



Press Release  
20<sup>th</sup> of September 2007

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**Valtech more than doubles profit after tax to  
4.2% of Revenues  
&  
decides to buy back shares worth 1 million  
euros**



## INCOME STATEMENT

### Profit from operating activities reaches 1.7 million euros

Valtech achieved year on year improvement of profit from operating activities of 9% for the first half of 2007 reaching 1.7 million euros.

Our operations in Scandinavia and Germany have been the strongest contributors to the first half and second quarter profitability.

The second quarter slowed down and generated operating profit of 0.5 million euros or 1.9% of profit. This slow down was due to two large contract negotiations in the US and UK that have been finalised later than initially anticipated. These contracts will have full effect in the second half of 2007 and will be contributing to the improvements of the entire Group.

Also contributing to the slowdown is the rupee appreciation (+8%) that has influenced our Indian operation in terms of Revenues and Profit and is expected to keep influencing our Indian operation the remaining part of the year.

Our Gross Margin is stable year on year at 31.4% of the Revenues. Our pricing power has been improving continuously since the beginning of the year as a reflection of a good demand on most of our markets. So far most of this pricing improvement has been compensated by higher salary increases compared with previous years, but it should help improve significantly our Gross Margin on the second half of the year. Profit from Operating activities is slightly up to 3.3% of the Revenues over the first 6 months against 3.1% last year.

### Results for H1 2007 for the Valtech Group

000' EUROS	H1-2006	H1-2007	%
Revenue from customers	50.444	52.281	
Other revenue	212	120	
<b>Total revenues</b>	<b>50.656</b>	<b>52.401</b>	<b>3.4%</b>
Variable costs	34.727	35.947	
<b>Gross Margin</b>	<b>15.929</b>	<b>16.454</b>	<b>3.3%</b>
	31.4%	31.4%	
Sales & marketing costs	3.610	3.536	(2.0%)
	7.1%	6.7%	
Administrative costs	10.797	11.249	4.2%
	21.3%	21.5%	
<b>Operating margin</b>	<b>1.523</b>	<b>1.669</b>	<b>9.6%</b>
Restructuring costs	0	(58)	
Other gains and loss	68	1	
<b>Profit from operating activities</b>	<b>1.590</b>	<b>1.727</b>	<b>8.6%</b>
	3.1%	3.3%	
Financial result	(181)	(229)	
Income from associated companies	(2)	0	
Income from joint venture	0	360	
<b>Profit before tax</b>	<b>1.407</b>	<b>1.859</b>	<b>32.1%</b>
Corporate tax	400	(320)	
<b>Profit after tax</b>	<b>1.007</b>	<b>2.179</b>	<b>116.3%</b>



### Profit after tax more than doubled to 2.18 million euros

Valtech has delivered 2.18 million euros of profit after tax (or 4.2% of the Revenues) in the first half of 2007, this is compared to 1.0m million euros in 2006.

Besides the improvement in profit from operating activities it is the strong performance of our joint venture in Korea and a recognition of a deferred tax asset in our Danish subsidiary that has influenced the significant improvement in profit after tax.

Earnings Per Share reaches 2.5 cents for the first half year.

### Results for Q2 2007 for the Valtech Group

000' EUROS	Q2-2006	Q2-2007	%
Revenue from customers	25.442	25.319	
Other revenue	18	(189)	
<b>Total revenues</b>	<b>25.460</b>	<b>25.130</b>	<b>(1.3%)</b>
Variable costs	17.377	17.332	
<b>Gross Margin</b>	<b>8.083</b>	<b>7.798</b>	<b>(3.5)%</b>
	31.8%	30.8 %	
Sales & marketing costs	1.878	1.773	(5.6%)
	7.4%	7.1%	
Administrative costs	5.519	5.543	0,4%
	21.7%	22.1%	
<b>Operating margin</b>	<b>686</b>	<b>482</b>	<b>(29.7%)</b>
Restructuring costs	0	(58)	
Other gains and loss	71	1	
<b>Profit from operating activities</b>	<b>757</b>	<b>541</b>	<b>(28.5%)</b>
	3,0%	2,2%	
Financial result	(156)	(110)	
Income from associated companies	(3)	0	
Income from joint venture	0	360	
<b>Profit before tax</b>	<b>598</b>	<b>792</b>	<b>32.4%</b>
Corporate tax	212	(670)	
<b>Profit after tax</b>	<b>386</b>	<b>1.462</b>	<b>278.8%</b>

### CASH POSITION

#### Cash and cash equivalents at 5.7 million euros

As of June 30<sup>th</sup> 2007 Valtech had a cash and cash equivalent position of 5.7 million euros and overdrafts and loans of 7.6 million euros.

Valtech has equity of 30.7 million euros including goodwill assets of 14.9 million euros.

The groups working capital improved slightly by 0.5 million euros.

### BALANCE SHEET



<b>000' EUROS</b>	<b>31-12-2006</b>	<b>30-06-2007</b>
Goodwill	13.956	14.889
Other intangible assets	677	638
<b>Total intangible assets</b>	<b>14.633</b>	<b>15.528</b>
Tangible assets	3.433	3.700
<b>Total tangible assets</b>	<b>3.433</b>	<b>3.700</b>
Investment in joint ventures	393	736
Other investments	296	296
Other financial assets	2.931	2.913
Deferred tax assets – non current	1.804	2.874
<b>Total assets &gt; 1 year</b>	<b>23.490</b>	<b>26.046</b>
Trade debtors	29.842	29.983
Cash and cash equivalents	4.164	5.703
Other receivables	3.320	3.482
Deferred tax assets – current	954	325
<b>Total current assets</b>	<b>38.280</b>	<b>39.492</b>
<b>Total assets</b>	<b>61.770</b>	<b>65.538</b>
Share capital	1.301	1.305
Other consolidated reserves	24.606	27.278
Profit for period	2.319	2.180
<b>Shareholders' equity</b>	<b>28.226</b>	<b>30.763</b>
Minority interest	(21)	(21)
Provision for risks and charges	2.130	2.138
Other liabilities – non-current	1.488	1.200
<b>Liabilities &gt; 1 year</b>	<b>3.618</b>	<b>3.337</b>
Provision for risks and charges	1.090	1.261
Trade creditors	9.330	9.201
Overdrafts	6.981	7.608
Other liabilities – current	12.546	13.368
<b>Total current liabilities</b>	<b>29.947</b>	<b>31.438</b>
<b>Total liabilities</b>	<b>33.565</b>	<b>34.775</b>
<b>Total liabilities and equity</b>	<b>61.770</b>	<b>65.538</b>

## **GUIDANCE 2007**

The third quarter is coming very strong and as communicated earlier this year will contribute to a significant margin improvement throughout the second half of 2007. Therefore, we expect the second half to generate an organic growth of 7 to 8%. The operating profitability for the second half year should reach 8%, a record level since 2001.

Revenues should reach 106 to 108 million euros, a 6 to 8% growth over 2006.

In our latest press release we explained that our Indian operations that are based in Bangalore and have the majority of their sales outside India (95%) have been and will be influenced by the Rupee appreciation that we have seen and expect to continue in 2007. The estimated total influence for the Group is at least 0.5 million euros for 2007 both in terms of Revenues and Profit. As a



consequence, Profit from operating activities is forecast to reach 5.5 to 6.5% of the Revenues, a 70 to 100% growth on 2006.

Valtech forecast Earning Per Share of 5 cents for the full year.

### **SHARE BUY BACK**

We have decided to use our option to buy back up to 6 million shares of Valtech and will start buying back shares worth 1 million euros in October/November 2007.

### **FINANCIAL COMMUNICATION**

Valtech will publish its Q3 2007 Results on October 30<sup>th</sup> 2007.

#### ***Press enquires:***

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