



Interim Results Six Months Ended 30 September 2005

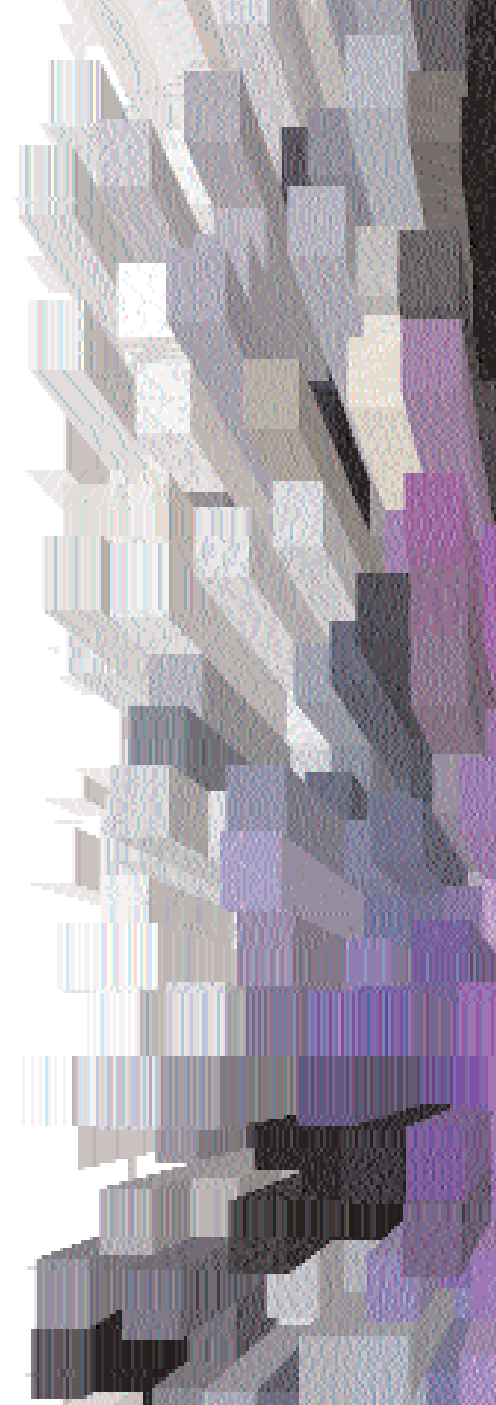


Highlights

- Total revenues up 42% to £2.7 million (2004: £1.9 million)
- Operating loss before reorganisation costs £0.5 million (2004: £0.8 million)
- Operating loss before tax and interest £0.6 million (2004: £0.8 million)
- Cash balances £0.3 million (2004: £0.5 million) and debt free
- Significant new contract wins included:
 - Retail banking market: £2m contract with Barclays Bank plc
 - General insurance market: first contract signed with Assurant Solutions
 - Mortgage market: several significant new customers including Home of Choice, Capital Home Loans and a leading provider of outsourced mortgage administration services
- Global Reseller Agreement signed with BEA Systems, Inc.
- Award of UK patent for goal:technology software
- Loss per share 2.0 pence (2004: loss 2.8 pence)

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Focus Solutions Group plc is a leading provider of business process technology.

Through the two distinct business units there are separate elements to the Group's strategy:

Focus Business Solutions Ltd

to become one of the leading providers of business process solutions to support the customer management process within the retail financial services marketplace.

Focus Software Ltd

to globalise goal:technology, an innovative XML application development environment, to multiple markets through strategic partnerships and distributors.

Chairman's STATEMENT

Business Review

I am pleased to report that the Group's results for the first half of FY2006 continue to demonstrate strong progress in our business. Sales revenues are up 42% on the same period last year. Sales of goal:technology licences and services rose by 52% from £1.7 million to £2.7 million.

Focus Business Solutions (FBS) made particularly strong progress in the mortgage market, which accounted for 36% of sales in the period. It continued to generate new business from established UK life and pensions customers and the life and pensions market accounted for 59% of total sales, with the first customer in the general insurance market contributing 5%.

Our ability to rapidly generate and deploy software, delivering return on investment in exceptionally short timescales, remains a major differentiator. During the period we signed a £2m, five year contract, with Barclays Bank plc, and won additional business from established customers including the Prudential, Norwich Union and Zurich.

It is only eighteen months since Focus won its first customer in the mortgage market. This sector generated just under £1m of revenue in the period, up from £268k in the same period last year, as companies in the market looked for robust, flexible solutions to help them comply with new regulation and improve their service to customers and advisers. We won new business with specialist buy-to-let lender, Capital Home Loans, and secured contracts worth over £900k from a recently launched mortgage distribution network, Home of Choice. The strategic partnership with Trigold is developing well. Over 100 mortgage application forms on the Trigold mortgage sourcing service have been upgraded using goal:technology and two mortgage providers have bought additional services: West Bromwich Building Society and Future Mortgages. Prospects for further business wins in the second half are strong. Since the end of the period, we have already signed a new mortgage related contract worth £250k with a leading provider of outsourced mortgage administration services.

For some time, we have recognised the value of our goal:technology software and the value of its potential application outside of the UK financial services market. This led us to restructure the Group into two business streams with separate trading divisions, separate management structures, and as separate legal entities from April 2005. The development of the Focus Software (FS) business has been slower than we had expected. However, significant new progress is being made in terms of identifying opportunities, securing long term contracts with partners and developing a sales pipeline.

Last week, we were pleased to announce that FS significantly enhanced its relationship with BEA Systems, Inc. by entering into a global reseller agreement with BEA, a world leader in enterprise infrastructure software and will incorporate a specific edition of goal:technology into its WebLogic™ Software. This will allow them to sell and distribute our technology globally. This agreement gives Focus Software a real platform for growth and offers a tremendous opportunity for the Group as a whole.

At the end of the period, we received confirmation from the UK Patents Office of the approval of our patent application number GB2389499 for our goal:technology XML toolkit. The award is for the classification of 'Electronic Data Capture and Verification for Electronic Forms' and confirms the world leading nature of the research and development undertaken by the Group.

Financial Review

Turnover in the first half of the year was up 42% at £2.7 million (2004: £1.9 million), with sales of goal:technology licences and services up 52%. Operating loss before reorganisation costs was £0.5 million, compared to £0.8 million in the same period last year. As in previous years, we expect revenues to be substantially greater in the second half than in the first half.

Total costs in the first half were £3.3 million, £0.6 million up on the same period last year, an increase of 21%. These cost increases reflect the increased investment in skills and capacity necessary to deliver the increased demand. We would expect to see the benefits of increased economies of scale to be felt in the second half.

During the first half we recruited an additional eight employees, our first net recruitment increase for two years. As we enter the second half of the year, with further increases in revenues expected, we have invested in additional Project Managers, Business Analysts, Software Developers and Quality Assurance personnel to underpin our ability to deliver.

There were a number of one-off or exceptional costs relating to the reorganisation of the Group which were incurred in the first half and which totalled £120k. Operating loss after reorganisation costs and before tax was £0.6 million compared to £0.8 million last year. This was in line with expectations. Further costs relating to the reorganisation are expected to be incurred in the second half.

Cash balances at the end of September were £0.3 million (2004: £0.5 million; 31 March 2005: £1.0 million). We remain debt free, although we do have overdraft facilities totalling £350k with our bankers, HSBC plc.

Chairman's STATEMENT *continued*

Cash burn from operating activities in the first half was £724k (2004: £973k). With the expected improvement in trading in the second half, we anticipate that the business will be cash generative in the second half. The Directors continually review the funding requirements for the Group and will ensure that the continued development of the business is properly funded.

The loss per share of 2.0 pence per share compares to 2.8 pence per share in the same period last year. As in previous periods, the Directors are not recommending the payment of a dividend.

Operational Review

The formal split and reorganisation of the business into two business streams, Focus Business Solutions ("FBS") and Focus Software ("FS"), is beginning to bring significant benefits to the Group. FBS remains the principal operating company in the Group, providing business process solutions to support customer management processes within the UK financial services industry. FS has been established to exploit the value of the Group's XML development tool, "goal:technology". A central services function provides management, accounting, IT and administrative support to the Group.

For FBS, the strategic drive to cut costs and improve customer service through the introduction of electronic trading within the UK life and pensions market remains. The principal driver of growth during the period was the growth in sales to the mortgage market where increasing regulation has obliged companies to increase their investment in electronic data capture solutions.

FBS' established customer base, coupled with new opportunities in the mortgage and general insurance sectors, continues to offer excellent prospects for growth. The introduction of multi-tied sales channels in the UK life and pensions market directly led to major contract wins with Zurich last year and with Barclays this year. Both projects have contributed significant revenues in the first half, with further projects planned.

Investment in development continues, extending the breadth of the product range offered to our customers and in new technologies. This has enabled the Group to move into the UK mortgage and general insurance markets as well as protecting its user base. We are committed to keeping Focus at the forefront of technology offerings available to the UK financial services market.

Last year, we announced that we were working together with BEA Systems, Inc. to provide a joint solution aimed at enabling customers to rapidly create XML user interfaces that extend the BEA WebLogic

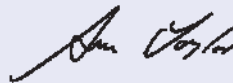
Platform™ front-end capability. We have continued to work closely with BEA on this project over the past twelve months and this has culminated in the signing of a global reseller agreement. This agreement enables BEA to sell goal:technology WebLogic edition globally to their customer base. This is a hugely important agreement for the business and we believe that developing relationships with such technology partners is of paramount importance to us and expect that significant revenues will be generated from these relationships in future years.

Outlook

It remains our strategy to create a sustainable and scalable business. Over the past year we have restructured the business into two distinct operating businesses with discrete management structures to give focus and momentum. FBS can achieve further growth by extending the breadth of its market coverage in the UK financial services market and by extending the depth of its solutions capabilities within that market. FS has greater long term potential for growth in the exploitation of its goal:technology software more widely through developing partnership agreements with organisations operating in different geographical and vertical markets.

The fundamental drivers for the business remain unchanged. Our customers operate in extremely competitive and heavily regulated markets and we believe that to maintain competitive advantage, they must continue to invest in electronic trading. These drivers have had an impact on the UK mortgage market and we expect a similar impact in the general insurance market over the next year. Depolarisation has also contributed to an increase in levels of activity in our core UK life and pensions market.

Our revenue streams continue to be project based, although developments in the FS business should alter the product mix over the coming months and year. Our sales pipeline is at its highest level to date and we expect this to contribute to an improvement in financial performance in the second half.



Alastair Taylor Chairman

Summarised Consolidated Profit and Loss Account

for the six months ended 30 September 2005

	(Unaudited) 6 months ended 30 September 2005			(Unaudited) 6 months ended 30 September 2004	(Audited) Year ended 31 March 2005
	Before exceptional items £'000	Exceptional items £'000	Total £'000	Total £'000	Total £'000
Turnover	2,731	–	2,731	1,921	5,431
Cost of sales	(1,040)	–	(1,040)	(719)	(1,361)
Gross profit	1,691	–	1,691	1,202	4,070
Overheads					
Distribution costs	(678)	–	(678)	(600)	(1,221)
Administrative expenses	(1,495)	(120)	(1,615)	(1,431)	(2,847)
	(2,173)	(120)	(2,293)	(2,031)	(4,068)
Operating (loss)/profit	(482)	(120)	(602)	(829)	2
Net Interest receivable	17	–	17	20	24
(Loss)/profit on ordinary activities before taxation	(465)	(120)	(585)	(809)	26
Taxation	–	–	–	–	–
(Loss)/profit on ordinary activities after taxation and retained loss for the period	(465)	(120)	(585)	(809)	26
Basic and diluted (loss)/earnings per ordinary share (note 2)			(2.0p)	(2.8p)	0.1p

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Summarised Consolidated Balance Sheet

for the six months ended 30 September 2005

	(Unaudited) 6 months ended 30 September 2005 £'000	(Unaudited) 6 months ended 30 September 2004 £'000	(Audited) Year ended 31 March 2005 £'000
Fixed assets			
Tangible assets	144	152	137
	144	152	137
Current assets			
Debtors	2,378	1,529	2,665
Short term investments – money market deposits	–	250	–
Cash at bank and in hand	262	263	1,007
	2,640	2,042	3,672
Creditors: Amounts falling due within one year	(1,149)	(818)	(1,598)
Net current assets	1,491	1,224	2,074
Total assets less current liabilities	1,635	1,376	2,211
Creditors: Amounts falling due in more than one year	–	–	–
Net assets	1,635	1,376	2,211
Capital and reserves			
Called up share capital	2,864	2,859	2,859
Shares to be issued	–	–	–
Share premium	9,833	9,828	9,827
Merger reserve	220	220	220
Profit and loss account	(11,282)	(11,531)	(10,695)
Shareholders' funds			
Equity interest	1,635	1,376	2,211

Summarised Consolidated Cash Flow Statement

for the six months ended 30 September 2005

	(Unaudited) 6 months ended 30 September 2005 £'000	(Unaudited) 6 months ended 30 September 2004 £'000	(Audited) Year ended 31 March 2005 £'000
Net cash outflow from operating activities	(724)	(973)	(454)
Returns on investments and servicing of finance	17	20	24
Taxation	-	-	-
Capital expenditure and financial investment	(48)	(34)	(63)
Cash outflow before management of liquid resources and financing	(755)	(987)	(493)
Management of liquid resources	-	-	250
Financing	10	16	16
Decrease in cash	(745)	(971)	(227)
Change in net debt resulting from cash flows			
Decrease in cash in the period	(745)	(971)	(227)
Change in net funds resulting from financing	-	-	-
Cash outflow from increase in liquid resources	-	-	(250)
Movement in net funds in the period	(745)	(971)	(477)
Net funds at start of year	1,007	1,484	1,484
Net funds at end of period	262	513	1,007

Notes to the Interim Financial Statements

1 Basis of preparation

The summarised half year financial information is unaudited and does not constitute statutory accounts for the purposes of section 240 of the Companies Act 1985. The statutory accounts for the year ended 31 March 2005, which received an unqualified audit report, have been delivered to the Registrar of Companies.

The unaudited financial information has been prepared on the basis of the accounting policies set out in the Group's 31 March 2005 audited statutory accounts.

2 Loss per ordinary share

	30 September 2005 £'000	30 September 2004 £'000	31 March 2005 £'000
Earnings attributable to ordinary shareholders			
(Loss)/Profit for the financial period	(585)	(809)	26
Weighted average number of ordinary shares issued during the year (000's)	28,615	28,581	27,504
Dilutive effect of share options	-	-	-
Basic earnings per share	(2.0p)	(2.8p)	0.1p

FRS 14 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be increased by the exercise of underwater share options. Since it seems inappropriate to assume that option holders would exercise underwater share options, and there are no other diluting future share issues, diluted EPS has not been presented.

3 Reorganisation costs

Reorganisation costs related to the restructuring of the business into two separate business streams.

Advisors and Shareholder Information

Company Number

3911357 (England and Wales)

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Nominated Advisor and Nominated Broker

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Solicitors

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Birmingham
B3 2AS

Auditors

Deloitte & Touche LLP
Birmingham

Registrars

Capita Registrars
The Registry
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Principal Bankers

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Birmingham B2 4JU

Financial Calendar

Announcement of results 2005-2006	June 2006
Annual General Meeting	August 2006





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