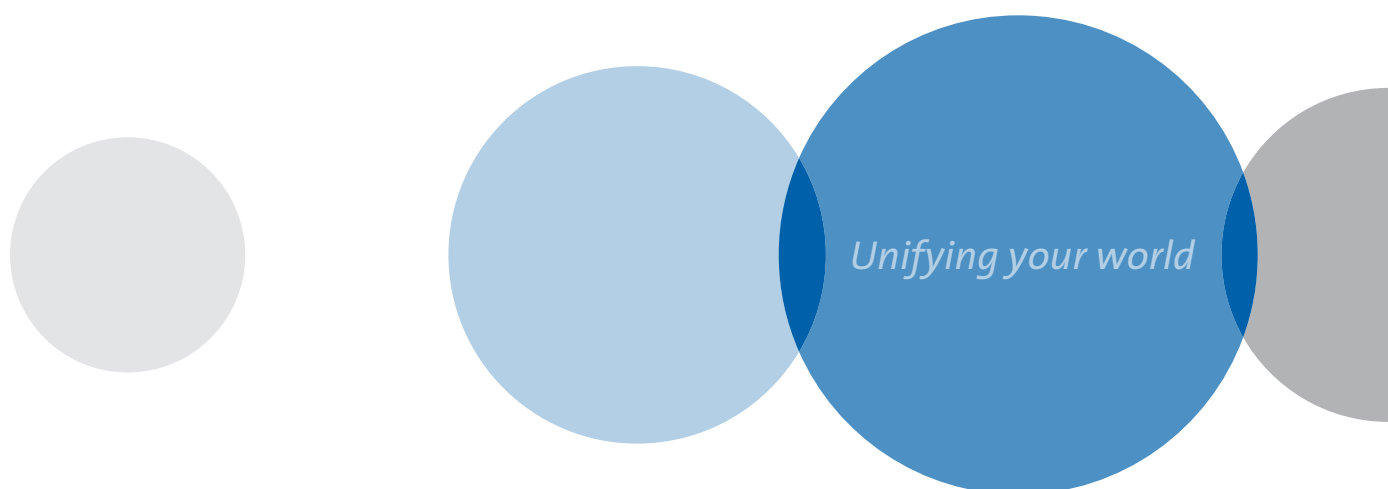


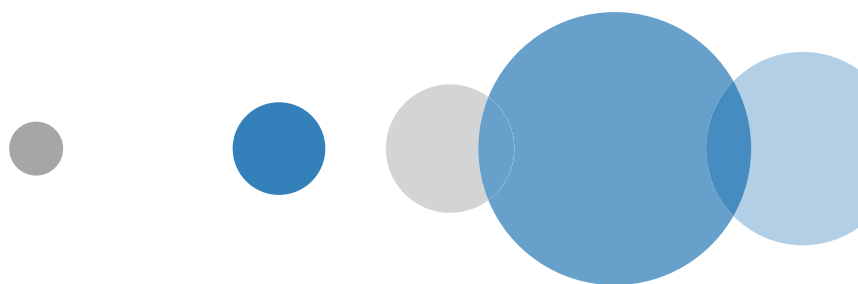
inTechnology

Unaudited interim financial information 2008



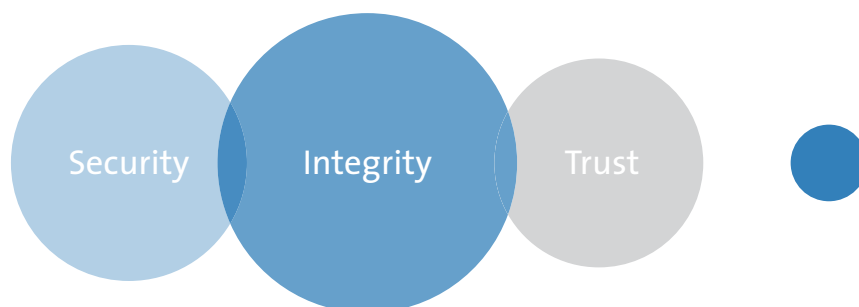
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Chief Executive Officer's report



Overview

In these extraordinary and turbulent financial times I am pleased to report an increase in our Group operating profit, before the sale of property. Our balance sheet remains strong and we have unutilised bank borrowing facilities.

Mobile Tornado Group plc ("Mobile Tornado") our associate company, is not yet profitable and our share of its post tax losses causes a further write down in our investment. However our outlook for the investment in Mobile Tornado is viewed with optimism despite the global economic background, and I shall refer to this later.

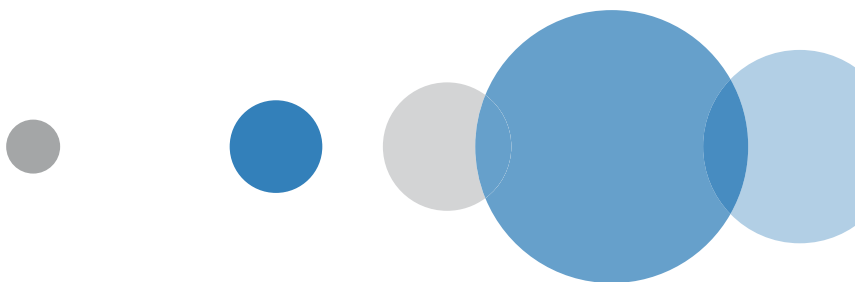
Trading and operating performance

- Group turnover increased to £23.8m (2007: £23.2m) an increase of 3 per cent. We have won many new contracts for

data and voice services, typically for a three year term, over the past six months including our largest contract for voice services since commencing our Managed Services business. We have, during October 2008, agreed heads of terms for a further multi-million pound five year contract for voice services and all this new business will help increase future revenues as the new contracts are commissioned in the second half year. We continue to develop or enhance our data and voice services and to date have not experienced lower demand in our UK target markets.

- Group operating profit, excluding sale of property, increased by 34 per cent to £1.4m (2007: £1.0m). We continue to exert tight controls on all expenditures, including staff numbers which represent approximately 52 per cent of total costs.

- There was no profit on sale of property (2007: £1.1m) as last year reflected the sale of our sole freehold interest.
- Our share of post tax loss of our investment in Mobile Tornado was £1.0m (2007: £0.9m) and I comment on this investment opportunity later in this report.
- Our profit after tax for the period was £0.2m (2007: £0.8m after the profit on sale of property of £1.1m).
- Net cash was £9.7m (£9.2m at 31 March 2008 and £15.5m at 30 September 2007). Capital expenditure during the period was £3.0m (2007: £2.1m) and included further expenditure on the £3m Harrogate data centre refurbishment and expansion. This project will complete during December 2008 giving us increased rack capacity and power.
- We have unutilised bank facilities available to fund our capital expenditures and provide working capital for all Push to Talk managed services.



Mobile Tornado

Our investment in Mobile Tornado is 49.9 per cent of its issued ordinary share capital and our total investment cost £6.4m, but after accounting for our share of post tax losses our balance sheet records a net investment of £3.1m at 30 September 2008; a non-cash write down of our investment.

I am also Chairman of Mobile Tornado and an investor in the company and on 30 September 2008 issued my Chairman's Report for Mobile Tornado. I have taken this opportunity to report to the shareholders of InTechnology plc relevant extracts from my Report for the six month period to 30 June 2008.

Extracts from the Chairman's Report of Mobile Tornado Group plc for the six months to 30 June 2008:

Review of operations

"The highlight of the period under review was the launch of the managed service proposition for Push to Talk (PTT) in the UK. This service, which has been developed with InTechnology plc, our principal shareholder and exclusive UK partner, allows our mobile applications to be sold to enterprises directly at a fixed monthly charge. For every user deployed on the managed service platform, Mobile Tornado will receive a monthly royalty. The resulting business model contrasts dramatically with the previous strategy of selling direct to mobile operators, a model which suffered from long sales cycles and a one off in perpetuity license fee.

I am pleased to report that the service is being trialled with a significant number of UK

enterprises operating in sectors such as transport and logistics, security and construction. There is also a lot of interest being shown in the platform by the emergency services with trials currently being conducted in several police forces and fire services across the UK. The level of activity that we are experiencing in the UK is being repeated with our partners in Germany, Spain and Israel."

"During the period under review we launched a partnership with Intermec, a global handheld device manufacturer, to promote the deployment of our PTT application on their CN3 device. Following the initial success of this collaboration I am pleased to announce that a further contract has been signed to further develop the PTT opportunity with Intermec customers. InTechnology are already in discussions with many of Intermec's customers including the Royal Mail who have awarded Intermec a contract to deploy the CN3 device across their 30,000 parcel delivery workforce.

Chief Executive Officer's report continued



For some time now we have been exploring the possibility of developing our own handset. Although our software can be installed on any handset and function across all operating platforms we have identified, through collaboration with our partners, a real need for a ruggedised mobile phone to serve the particular needs of the blue collar vertical markets that are being targeted. I am delighted to announce, that following extensive research and field trials, we are today launching our own branded phone. This phone is a 3G phone, with GPS and our PTT application pre loaded. We will sell the phone through our partners around the world, placing orders for phones once a committed and underwritten order has been received from a partner. I can confirm that we have already received our first order from InTechnology for 10,000 phones and that these will be delivered by the end of the year.

Current trading and future prospects

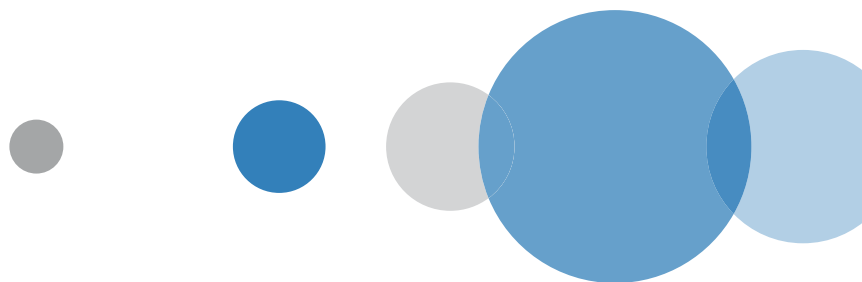
The business has been dramatically repositioned over the last 12 months with significant changes to the structure of the business and in the strategy that is being pursued. We are now focussed on developing mobile applications for the enterprise market. These applications will be delivered through a managed service hosted by our in-country partners. Establishing this network of partners, utilising the experience we have built up with InTechnology, is now the priority.

At the same time we must ensure that our technical platform continues to develop with more and better applications being deployed on it. Our PTT application is already beginning to penetrate the blue collar enterprise markets where its flexibility, value and performance are providing a compelling proposition when compared to existing communication platforms. I am

pleased to report that the next application we will be commercially launching will be a GPS based location service which will facilitate the tracking and effective management of remote workers. Combining this service with PTT represents a unique proposition and one that has already generated significant levels of interest amongst prospective customers. The service will be commercially launched during the final quarter of this year.

Having launched our first branded handset targeted at the blue collar market we will be looking to follow this up with the introduction of a lower priced 2G phone. We are also actively researching the lone worker market which has come to prominence in recent months with the introduction of the Corporate Manslaughter and Corporate Homicide Act in April 2008.

Since the Government estimates the lone worker market in the UK to amount to some 5m workers there is clearly a major opportunity.



Our efforts are focused on deploying our PTT technology in some of the handsets that are being developed specifically for this lone worker market. I expect to bring news on developments on this front in due course.

It has been an important 12 months, with major restructuring and cost reductions and a material shift in the strategic focus. I am more convinced than ever that we have a technical platform capable of delivering unique and valuable applications into the enterprise market. As our partners begin to close out deals over the coming months we will begin the steady path to profitability.”

(end of extracts)

Outlook

Against the backdrop of these extraordinary and turbulent economic times we continue with a strong balance sheet as our financial bedrock. The recent disposals of our Distribution businesses and sale of our

freehold property interest have put us in this favourable position. We shall always continue to improve our service offerings across both data and voice products offering all our present and future customers the opportunity to reduce their costs and improve their productivity and thus grow our revenues and operating profit. We have in PTT a great opportunity to further increase our group profitability and also significantly increase the value of our investment in Mobile Tornado. It is your Board's objective to ensure we do everything possible to capitalise on these opportunities despite the global economic outlook.

Peter Wilkinson

Chief Executive Officer

4 November 2008

Group income statement

for the six months ended 30 September 2008

	Note	6 months ended 30 September 2008 (Unaudited) £'000	6 months ended 30 September 2007 (Unaudited) £'000	Year ended 31 March 2008 (Audited) £'000
Revenue		23,846	23,194	45,353
Cost of sales		(9,597)	(9,247)	(16,978)
Gross profit		14,249	13,947	28,375
Net operating expenses before depreciation and amortisation		(11,354)	(10,991)	(21,850)
Depreciation of property, plant and equipment		(1,496)	(1,892)	(4,237)
Amortisation of intangible assets		(140)	(140)	(280)
Net operating expenses		(12,990)	(13,023)	(26,367)
Other operating income		119	107	343
Group operating profit before sale of property		1,378	1,031	2,351
Profit on sale of property		–	1,131	1,134
Group operating profit		1,378	2,162	3,485
Finance income		255	318	823
Finance costs		(50)	(63)	(124)
Share of post tax loss of associate		(957)	(875)	(1,453)
Profit before taxation		626	1,542	2,731
Taxation	3	(467)	(720)	(850)
Profit for the period		159	822	1,881
Earnings per share (pence)				
Basic	4	0.12	0.58	1.34
Diluted	4	0.12	0.57	1.32

Group statement of changes in shareholders' equity

for the six months ended 30 September 2008

	Share capital (Unaudited) £'000	Share premium (Unaudited) £'000	Capital redemption reserve (Unaudited) £'000	Share option reserve (Unaudited) £'000	Retained earnings (Unaudited) £'000	Total (Unaudited) £'000
As at 31 March 2007	1,899	188,843	–	1,069	(125,302)	66,509
Employee share options:						
– value of employee services	–	–	–	100	–	100
– deferred tax charge on employee services	–	–	–	(73)	–	(73)
– proceeds from shares issued	1	1	–	–	–	2
Sale of property						
– corporation tax on revalued amount	–	–	–	–	(219)	(219)
– deferred tax on revalued amount	–	–	–	–	120	120
Net profit for the period	–	–	–	–	822	822
As at 30 September 2007	1,900	188,844	–	1,096	(124,579)	67,261

Employee share options:						
– value of employee services	–	–	–	61	–	61
– tax charge on employee services	–	–	–	40	–	40
– deferred tax charge on employee services	–	–	–	(40)	–	(40)
– proceeds from shares issued	4	3	–	–	–	7
Capital restructure	(480)	(132,534)	480	–	132,534	–
Purchase of ordinary shares	(106)	(3,596)	–	–	–	(3,702)
Share of exchange losses of associate	–	–	–	–	(447)	(447)
Net profit for the period	–	–	–	–	1,059	1,059
As at 31 March 2008	1,318	52,717	480	1,157	8,567	64,239

Employee share options:						
– value of employee services	–	–	–	173	–	173
– deferred tax charge on employee services	–	–	–	(118)	–	(118)
Issue of deferred share options	69	1,104	–	–	–	1,173
Cancelled share options	–	–	–	(1,150)	1,150	–
Share of exchange losses of associate	–	–	–	–	(1)	(1)
Net profit for the period	–	–	–	–	159	159
As at 30 September 2008	1,387	53,821	480	62	9,875	65,625

Group balance sheet

as at 30 September 2008

	30 September 2008 (Unaudited) £'000	30 September 2007 (Unaudited) £'000	31 March 2008 (Audited) £'000
Assets			
Non-current assets			
Goodwill	38,997	39,559	38,997
Intangible assets	353	632	493
Property, plant & equipment	7,965	6,169	6,445
Investment in associate undertaking	3,118	2,497	4,076
Deferred tax assets	1,859	2,083	2,284
	52,292	50,940	52,295
Current assets			
Inventories	106	87	105
Trade and other receivables	12,066	10,542	10,534
Cash and cash equivalents	10,301	16,381	10,085
	22,473	27,010	20,724
Liabilities			
Current liabilities			
Trade and other payables	(8,342)	(9,323)	(7,303)
Borrowings	(491)	(542)	(567)
Current tax liabilities	(175)	(501)	(589)
Net current assets	13,465	16,644	12,265
Non-current liabilities			
Borrowings	(132)	(323)	(321)
Net assets	65,625	67,261	64,239
Shareholders' equity			
Ordinary shares	1,387	1,900	1,318
Share premium	53,821	188,844	52,717
Capital redemption reserve	480	–	480
Share option reserve	62	1,096	1,157
Retained earnings	9,875	(124,579)	8,567
Total shareholders' equity	65,625	67,261	64,239

Group cash flow statement

for the six months ended 30 September 2008

	Note	6 months ended 30 September 2008 (Unaudited) £'000	6 months ended 30 September 2007 (Unaudited) £'000	Year ended 31 March 2008 (Audited) £'000
Cash flows from operating activities				
Cash generated from operations	5	3,892	4,810	6,343
Interest received		255	318	823
Interest paid		(16)	(14)	(44)
Interest element of finance lease payments		(39)	(49)	(80)
Tax paid		(578)	(3,002)	(3,017)
Net cash from operating activities		3,514	2,063	4,025
Cash flows from investing activities				
Proceeds from sale of business assets		–	–	1,000
Proceeds from sale of property, plant & equipment		5	5,408	4,628
Purchase of property, plant & equipment		(3,016)	(2,134)	(4,325)
Acquisition of subsidiaries (net of cash acquired)		–	(74)	(74)
Investment in associate		–	(65)	(2,419)
Net cash (used in) investing activities		(3,011)	3,135	(1,190)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		–	2	9
Purchase of ordinary shares		–	–	(3,702)
Decrease in borrowings		–	(1,181)	(1,181)
Capital element of finance lease payments		(265)	(420)	(647)
Net cash outflow from financing		(265)	(1,599)	(5,521)
Net increase/(decrease) in cash and equivalents in the period		238	3,599	(2,686)
Cash and equivalents at beginning of period		10,085	12,782	12,782
Exchange losses on cash and equivalents		(22)	–	(11)
Cash and equivalents at end of period		10,301	16,381	10,085

Notes to the interim financial information

for the six months ended 30 September 2008

1 General information

InTechnology plc provides managed data and voice services to users over its own end to end quality assured IP network.

The company is an unlisted public company incorporated and domiciled in the United Kingdom under the Companies Act 1985. The address of its registered office is Central House, Beckwith Knowle, Harrogate, HG3 1UG.

The registered number of the company is 3916586.

2 Basis of preparation

The interim financial information has been prepared under the historical cost convention, except for share based payments which are measured at value, in accordance with the accounting policies set out in the annual financial statements which have been published on the Company's website.

This interim report, which comprises the Group balance sheet as at 30 September 2008 and the related Group statements of income, changes in shareholders' equity and cash flows for the six months then ended and related notes, is unaudited and does not constitute statutory accounts within the meaning of the Companies Act 1985.

3 Taxation

The interim tax charge is based on an estimate of the likely effective tax rate for the full year (excluding tax on the sale of land and buildings) expressed as a percentage of the expected result for the year and then applied to the interim profit before tax.

4 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

Additional earnings per share measures are included below to give a better indication of the Group's underlying performance.

	6 months ended 30 September 2008 (Unaudited)			6 months ended 30 September 2007 (Unaudited)			Year ended 31 March 2008 (Audited)		
	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)
Basic EPS									
Profit attributable to equity holders of the company	159	134,581	0.12	822	141,943	0.58	1,881	140,136	1.34
Effect of dilutive share options		1,048			2,154			2,055	
Diluted EPS	159	135,629	0.12	822	144,097	0.57	1,881	142,191	1.32
	6 months ended 30 September 2008 (Unaudited)			6 months ended 30 September 2007 (Unaudited)			Year ended 31 March 2008 (Audited)		
	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)
Basic EPS	159	134,581	0.12	822	141,943	0.58	1,881	140,136	1.34
Share based payments	55		0.04	27		0.02	88		0.06
Amortisation of intangible assets	101		0.07	101		0.07	202		0.14
Sale of property	–		–	–		–	(984)		(0.70)
Share of post tax loss of associate	957		0.71	875		0.62	1,453		1.04
Adjusted basic EPS	1,272	134,581	0.94	1,825	141,943	1.29	2,640	140,136	1.88
Diluted EPS	159	135,629	0.12	822	144,097	0.57	1,881	142,191	1.32
Share based payments	55		0.04	27		0.02	88		0.06
Amortisation of intangible assets	101		0.07	101		0.07	202		0.14
Sale of property	–		–	–		–	(984)		(0.69)
Share of post tax loss of associate	957		0.71	875		0.61	1,453		1.02
Adjusted diluted EPS	1,272	135,629	0.94	1,825	144,097	1.27	2,640	142,191	1.85

Notes to the interim financial information

continued

5 Cash generated from operations

	6 months ended 30 September 2008 (Unaudited) £'000	6 months ended 30 September 2007 (Unaudited) £'000	Year ended 31 March 2008 (Audited) £'000
Continuing operations			
Operating profit	1,378	2,162	3,485
Adjustments for:			
Depreciation	1,496	1,892	4,237
Profit on sale of property, plant & equipment	(5)	(1,130)	(1,134)
Amortisation of intangibles	140	140	280
Exchange movements	31	(5)	(33)
Share option non cash charge	173	100	161
Changes in working capital			
(Increase)/decrease in inventories	(1)	5	(13)
(Increase)/decrease in trade and other receivables	(359)	3,361	1,736
Increase/(decrease) in trade and other payables	1,039	(3,534)	(4,195)
Cash generated from continuing operations	3,892	2,991	4,524
Discontinued operations			
Changes in working capital			
Decrease in trade and other receivables	–	1,819	1,819
Cash generated from discontinued operations	–	1,819	1,819
Cash generated from operations	3,892	4,810	6,343

6 Shareholder information

This interim financial information will be published on the Company's website. The maintenance and integrity of the InTechnology plc website is the responsibility of the Directors. Legislation in the UK governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Corporate information

Board of Directors:

The Rt. Hon. Lord Parkinson	Non-executive Chairman
Joe McNally	Non-executive Director
Charles Scott	Non-executive Director
Peter Wilkinson	Chief Executive Officer
Richard James	Director & Company Secretary
Andrew Kaberry	Finance Director
Bryn Sage	Chief Operating Officer

Registered office:

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 Fax +44 (0)1423 850 001

Registrar and transfer office:

Capita IRG plc
 Bourne House
 34 Beckenham Road
 Beckenham
 Kent
 BR3 4TU

Matched bargain exchange:

www.sharemark.com

Principal bankers:

Lloyds TSB Bank Plc
 1st Floor
 31-32 Park Row
 Leeds
 LS1 5JD

Independent auditors:

PricewaterhouseCoopers LLP
 Benson House
 33 Wellington Street
 Leeds
 LS1 4JP

Solicitors:

Hammonds LLP
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