

Interactive Prospect Targeting Holdings Plc

(“IPT” or “the Company” or “the Group”)

Interim Results

Interactive Prospect Targeting Holdings Plc (AIM:IPH), Europe’s largest direct online marketing group, today announces its Interim Results for the six months ended 30 June 2007.

Highlights

- Revenue increased by 57% to £15.4m (June 2006: £9.8m);
- Profit on ordinary activities before tax was £0.7m (June 2006: £1.7m);
- Adjusted earnings before interest, taxation, depreciation and amortisation (adjusted EBITDA)* was £1.9m (June 2006: £2.5m) - see note 3;
- Adjusted earnings per share* was 1.3p (June 2006: 3.9p) - see note 5. Basic earnings per share was 0.7p (June 2006: 3.6p);
- Acquisition of NP6 SAS, a leading email broadcasting company in France, was completed in June 2007 for a maximum consideration of €9.4m;
- The second half of the year has begun on a positive note with strong organic revenue growth compared to the same period in the prior year; and
- In August 2007, IPT announced that it was in discussions with certain parties which may or may not lead to an offer being made for the Company.

The following descriptions are applied consistently throughout the interim report:

*Adjusted EBITDA is operating profit before goodwill reduction expense, amortisation of acquisition related intangible assets, amortisation of non-acquisition related intangible assets, share-based payment charges, employee holiday entitlement charges and depreciation on property, plant and equipment –see note 3.

**Adjusted earnings per share is profit for the period before goodwill reduction expense, amortisation of acquisition related intangible assets, share-based payment charges, employee holiday entitlement charges or income adjusted for the tax effect of these items.

Commenting on the Interim Results, Lionel Thain, Chief Executive Officer, said: “As previously announced, the Company encountered product delivery issues earlier in the year which have been fully resolved and we are pleased to have recovered well. The actions taken by management have significantly strengthened IPT’s technology and operational processes. Furthermore, the successful acquisition of NP6 SAS has strengthened our

position in France and together with our French subsidiary Directinet provides a major foothold in the rapidly expanding French online marketing sector. Outside from the UK specific delivery issue, we have and continue to experience strong trading conditions and enter the second half with confidence that we can sustain our position as leader in the online direct marketing market.”

- Ends -

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Chairman's Statement

Results

Revenue increased by 57% to £15.4m in the 6 months ended June 2007 (June 2006: £9.8m), with strong growth in France.

Adjusted EBITDA in the 6 months ended June 2007 was £1.9m (June 2006: £2.5m) - see note 3.

Operating profit in the 6 months ended June 2007 was £0.6m (June 2006: £1.7m). Profit after tax for the period was £0.3m (June 2006: £1.3m) and was impacted by one-off charges of £0.1m relating to the restatement of deferred tax assets, imputed top-up tax on dividends paid from a French subsidiary (Directinet) to IPT Ltd in the UK and the impact of the overseas tax rate, which is higher than that in the UK. Basic earnings per share for the period were 0.7p (June 2006: 3.6p).

Overview

In 2006 online marketing continued to grow at a quick pace. The UK and France contributed approximately 53% of the European online spending, €3 billion (38%) in the UK and €1 billion (15%) in France. According to eMarketer, these countries will maintain an accelerated growth in online expenditure with growth of 21% annually, reaching a projected €8.9 billion by 2010.

IPT's operations in France continued to expand in the first half year and the acquisition of NP6 will allow the Group to offer an enhanced service to our growing customer base in Europe.

The first half of 2007 has seen IPT face a specific challenge arising from product delivery issues with one internet based e-mail service provider. Although management has reacted to this issue, it has impacted on the financial performance of IPT during this period.

Management have taken a number of steps to resolve this issue which have significantly strengthened IPT's technology and operational processes and the success of these measures has resulted in IPT reporting operating results for the first half of 2007 in line with revised expectations published in March 2007.

Dividends

The directors do not recommend the payment of a dividend (June 2006: nil).

Current trading and outlook

The second half of the year has begun on a positive note with strong organic revenue growth compared to the prior year. IPT has achieved its revised objectives for the first half-year and views the remainder of 2007 with a positive outlook. It retains a leading position in the provision of online direct marketing services in both the UK and France.

Ongoing discussions

On 22 August 2007, the Company announced that it was in discussions with certain parties which may or may not lead to an offer being made for the Company. Discussions are ongoing and a further announcement will be made in due course.

Colin Lloyd

Chairman

26 September 2007

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

Continuing operations	Note	6 months ended 30 June 2007 Unaudited £'000	6 months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Revenue		15,396	9,800	24,066
Cost of sales		(5,029)	(2,163)	(5,220)
Gross profit		10,367	7,637	18,846
Administrative expenses				
Goodwill reduction expense		(20)	(88)	(189)
Amortisation of acquisition related intangible assets		(223)	(88)	(347)
Share-based payment charges		(67)	(29)	(73)
Employee holiday entitlement (charge)/income		(49)	31	69
Other administrative expenses		(9,362)	(5,813)	(14,094)
Total administrative expenses		(9,721)	(5,987)	(14,634)
Operating Profit		646	1,650	4,212
Investment revenues		60	97	177
Profit on ordinary activities before tax		706	1,747	4,389
Tax	4	(375)	(466)	(1,073)
Profit for the period from continuing operations, attributable to equity holders of the parent		331	1,281	3,316
Earnings per share from continuing operations	5			
Basic (pence)		0.7	3.6	8.4
Diluted (pence)		0.7	3.4	8.1

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
 FOR THE SIX MONTHS ENDED 30 JUNE 2007

	6 months ended 30 June 2007 Unaudited £'000	6 months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Tax on items taken directly to equity	(102)	435	293
Net income recognised directly in equity	(102)	435	293
Profit for the period	331	1,281	3,316
Total recognised income for the period	229	1,716	3,609
Attributable to: Equity holders of the parent	229	1,716	3,609

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007

	Note	30 June 2007 Unaudited £'000	30 June 2006 Unaudited £'000	31 December 2006 Audited £'000
Non-current assets				
Goodwill		29,911	22,205	22,984
Other intangible assets		6,298	4,884	4,915
Property, plant and equipment		849	647	797
Deferred tax asset		537	1,618	759
		<u>37,595</u>	<u>29,354</u>	<u>29,455</u>
Current assets				
Trade and other receivables		11,679	7,435	8,499
Cash and cash equivalents		5,238	6,693	7,455
		<u>16,917</u>	<u>14,128</u>	<u>15,954</u>
Total assets		<u>54,512</u>	<u>43,482</u>	<u>45,409</u>
Current liabilities				
Trade and other payables		(6,751)	(5,828)	(5,826)
Current tax liabilities		(396)	(638)	(491)
Obligations under finance leases		-	(1)	-
Bank loans and overdrafts		(242)	(83)	(242)
Provisions		(3,819)	(1,723)	(2,020)
		<u>(11,208)</u>	<u>(8,273)</u>	<u>(8,579)</u>
Non-current liabilities				
Other payables		-	(332)	-
Bank loans and overdrafts		(4,357)	-	-
Deferred tax liability		(1,309)	(948)	(866)
Long-term provisions		(3,610)	(2,911)	(3,205)
		<u>(9,276)</u>	<u>(4,191)</u>	<u>(4,071)</u>
Total liabilities		<u>(20,484)</u>	<u>(12,464)</u>	<u>(12,650)</u>
Net assets		<u>34,028</u>	<u>31,018</u>	<u>32,759</u>
EQUITY				
Called up share capital	6	179	177	177
Share premium account	6	24,475	23,437	23,437
Treasury reserve	6	(317)	(72)	(215)
Share option reserve	6	202	91	135
Other reserves	6	2,369	2,386	2,334
Retained earnings	6	7,120	4,999	6,891
		<u>34,028</u>	<u>31,018</u>	<u>32,759</u>
Total equity	6	<u>34,028</u>	<u>31,018</u>	<u>32,759</u>

This interim report was approved by the Board of Directors on 26 September 2007.

Signed on behalf of the Board

Eoin Ryan
Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Notes	6 months ended 30 June 2007 Unaudited £'000	6 months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Net cash from operating activities	7	(380)	2,208	4,780
Investing activities				
Interest received		60	97	177
Purchases of plant, property and equipment		(248)	(374)	(583)
Purchases of other intangibles – data		(660)	(592)	(1,646)
Deferred consideration on acquisitions		(1,064)	-	-
Acquisition of subsidiary undertaking		(4,214)	(11,100)	(11,361)
Net cash used in investing activities		(6,126)	(11,969)	(13,413)
Financing activities				
New bank loans raised		4,357	-	-
Repayment of loans and overdrafts on acquisitions		-	-	(169)
Proceeds on issue of shares		-	11,027	11,028
Purchase of own shares		(102)	-	(143)
Repayment of obligations under finance leases		-	(5)	(5)
Net cash from financing activities		4,255	11,022	10,711
Net (decrease)/increase in cash and cash equivalents		(2,251)	1,261	2,078
Cash and cash equivalents at the beginning of the period		7,455	5,414	5,414
Effect of foreign exchange rate changes		34	18	(37)
Cash and cash equivalents at the end of the period		5,238	6,693	7,455

NOTES TO THE CONSOLIDATED INCOME REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. Basis of preparation

The Group prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as interpreted by any regulatory bodies applicable to the Group, as adopted for use in the European Union and in compliance with Article 4 of the EU IAS Regulation. The interim report is unaudited and has been prepared on the basis of the accounting policies set out in the financial statements for the year ended 31 December 2006.

2. Publication of non-statutory accounts

The financial information for the six months ended 30 June 2007 and 30 June 2006 has not been audited and does not constitute full financial statements within the meaning of Section 240 of the Companies Act 1985.

The financial information relating to year ended 31 December 2006 does not constitute full financial statements within the meaning of Section 240 of the Companies Act 1985. This information is an extract of the Group's statutory accounts for that period which have been filed with the Registrar of Companies. Those statutory accounts which were prepared in accordance with International Financial Reporting Standards, received an unqualified report and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

3. Adjusted EBITDA

	6 months ended 30 June 2007 Unaudited £'000	6 months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Operating profit	646	1,650	4,212
Add back:			
- goodwill reduction expense	20	88	189
- amortisation of acquisition related intangible assets	223	88	347
- amortisation of non acquisition related intangible assets	689	449	1,134
- share-based payment charges	67	29	73
- employee holiday entitlement charge/(income)	49	(31)	(69)
- depreciation on property, plant and equipment	236	214	350
Adjusted EBITDA	1,930	2,487	6,236

4. Tax

The tax expense comprises:

	6 months ended 30 June 2007 Unaudited £'000	6 months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Current tax			
UK corporation tax	(50)	(446)	(198)
French corporation tax	(307)	-	(282)
Adjustment in respect of prior years	-	-	88
Foreign tax credit	50	-	-
Released through equity	(29)	-	(705)
	<u>(336)</u>	<u>(446)</u>	<u>(1,097)</u>
Deferred tax			
Decrease in recoverable deferred tax asset primarily relating to historical losses	(111)	(47)	(89)
Decrease in deferred tax liability primarily relating to intangibles	91	27	113
Adjustment in respect of prior years	(19)	-	-
	<u>(39)</u>	<u>(20)</u>	<u>24</u>
Total tax expense	<u>(375)</u>	<u>(466)</u>	<u>(1,073)</u>

Tax expense includes one-off charges relating to the restatement of deferred tax assets and imputed top-up tax on dividends paid from a French subsidiary, Directinet, to IPT Ltd in the UK of £0.1m.

5. Earnings per share

The calculation of earnings per share is based on the following profits and number of shares:

	6 months ended 30 June 2007 Unaudited			6 months ended 30 June 2006 Unaudited			Year ended 31 December 2006 Audited		
	Profit £'000	Number of shares '000	Pence per share	Profit £'000	Number of shares '000	Pence per share	Profit £'000	Number of shares '000	Pence per share
Adjusted earnings per share	593	44,431	1.3	1,399	35,790	3.9	3,749	39,399	9.5
Reconciliation to profit for the period:									
- goodwill reduction expense	(20)	-	-	(88)	-	(0.2)	(189)	-	(0.4)
- amortisation of acquisition related intangible assets	(223)	-	(0.5)	(88)	-	(0.2)	(347)	-	(0.9)
- share-based payments	(67)	-	(0.2)	-	-	-	(73)	-	(0.2)
- employee holiday entitlement	(49)	-	(0.1)	31	-	0.1	69	-	0.1
- tax effect of the above items	97	-	0.2	27	-	-	107	-	0.3
Basic earnings per share	331	44,431	0.7	1,281	35,790	3.6	3,316	39,399	8.4
Impact of share options	-	307	-	-	2,392	(0.2)	-	1,685	(0.3)
Diluted earnings per share	<u>331</u>	<u>44,738</u>	<u>0.7</u>	<u>1,281</u>	<u>38,182</u>	<u>3.4</u>	<u>3,316</u>	<u>41,084</u>	<u>8.1</u>

6. Reconciliation of movement in total equity

	Called up share capital £'000	Share premium account £'000	Treasury reserve £'000	Share Option reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2007	177	23,437	(215)	135	2,334	6,891	32,759
Issue of shares	2	1,038	-	-	-	-	1,040
Total income recognised for the period	-	-	-	-	-	229	229
Purchase of own shares	-	-	(123)	-	-	-	(123)
Share options exercised	-	-	21	-	-	-	21
Share-based payment transactions	-	-	-	67	-	-	67
Translation reserve	-	-	-	-	35	-	35
At 30 June 2007	179	24,475	(317)	202	2,369	7,120	34,028

7. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	6 months ended 30 June 2007 Unaudited £'000	6 months ended 30 June 2006 Unaudited £'000	Year ended 31 December 2006 Audited £'000
Operating profit	646	1,651	4,212
Depreciation, amortisation and goodwill reduction expense	1,168	839	2,020
Share based payments expense	67	29	73
(Decrease)/increase in receivables	(2,170)	384	17
Increase/(decrease) in payables	197	(680)	(1,342)
Taxation paid	(288)	(15)	(200)
Net cash (outflow)/inflow from operating activities	(380)	2,208	4,780

8. Acquisitions in the period

Real World Customer Experience Limited

On 1 February 2007, the Group acquired the entire issued share capital of Real World Customer Experience Limited for a maximum consideration of £2.5m. The provisional fair value of net assets acquired was £0.4m giving rise to goodwill on acquisition of £2.1m. The consideration was satisfied as follows:

	Unaudited £'000
Cash consideration	963
Provision for payments due on earn-out agreement	1,336
Costs of acquisition	246
	<u>2,545</u>

8. Acquisitions in the period (continued)

NP6 SAS

On 1 February 2007, the Group acquired the entire issued share capital of NP6 SAS for a maximum consideration of €9.4m (£6.3m). The provisional fair value of net assets acquired was £1.8m giving rise to goodwill on acquisition of £4.5m. The consideration was satisfied as follows:

	Unaudited £'000
Cash consideration	3,351
Provision for payments due on earn-out agreement	2,731
Costs of acquisition	265
	<hr/> 6,347 <hr/>

9. Events after the balance sheet date

Between 18 July 2007 and 26 July 2007, the Group purchased 110,000 ordinary shares in the capital of the Group. The Group intends to hold the shares in Treasury.

-Ends-