8,601)	(58,697)
Total liabilities		**(137,480)**	(79,235)	(156,319)
Net assets		**63,811**	50,971	64,942
Equity				
Issued share capital	11	**35,174**	35,186	35,325
Share premium account		**25,333**	24,496	25,010
Own shares		**(4,348)**	(898)	(1,019)
Merger reserve		**6,538**	6,538	6,538
Capital redemption reserve		**1,117**	859	859
Other reserves		**670**	164	(7)
Retained earnings		**(673)**	(15,374)	(1,764)
Total equity		**63,811**	50,971	64,942

The accompanying notes are an integral part of this consolidated balance sheet.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 October 2007

	Share capital £000	Share premium account £000	Own shares £000	Merger reserve £000	Capital redemption reserve £000	Other reserve £000	Retained earnings* £000	Total £000
Balance at 1 May 2006	**35,186**	**24,303**	**(715)**	**6,538**	**773**	**–**	**(22,120)**	**43,965**
Changes in equity for the period to 31 October 2006								
Exchange differences arising on translation of foreign operations	–	–	–	–	–	164	–	164
Net income recognised directly in equity	–	–	–	–	–	164	–	164
Profit for the period	–	–	–	–	–	–	8,330	8,330
Total recognised income and expense for the period	**–**	**–**	**–**	**–**	**–**	**164**	**8,330**	**8,494**
Issue of share capital	86	193	–	–	–	–	–	279
Purchase of own shares into treasury	–	–	(183)	–	–	–	–	(183)
Share buy back and cancellation	(86)	–	–	–	86	–	(613)	(613)
Dividend payable (note 13)	–	–	–	–	–	–	(1,753)	(1,753)
Recognition of share-based payments (before tax)	–	–	–	–	–	–	693	693
Deferred tax related to share-based payments	–	–	–	–	–	–	89	89
Balance at 31 October 2006	**35,186**	**24,496**	**(898)**	**6,538**	**859**	**164**	**(15,374)**	**50,971**
Balance at 1 May 2007	35,325	25,010	(1,019)	6,538	859	(7)	(1,764)	64,942
Changes in equity for the period to 31 October 2007								
Exchange differences arising on translation of foreign operations	–	–	–	–	–	89	–	89
Cash flow hedges taken to equity	–	–	–	–	–	(55)	–	(55)
Fair value gains on net investment hedges (net of foreign exchange and tax)	–	–	–	–	–	643	–	643
Net income recognised directly in equity	–	–	–	–	–	677	–	677
Profit for the period	–	–	–	–	–	–	4,845	4,845
Total recognised income and expense for the period	**–**	**–**	**–**	**–**	**–**	**677**	**4,845**	**5,522**
Issue of share capital	107	323	–	–	–	–	–	430
Purchase of own shares into treasury	–	–	(3,329)	–	–	–	–	(3,329)
Dividend paid (note 13)	–	–	–	–	–	–	(877)	(877)
Dividend payable (note 13)	–	–	–	–	–	–	(1,927)	(1,927)
Share buy back and cancellation	(258)	–	–	–	258	–	(1,842)	(1,842)
Recognition of share-based payments (before tax)	–	–	–	–	–	–	1,103	1,103
Deferred tax related to share-based payments	–	–	–	–	–	–	(211)	(211)
Balance at 31 October 2007	**35,174**	**25,333**	**(4,348)**	**6,538**	**1,117**	**670**	**(673)**	**63,811**

*The retained earnings at 31 October 2006 have been restated to include dividend payable of £1,753,000 (see note 10 below).

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 31 October 2007

	Note	**Six months ended 31 October 2007 (unaudited) £000**	Six months ended 31 October 2006 (unaudited) £000	Year ended 30 April 2007 (audited) £000
Profit for the period				
Continuing		**3,236**	7,183	16,327
Discontinued		**1,609**	1,147	3,944
		4,845	8,330	20,271
Adjustments for:				
Tax expense – continuing and discontinued	4	**1,849**	1,827	3,237
(Profit)/loss before tax on disposal of discontinued operations	3(b)	**(2,179)**	100	467
Loss before tax on disposal of disposed businesses		**–**	–	1,136
Finance charges/(income) – continuing and discontinued		**980**	(209)	745
Depreciation of property, plant and equipment		**2,611**	2,223	4,604
Amortisation of intangible assets		**2,942**	1,348	3,513
Amortisation of acquired intangible assets		**1,639**	–	1,277
Loss on disposal of property, plant and equipment		**175**	170	74
Share-based payments		**1,103**	693	1,916
Decrease in provisions		**(268)**	(14,523)	(14,709)
Operating cash flows before movements in working capital		**13,697**	(41)	22,531
Decrease/(increase) in inventories		**826**	(110)	(1,424)
Decrease in receivables		**8,909**	9,322	118
Decrease in payables		**(16,740)**	(13,991)	(1,392)
Movements in working capital		**(7,005)**	(4,779)	(2,698)
Cash generated from operations before exceptional cash payments		**6,692**	8,637	33,456
Cash payments for SoV contract and onerous property lease[1]		**–**	(13,457)	(13,623)
Cash generated from/(used in) operations		**6,692**	(4,820)	19,833
Interest received		**1,247**	437	1,591
Interest paid		**(1,895)**	(117)	(2,362)
Income taxes paid		**(1,663)**	(2,219)	(2,510)
Net cash generated from/(used in) operating activities		**4,381**	(6,719)	16,552
Cash flow from investing activities				
Purchase of subsidiary undertakings		**–**	–	(63,738)
Net bank balance acquired with subsidiary undertakings		**–**	–	717
Proceeds from disposal of subsidiary undertakings		**7,358**	–	76
Net bank balance disposed with subsidiary undertakings		**(397)**	–	(372)
Increase in cash held in escrow related to acquisitions		**–**	–	(8,097)
Deferred consideration paid		**(1,986)**	–	–
Purchase of property, plant and equipment		**(1,506)**	(2,129)	(3,007)
Proceeds from disposal of property, plant and equipment		**42**	–	32
Purchase of software licences		**(695)**	(311)	(687)
Expenditure on capitalised product development		**(1,836)**	(3,187)	(6,077)
Net cash generated from/(used in) investing activities		**980**	(5,627)	(81,153)
Cashflow from financing activities				
Issue of ordinary share capital		**430**	279	932
Share buy back for cancellation		**(1,842)**	(606)	(613)
Purchase of own shares into treasury		**(3,329)**	(183)	(304)
Dividend paid to Company's shareholders		**(877)**	–	(1,753)
Increase in bank loans		**–**	–	49,439
Redemption of vendor loan note instruments		**–**	(478)	(478)
Net cash (used in)/generated from financing activities		**(5,618)**	(988)	47,223
Net decrease in cash and cash equivalents		**(257)**	(13,334)	(17,378)
Effect of exchange rate changes		**72**	(182)	(220)
Cash and cash equivalents at beginning of period		**18,665**	36,263	36,263
Cash and cash equivalents at end of period		**18,480**	22,747	18,665

1 The exceptional cash payments of £13.6m in April 2007 (October 2006: £13.5m) relate to closure of the SoV contract (£11.4m) and settlement of an onerous property lease contract (£2.2m).

Discontinued operations include Anite Deutschland which generated net operating cash outflows of £348,000 (2006: £26,000), received £nil (2006: £4,000) in respect of net returns on investment and servicing of financing and paid £16,000 (2006: £56,000) for capital expenditure.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS), as adopted in the European Union and in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 30 April 2007 as available on our website www.anite.com and restated as described below:

i) The half year October 2006 and full year April 2007 results have been restated to show research and development separately and to show the amortisation of acquired intangible assets in the relevant headings, either in distribution costs or research and development costs (see note 2.5 below).

ii) The balance sheet at 31 October 2006 has been restated to include a final dividend payable of £1,753,000, since the dividend was approved at the Company's AGM on 3 October 2006 and was not paid until 17 November 2006.

Information regarding future accounting standards
The IFRIC interpretations, amendments to existing standards and new standards that are mandatory and relevant for the Group's accounting periods beginning on or after 1 May 2007 have been adopted in the Group's October 2007 Interim Report except for the Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures and IFRS 7, Financial Instruments: Disclosures. As these are disclosure standards, there is no impact of these changes in accounting policies on the half yearly financial report. Full details of these changes will be disclosed in our Annual Report for the year ending 30 April 2008.

The financial information contained in this Interim Report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information contained in this Interim Report has been reviewed by the auditors but not audited.

The figures for the year ended 30 April 2007 are based upon the Group's audited accounts prepared under IFRS. The statutory accounts for the year ended 30 April 2007 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under Section 237(2) or 237(3) of the Companies Act 1985.

This unaudited Interim Report was approved by the Board of Directors on 16 December 2007.

2 Revenue and segmental information

2.1 Analysis of Group's revenue

	2007 £000	2006 £000
IT consultancy	**1,378**	1,604
Own product software licences	**23,417**	16,076
Bespoke services, systems integration and implementation of software products	**14,740**	15,311
Managed services (includes software maintenance and support)	**28,608**	24,340
Originating from third party	**10,988**	13,928
Continuing operations (excluding disposed businesses)	**79,131**	71,259
Disposed businesses	**–**	751
Revenue from continuing operations	**79,131**	72,010
Finance income	**1,139**	426
Total revenue from continuing operations	**80,270**	72,436
Discontinued operations:		
Revenue	**2,052**	6,716
Finance income	**–**	10
	82,322	79,162

2.2 Business segments – primary basis

The Group is organised into three business segments: Wireless, Public Sector and Travel. These three business segments are the Group's primary reporting format for segment information. During the period, Anite Deutschland Management GmbH and its subsidiaries ("Anite Deutschland"), the remaining part of the International Consultancy operation was sold. Its results are included as discontinued operations below and details are disclosed in note 3.

Segment information under the primary reporting format is as disclosed in the table below:

	Wireless		Public sector		Travel		Total	
	2007 £000	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000
Revenue								
– continuing businesses[1]	**32,328**	26,412	**30,253**	31,085	**16,790**	14,155	**79,371**	71,652
– inter-segment revenue[2]	**(8)**	–	**(38)**	(49)	**(194)**	(344)	**(240)**	(393)
	32,320	26,412	**30,215**	31,036	**16,596**	13,811	**79,131**	71,259
– disposed businesses[3]	**–**	–	**–**	–	**–**	751	**–**	751
Revenue								
– continuing operations	**32,320**	26,412	**30,215**	31,036	**16,596**	14,562	**79,131**	72,010
– discontinued operations[3]	**–**	–	**–**	–	**–**	–	**2,052**	6,716
Total revenue	**32,320**	26,412	**30,215**	31,036	**16,596**	14,562	**81,183**	78,726
Continuing operations								
Segment profit before amortisation and exceptional items								
– continuing businesses[1]	**5,512**	7,152	**1,559**	1,144	**3,982**	2,984	**11,053**	11,280
– disposed businesses[3]	**–**	–	**–**	–	**–**	(49)	**–**	(49)
– continuing operations	**5,512**	7,152	**1,559**	1,144	**3,982**	2,935	**11,053**	11,231
Unallocated corporate costs (after recharges)							**(1,553)**	(1,687)
Operating profit for continuing operations before amortisation and exceptional items							**9,500**	9,544
Amortisation of acquired intangible assets	**(1,639)**	–	**–**	–	**–**	–	**(1,639)**	–
Own platform development exit costs	**(2,441)**	–	**–**	–	**–**	–	**(2,441)**	–
Segment operating profit	**1,432**	7,152	**1,559**	1,144	**3,982**	2,935		
Operating profit							**5,420**	9,544
Finance (charges)/income							**(980)**	199
Profit from continuing operations before tax							**4,440**	9,743
Tax expense							**(1,204)**	(2,560)
Profit from continuing operations							**3,236**	7,183
Discontinued operations[3]								
Operating profit from discontinued operations (note 3b)							**75**	504
Profit/(loss) on disposal of businesses							**2,179**	(100)
Finance income							**–**	10
Profit from discontinued operations before tax							**2,254**	414
Tax (charge)/credit							**(645)**	733
Profit from discontinued operations							**1,609**	1,147
Profit for the period							**4,845**	8,330

1 Continuing businesses comprise operating results of continuing operations before the operating results of disposed businesses.
2 Inter-segment sales are charged at prevailing market rates.
3 Disposed businesses comprise the operating results of continuing operations which have ceased during the period and which do not meet the definition of discontinued operations under IFRS 5. Discontinued operations are all International Consultancy.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
CONTINUED

2.2 Business segments – primary basis continued

	Wireless		Public sector		Travel		Total	
	2007 £000	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000
Profit for the period is stated after:								
Capitalisation of internally generated intangible assets ("IGIA")	**1,289**	1,733	**547**	1,454	**–**	–	**1,836**	3,187
Impairment of IGIA (included in own platform development exit costs)	**(475)**	–	**–**	–	**–**	–	**(475)**	–
Amortisation of IGIA	**(1,313)**	(825)	**(798)**	(372)	**–**	–	**(2,111)**	(1,197)
Net (reduction)/capitalisation of IGIA	**(499)**	908	**(251)**	1,082	**–**	–	**(750)**	1,990

2.3 Business segments – continuing operations

	Wireless		Public sector		Travel		Total	
	2007 £000	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000
Revenue – continuing before disposed businesses	**32,320**	26,412	**30,215**	31,036	**16,596**	13,811	**79,131**	71,259
Segment profit[1]	**5,875**	7,256	**1,731**	1,210	**4,094**	3,057	**11,700**	11,523
Unallocated corporate costs							**(1,120)**	(1,224)
Adjusted operating profit[1]							**10,580**	10,299
Net finance (charges)/income							**(980)**	199
Adjusted profit[1] before tax							**9,600**	10,498
Share-based payments								
– corporate charge							**(433)**	(463)
– business segment	**(363)**	(104)	**(172)**	(66)	**(112)**	(73)	**(647)**	(243)
Amortisation of acquired intangible assets	**(1,639)**	–	**–**	–	**–**	–	**(1,639)**	–
Own platform development exit costs	**(2,441)**	–	**–**	–	**–**	–	**(2,441)**	–
Segment operating profit before disposed businesses	**1,432**	7,152	**1,559**	1,144	**3,982**	2,984		
Profit before disposed businesses and tax							**4,440**	9,792
– disposed businesses	**–**	–	**–**	–	**–**	(49)	**–**	(49)
Profit from continuing operations before tax							**4,440**	9,743

1 Continuing operations before disposed businesses, share-based payments, amortisation of acquired intangible assets and own platform development exit costs.

This additional information has been disclosed to give a clearer understanding of the results of the business segments before and after share-based payments, exceptional items, intangible assets and disposed businesses.

2.4 Public Sector continuing businesses

	Local government		Pericles development		Subtotal Local government		Secure Information Solutions		Total Public sector	
	2007 £000	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000	**2007 £000**	2006 £000
Revenue on continuing operations	**19,008**	18,904	**1,717**	2,526	**20,725**	21,430	**9,490**	9,606	**30,215**	31,036
Segment profit/(loss)[1] – before share-based payments	**1,328**	1,659	**(340)**	(1,932)	**988**	(273)	**743**	1,483	**1,731**	1,210
Share-based payments	**(134)**	(47)	**–**	–	**(134)**	(47)	**(38)**	(19)	**(172)**	(66)
Segment profit/(loss)[1]	**1,194**	1,612	**(340)**	(1,932)	**854**	(320)	**705**	1,464	**1,559**	1,144

1 After utilisation of contract provisions made for the Pericles development £104,000 (2006: £403,000) and SoV contract £32,000 (2006: £11,226,000).

This additional information has been disclosed to give a clearer understanding of the results of the core Public Sector continuing businesses.

2.5 Operating expenses

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 (restated) £000	Year ended 30 April 2007 (restated) £000
Distribution costs			
– amortisation of acquired intangible assets	**1,043**	–	745
– others	**6,675**	5,034	12,019
	7,718	5,034	12,764
Research and development			
– amortisation of acquired intangible assets	**596**	–	532
– amortisation of internally generated assets	**2,111**	1,197	3,016
– own platform development exit costs	**2,441**	–	–
– others	**6,403**	5,055	12,033
	11,551	6,252	15,581
Administrative expenses			
– others	**15,990**	14,425	30,157
Total operating expenses	**35,259**	25,711	58,502
Analysed as:			
– amortisation of acquired intangible assets	**1,639**	–	1,277
– amortisation of internally generated assets	**2,111**	1,197	3,016
– own platform development exit costs (note 2.6)	**2,441**	–	–
– others	**29,068**	24,514	54,209
	35,259	25,711	58,502

Restatement of April 2007 and October 2006 operating expenses. Amortisation of acquired intangible assets (April 2007: £1,277,000, October 2006: £nil) and research and development costs/amortisation of internally generated assets (April 2007: £15,049,000, October 2006: £6,252,000) which had been previously reported under administration costs have been reclassified to distribution costs in April 2007 (£745,000) and October 2006 (£nil) and research and development costs in April 2007 (£15,581,000) and October 2006 (£6,252,000), respectively.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
CONTINUED

2.6 Own platform development exit costs

In the absence of acceptable alternatives being available in the marketplace, Anite has pursued a strategy of developing its own in-house hardware platform, Nevis, in respect of the LTE standard. On 12 November 2007, Anite Wireless announced a strategic partnership with Agilent to deliver test solutions for the design of next generation mobile communications products conforming to the new 3GPP Long Term Evolution (LTE) standard. The new strategic partnership with Agilent will enhance development of best of breed solutions, making a clear business case for Anite to cease its in-house development.

The impact of asset write downs and cash settlement of exiting the current Nevis development contract is £2,441,000, as set out below:

	£000
Impairment of inventories	298
Impairment of tangible fixed assets	442
Impairment of capitalised Nevis development costs	475
Other exit costs including inventory commitments	1,226
	2,441

3 Disposed businesses/discontinued operations

a) Other gains and losses

The other gains and losses for the year ended 30 April 2007 relate to the loss on the disposed business of Anite Opentur S.r.l. within the Travel business segment.

b) Discontinued operations

The Group has now completed its disposal of the non-core businesses within the International Consultancy Division with the sale of its 100% interest in the ordinary share capital of Anite Deutschland on 9 July 2007.

The operating profit up to the date of disposal was £86,000 (2006: £516,000; April 2007: £699,000) and this is included below in the results from discontinued operations:

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Profit after tax for the period from discontinued operations			
Revenue	**2,052**	6,716	12,384
Cost of sales	**(1,618)**	(5,141)	(9,780)
Gross profit	**434**	1,575	2,604
Operating expenses	**(359)**	(1,071)	(1,982)
Operating profit before interest	**75**	504	622
Investment income	**–**	10	17
Profit before tax	**75**	514	639
Tax credit/(loss)	**–**	2	(28)
Profit after tax	**75**	516	611
Profit after tax on sale of discontinued operations			
Net movement in provision in relation to previously disposed businesses[1]	**723**	(100)	(417)
Loss on disposal of previously disposed businesses	**–**	–	(50)
Profit on disposal of Anite Deutchland	**1,456**	–	–
Net profit/(loss) before tax on sale of discontinued operations	**2,179**	(100)	(467)
Tax (charge)/credit relating to activities discontinued in prior years (note 4)	**(645)**	731	3,800
Profit after tax on sale of discontinued operations	**1,534**	631	3,333
Profit from discontinued operations	**1,609**	1,147	3,944

1 Following the settlement in November 2007 of the warranty claim in respect of a previously disposed business, the remaining £0.7m of this warranty provision which is no longer required has been released.

3 Disposed businesses/discontinued operations continued

c) Sale of discontinued operations

The net assets disposed of and the related profit on disposal of Anite Deutschland were as follows:

	Six months ended 31 October 2007 £000 Deutschland	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000 GMO MC
Goodwill	**4,000**	–	–
Intangible assets	**91**	–	–
Property, plant and equipment	**87**	–	21
Current assets	**2,710**	–	306
Current tax assets	**6**	–	–
Cash and cash equivalents	**397**	–	195
Current liabilities	**(1,220)**	–	(455)
Provisions	**(169)**	–	–
Net assets	**5,902**	–	67
Profit/(loss) on disposal	**1,456**	–	(50)
Net consideration	**7,358**	–	17
Relating to:			
Cash consideration	**8,000**	–	68
Disposal costs	**(642)**	–	(51)
Net consideration	**7,358**	–	17
Net cash flows in respect of the disposal of operations are as follows:			
Cash received (net of disposal costs paid)	**7,358**	–	17
Cash and cash equivalents sold	**(397)**	–	(195)
	6,961	–	(178)

4 Tax expense

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Continuing operations			
Current tax			
UK corporation tax	**1,296**	1,944	5,528
Foreign tax	**468**	450	1,621
	1,764	2,394	7,149
Adjustments in respect of prior years			
– UK corporation tax	**156**	(178)	(307)
– Foreign tax	**–**	–	(184)
	156	(178)	(491)
Total current tax expense	**1,920**	2,216	6,658
Deferred tax			
UK	**(716)**	344	785
Foreign	**–**	–	(434)
Total deferred tax (credit)/expense	**(716)**	344	351
Total tax expense – continuing operations	**1,204**	2,560	7,009

Income tax on continuing operations for the interim period is charged at 27.1% (October 2006: 24.9%), representing the weighted average of the estimated annual effective income tax rate expected for the full year in each jurisdiction and major category of income within continuing operations.

4 Tax expense continued

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Discontinued operations			
Current tax			
Foreign tax	–	(2)	(2)
Adjustments in respect of prior years			
– UK corporation tax	**(555)**	(731)	(3,800)
– Foreign tax	–	–	30
Total current tax expense	**(555)**	(733)	(3,772)
Deferred tax			
Foreign	**1,200**	–	–
Total deferred tax expense	**1,200**	–	–
Total tax expense – discontinued operations	**645**	(733)	(3,772)

The deferred tax charge on discontinued operations arises from the disposal of Anite Deutschland.

Total tax expense – continuing and discontinued operations	**1,849**	1,827	3,237

5 Earnings per share

The calculations of earnings per share are based on the Group profit for the period, underlying profit[1] and weighted average number of shares in issue:

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
EPS summary			
Basic EPS	**1.4p**	2.4p	5.8p
Basic EPS for continuing operations	**0.9p**	2.1p	4.7p
Adjusted EPS[2]	**2.2p**	2.2p	5.7p

	Six months ended 31 October 2007 (unaudited) Pence per share	Six months ended 31 October 2006 (unaudited) Pence per share	Year ended 30 April 2007 (audited) Pence per share	Six months ended 31 October 2007 (unaudited) £000	Six months ended 31 October 2006 (unaudited) £000	Year ended 30 April 2007 (audited) £000
Profit for the period	**1.4**	2.4	5.8	**4,845**	8,330	20,271
Profit from discontinued operations	**(0.5)**	(0.3)	(1.1)	**(1,609)**	(1,147)	(3,944)
Profit for the period on continuing operations	**0.9**	2.1	4.7	**3,236**	7,183	16,327
Reconciliation to adjusted profit:						
Other gains and losses	**–**	–	0.3	**–**	–	1,136
Own platform development exit costs	**0.7**	–	–	**2,441**	–	–
Acquired intangible assets amortisation (net of tax)	**0.4**	–	0.3	**1,308**	–	894
Share-based payments (net of tax)	**0.2**	0.1	0.4	**799**	344	1,542
Adjusted profit[1]	**2.2**	2.2	5.7	**7,784**	7,527	19,899

1 Profit from continuing businesses before disposed businesses, share-based payments, acquired intangible assets amortisation and own platform development exit costs.
2 Earnings per share on adjusted profit[1] have been included to give a clearer understanding of the results of the continuing businesses.

5 Earnings per share continued

Diluted EPS for profit for the period is 1.4p per share (2006: 2.4p; April 2007: 5.7p).
Diluted EPS for profit for the period from continuing operations is 0.9p per share (2006: 2.0p; April 2007: 4.6p).
Basic and diluted EPS for discontinued operations is 0.5p per share (2006: 0.3p; April 2007: 1.1p).
Diluted EPS for adjusted profit is 2.2p per share (2006: 2.1p; April 2007: 5.6p).

Number of shares ('000)	**Six months ended 31 October 2007**	Six months ended 31 October 2006	Year ended 30 April 2007
Weighted average number of shares in issue – used to calculate basic earnings per share	**349,461**	350,066	350,163
Effect of dilutive ordinary shares – SAYE and share option schemes	**4,291**	4,321	4,565
Number of shares used to calculate diluted earnings per share	**353,752**	354,387	354,728

6 Inventories

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Inventories	**3,264**	2,307	4,146
Work in progress	**360**	391	164
Finished goods	**59**	228	199
	3,683	2,926	4,509

7 Trade and other receivables

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Current assets			
Trade receivables	**32,673**	33,063	46,249
Less: provision for impairment of trade receivables	**(1,196)**	(1,170)	(670)
Trade receivables net of provision	**31,477**	31,893	45,579
Other receivables	**1,432**	2,113	2,082
Prepayments	**4,778**	5,017	4,382
Amount due from construction contract customers	**687**	353	353
Accrued income	**9,322**	6,819	5,931
	47,696	46,195	58,327
Non-current assets			
Accrued income	**–**	–	934
	47,696	46,195	59,261

8 Cash deposit held in escrow

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Cash deposit held in escrow	**8,380**	–	8,197

The cash deposit of £8.4m (€12m) is held in an escrow account for the purpose of meeting the maximum contingent consideration payable to the vendors of the Nemo business purchased in November 2006, upon the satisfaction of consideration conditions as set out in the sale and purchase agreement. The contingent consideration period ends on 31 December 2007 and the consideration amount is payable within 90 days from this date. The management's latest estimate of the contingent consideration is that no more than £2.7m (€4m) will be payable and, as a result, a further £2.7m (€4m) of consideration provision was released during this period.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
CONTINUED

9 Net (debt)/cash

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 £000	Year ended 30 April 2007 £000
Cash deposit held in escrow	**8,380**	–	8,197
Cash and cash equivalent	**18,480**	22,747	18,665
Bank borrowings – current	**(4,964)**	–	(4,829)
Bank borrowings – non-current	**(44,676)**	–	(44,610)
Interest rate swaps and caps (excluding accrued interest)	**67**	–	121
Net (debt)/cash	**(22,713)**	22,747	(22,456)

10 Trade and other payables

	Six months ended 31 October 2007 £000	Six months ended 31 October 2006 (restated) £000	Year ended 30 April 2007 £000
Trade payables	**7,630**	8,030	12,017
Other taxes and social security	**2,962**	3,577	6,330
Amount due to construction contract customers	**978**	–	475
Payments received on account	**4,279**	5,638	6,561
Deferred income	**19,684**	19,862	25,174
Accruals	**10,844**	13,475	13,585
Dividend payable (note 13)	**1,927**	1,753	–
Other payables	**1,242**	1,361	1,854
	49,546	53,696	65,996

11 Share capital issued

	Ordinary shares of 10p each		Deferred redeemable shares of £1 each		Total
	Number	£000	Number	£000	£000
Allotted, issued and fully paid:					
At 1 May 2007	352,748,160	35,275	50,000	50	35,325
Issued during the period	1,071,131	107	–	–	107
Cancelled during the period	(2,580,700)	(258)	–	–	(258)
At 31 October 2007	**351,238,591**	**35,124**	**50,000**	**50**	**35,174**

The number of shares purchased and cancelled during the period was 2.58m shares at an average price of 71.4p, as part of the Group's share buy back programme.

12 Contingent liabilities

There are contingent Group liabilities that arise in the normal course of the business in respect of indemnities, warranties, guarantees and legal claims. However, the Directors consider that none of these claims is expected to result in a material gain or loss to the Group. There has been no change in the Directors' assumptions in regard to contingent liabilities since the year ended 30 April 2007.

13 Dividends

The Company paid an interim dividend of 0.25p (2006: nil) per share, totalling £877,000 (2006: nil) on 16 May 2007.

A final dividend payable for the year ended 30 April 2007 of 0.55p (2006: 0.5p) per share, totalling £1,927,000 (April 2006: £1,753,000), was approved at the Company's AGM on 3 October 2007 and paid on 16 November 2007.

KEY RISKS AND UNCERTAINTIES AND STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Risks and uncertainties

Forward looking statements Any forward looking statements made within this interim half year report have been made in good faith by the Directors based on the information made available up to the date of the Directors' approval of this report, and these forward looking statements should be treated with caution due to the inherent uncertainties, including macro economic, IT service and solution market uncertainties and business risk factors, which may affect the outcome.

Strategic and operational risks

Wireless The seasonal nature of our customer buying patterns in handset testing could have an effect on the outcome for the financial year consistent with previous years. The sales activity in the second half therefore will be an important factor in achieving the overall results for the year. Given the international nature of the business, it can also be affected by fluctuations in the currency markets. The development aspects of the partnership with Agilent are in their early stages but we expect to make good progress in the remainder of the current year.

Travel The successful outcome for the year for our Travel business relies on the continued successful completion and delivery of large development projects within budget, cost, and specifications. As with all large IT projects the delivery of these projects is subject to certain technical, commercial, and economic risks, and also an effective relationship with the customer.

Public Sector The outcome for our Public Sector business is subject to the normal seasonal back end loading of orders from local government departments who can be affected by budgetary constraints and also as a result of the Government's priorities on spending tied in with the Government's financial year. The division will continue to invest in products for which demand is driven by regulation and other market changes.

Financial risks The Company recognises that through the continued change in the Company's portfolio, its expanding geographic reach and the financing of recent acquisitions by debt, that there are additional risks in terms of currency and interest rate exposure. The Company has taken steps to mitigate these risks by hedging its interest rate and currency exposure within policies approved by the Board. Against the background of changing market dynamics, the Company continues its policy of re-forecasting the outturn for the financial year on a monthly basis.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34; and
- the financial highlights and review of business performance includes a fair review of the information required by Disclosure and Transparency Rules (DTR) of the Financial Services Authority, paragraph DTR 4.2.7 and DTR 4.2.8.

By order of the Board

Christopher Humphrey *Group Finance Director*
16 December 2007

INDEPENDENT REVIEW REPORT TO ANITE PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2007 which comprises the condensed income statement, the condensed balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
16 December 2007

INFORMATION FOR SHAREHOLDERS

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Registered number
Anite plc's registered number is 1798114

Shareholder enquiries
Equiniti maintain the Company's register of members. If any of your details change, or if you have any queries regarding your shareholding, please contact the registrars at:

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Textphone for shareholders with hearing difficulties: 0870 600 3950 (International: +44 121 415 7028)

Equiniti also offer a range of shareholder information on line at www.shareview.co.uk.

Share dealing service
Shareview Dealing, a telephone and internet share dealing service, is provided through Equiniti and is a convenient way to sell your Anite plc shares or add to your holding. Commission is 1% of the value of the transaction on the first £50,000 with a minimum charge of £25 and 0.2% thereafter for telephone dealing and 0.5% with a minimum of £15 for internet dealing. For telephone dealing call 0870 850 0852 (UK) or +44 131 527 3903 (from overseas) between 8.00am and 4.30pm, Monday to Friday, and for internet dealing log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate if you wish to sell, or your debit card number if you wish to buy.

Anite Corporate Individual Savings Account (ISA)
A single company ISA is now available to Anite plc shareholders through Equiniti. For further details or to obtain a brochure please contact the ISA helpline on 0870 242 4244 (International: +44 121 415 7171).

Multiple accounts on the shareholder register
If you have received two or more copies of this document, it may be because there is more than one account in your name on the shareholder register. This may be caused by either your name or address appearing on each account in a slightly different way. For security reasons, the registrars will not amalgamate the accounts without your written consent, so if you would like any multiple accounts combined into one account, please write to Equiniti at the above address.

ShareGift
ShareGift is a charity share donation scheme for shareholders, administered by the Orr Mackintosh Foundation. It is especially for those who may wish to dispose of a small parcel of shares, the value of which makes it uneconomic to sell on a commission basis. Further information can be obtained at www.sharegift.org or from Equiniti.

Financial calendar

Preliminary announcement of half-year 2007/08 results	17 December 2007
Financial year end	30 April 2008
Preliminary announcement of 2007/08 results	July 2008
Annual General Meeting	October 2008

Dividend payment timetable

Announcement	17 December 2007
Ex-dividend date	5 March 2008
Record date	7 March 2008
Payment date	28 March 2008

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