



**Press Release**

**29 September 2008**

**Interactive Prospect Targeting Holdings Plc**

(“IPH” or “the Group”)

**Sale of Core UK Business and amendment to the terms of IPH’s existing bank loan  
Board changes**

Interactive Prospect Targeting Holdings Plc (AIM:IPH) announces that it has today sold the majority of IPH Group’s (the “Group”) UK operations and has reached agreement in principle with Barclays Bank (the “Bank”) regarding an amendment of the terms of the Group’s existing loan.

**Summary of the sale**

- The following businesses have been sold (the “Core UK Business”): MyOffers, CLG, WebBrands, List Rental and MyPropertySpy as well as shares in three small companies related to those businesses (MyOffers Limited, OKMail Limited and Postal Preference Services Limited).
- The Core UK Business was sold for £1,307,181.85 (which was paid wholly in cash) to a new company established by Volvere PLC, (“Volvere”), which will be called Interactive Prospect Targeting Limited (“the Buyer”).
- In addition, the Buyer has also agreed to assume certain liabilities in respect of the Core UK Business. The Group retains responsibility for the offices at Vincent Square.
- As a result of the sale, a number of IPH’s staff (including the management team) have transferred to the Buyer. Lionel Thain (Chief Executive Officer) and Eoin Ryan (Finance Director) will resign from the Board of IPH and take up positions with the Buyer. Lionel Thain has resigned from the Group with the completion of the sale. Eoin Ryan will resign after the announcement of the Group’s Interim Results.
- The Buyer has agreed to provide certain IT infrastructure support and back offices

services until 31 March 2009 (unless varied under the terms of the agreement) in respect of IPH and 31 December 2008 in respect of the remaining businesses in the Group. In addition to these services, the Buyer has also agreed to procure that key individuals are made available during this transitional period to provide assistance to IPH.

- In the event of a sale of the Core UK Business by the Buyer within the next 12 months for a purchase price in excess of £1 million, the Buyer will be required to pay a portion of the amount it receives above £1 million to IPH.
- The profit before tax for the year ended 31 December 2007 (unaudited) from the assets subject to the transaction was £128,865. The loss before tax for the six months ended 30 June 2008 (unaudited) from the assets subject to the transaction was £4,106,494 after incurring one-time charges relating to impairment of data assets and the recovery of debtors.
- The proceeds from the sale will be used to assist with the working capital needs of the Group.
- As a result of the sale, the name of IPH's wholly owned subsidiary, "Interactive Prospect Targeting Limited" has changed to "Direct Excellence Group Limited" and, subject to shareholder approval at the next general meeting, "Interactive Prospect Target Holdings Plc" will change its name to "Direct Excellence Holdings Plc".

### **Businesses not sold**

- None of the Group's three French businesses (Directinet, NP6 and Net Collections) are included in the sale. As announced on 15 September 2008, the Board is considering the sale of one of its French subsidiaries.
- The following UK businesses also have not been sold: Emailbureau, Tpoll, IPT Financial and Integra Insight. Taken together, these UK businesses are not profitable and the Group remains in active discussions about the future of them.

### **Details of amendment to the Group's loan**

As part of the sale process, IPH has also agreed in principle to amend the terms of its existing loan of €6.5 million with Barclays Bank. A summary of the in principle agreement reached with the bank is set out below.

- The loan is to be repaid in four equal instalments from October 2009 to April 2011.
- A re-scheduling fee of 10 per cent. of the loan is to be added to the principal loan and is payable in October 2011.
- The loan and re-scheduling fee incur an interest rate of 5% over Euribor, reducing to 2.5 per cent. over Euribor once €3.25 million principal has been repaid.
- A penalty will be incurred if €3,250,000 principal is not repaid by 31 March 2009. The penalty will be calculated as 10 per cent. of the sum of €3,250,000 less principal payments to 31 March 2009. Any penalty arising would be added to the principal and payable in October 2011.
- The bank will receive warrants to subscribe at par up to a maximum of 3 million shares in IPH. These are exercisable at any time before 31 March 2012.
- There is a prohibition on payment of dividends by IPH until the loan is repaid in full.

### **Strategic review**

The disposal of the Core UK Business has arisen as a result of the strategic review announced with the Preliminary Results on 15 April 2008.

The leadership of this review was assumed by Nicholas Ward who joined the Group as Executive Chairman on 19 June 2008. Nicholas Ward subsequently appointed PricewaterhouseCoopers, Berwin Leighton Paisner and two experienced turnaround professionals, one working in the UK and one working in France, to assist on a consultancy basis in both the strategic review and the ongoing operational management of the Group.

On appointment Nicholas Ward, together with those assisting in the review, undertook an immediate assessment of the financial health of the Group's UK operations, as a result of which it was deemed necessary to make a significant write-off of the Group's trade debtors. This write-off, which predominantly regarded debts from periods prior to June 2008, resulted in the Group making a significant loss in the month of June.

As a result, the review established that there had been a considerable deterioration in the performance of the Core UK Business and the cash position in the UK. In the Board's view, the options for restoring profitability were extremely limited. This led the Group to announce on 11 August that its UK divisions were performing significantly below management's budgets and that

the Board was exploring all options for the Group's UK business which included the possible sale of some of its UK divisions.

As announced on 15 September, due to French dividend regulations and the earn-out arrangements entered into in connection with the acquisition of the Group's French subsidiaries, Directinet and NP6, the Group is currently precluded from remitting any of the cash resources within these profitable and cash generative businesses for the UK businesses. While the Board has been and continues to be actively working to secure access to these funds as quickly as possible and to put in place arrangements for the long term management of these subsidiaries, neither objective has been successfully achieved at this stage.

During the period of the review, the Board and its advisers reviewed a number of restructuring initiatives and options for the Group's UK divisions. Having done so, the Board decided that a sale of the Group's Core UK Business was not only in the best interest of shareholders but also essential to ensure the Group's ability to trade as a going concern, and thus to protect the interests of creditors, staff, customers and other stakeholders. This conclusion was reached despite the continuing profitability of the Group's French subsidiaries. It was due principally to the combined effect of the Group's banking obligations, the inability to secure access to cash in the French subsidiaries and the continuing losses in the Core UK Business. The Board's view was that the options for re-establishing profitability in the UK were extremely limited.

The Board has been in an active process to secure interest in the acquisition of all or part of the UK Business. Due to Group level cash flow constraints the amount of time available to secure a disposal has been restricted. After full consideration of all expressions of interest the Board considers the transaction announced today as the maximum achievable in the circumstances and in the best interests of shareholders and other stakeholders.

Commenting on the sale, Nicholas Ward, Executive Chairman of IPH said: "This has been an extremely difficult chapter for IPH. What started as a strategic review turned into a fight for the survival of the Group. Although the outcome is disappointing, your Board has no doubt that today's announcement represents the best value for shareholders. There is further work to do, including determining the future of the remaining UK activities, accessing funds in the French subsidiaries and putting in arrangements for the long term management of these companies. The Board will explore all options for the early repayment of the Barclays loan, including the possible disposal of one of the French subsidiaries. Our aim is to ensure that the Group can continue to operate viably in the long term, albeit on a reduced basis."

IPH will provide a full update when the Group announces Interim Results.

**-Ends-**

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