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Research Now plc

INTERIM RESULTS, NEW MANAGEMENT STRUCTURE & BOARD CHANGE

The Board of Research Now plc ("Research Now" or the "Group"), a leading global online fieldwork provider to the market research industry, is pleased to announce its Interim results for the six months ended 30 April 2008.

Highlights

- Record results – significantly ahead of market expectations
- Revenues up 92% to £19.1 million
- Strong growth in all markets
 - Repeat business generating 88% of revenue
 - Continued new account wins with 220 new clients added in the period
- Underlying revenue growth of 50%
- Operating profit of £2.7 million with margins increasing to 14.3%
- Reported profit before tax of £2.4 million (2007: £0.2 million loss)
- Basic EPS of 9.4p (2007: 2.2p loss per share)
- Strong net cash inflow from operating activities of £4.7 million (2007: £0.1 million outflow)
- Successful Institutional Placing in December 2007 raised £7 million for the Group

Commenting, Geoff Westmore, Chairman, said:

"Research Now has further consolidated its position as the market leader in Europe and one of the leading global online fieldwork and panel companies, with dynamic and profitable growth across all our key markets worldwide. Whilst we are mindful of the general concerns of a

worsening macro-economic environment, the momentum in our marketplace continues apace. I'm particularly pleased by the improvement in our operating margins and strong cash generation in the first half."

Chris Havemann, Chief Executive, added:

"Research Now continues to grow dramatically, fuelled by the continued migration of the market research industry to online survey data collection and also by our high quality service proposition. The latter is delivering both high rates of repeat business and tremendous new client wins. We ended the first half with record sales in April and have seen a buoyant start to the second half. Current proposal volumes are strong and I remain confident of the trading outlook to year end."

Notes to Editors:

ABOUT Research Now

- Research Now is a leading global online fieldwork and panel specialist
- "Fieldwork" is the collection of survey data via personal interviews – a process that Research Now undertakes via the Internet
- Research Now owns the "Valued Opinions" family of online panels across 28 countries (UK, Germany, France, Italy, Spain, USA, Canada, Argentina, Brazil, Chile, Mexico, Switzerland, Republic of Ireland, Austria, Sweden, Poland, Denmark, The Netherlands, Norway, Finland, Portugal, Russia, the Czech Republic, Hungary, Belgium, Greece, Australia and New Zealand).
- Research Now's online panels are used by leading research agencies and some of the world's best known companies
- Research Now has 13 offices – London, New York, Chicago, San Francisco, Los Angeles, Toronto, Frankfurt, Hamburg, Munich, Paris, Athens, Sydney and Melbourne
- Research Now is an independent public company quoted on the AIM market of the London Stock Exchange (AIM: RNOW)

INTERIM STATEMENT

Overview

Research Now has delivered an excellent start to the year. Since our IPO in 2005, the Group has reported six successive half year periods of dramatic organic revenue growth, as market researchers across the globe continue to migrate more of their survey data collection needs from traditional methods towards the use of online panels. This structural change within the industry continues, driven by the cost-effectiveness, speed and quality advantages of collecting data via the internet.

Group turnover in the six months to 30 April 2008 rose 92% to £19.1m (2007: £9.9m), with strong growth delivered across each of the key markets of UK, USA, Canada, Germany, France and Australia. Operating profit for the period also grew strongly from £0.3 million in 2007 to £2.7 million. Net cash inflow from operating activities rose sharply to £4.7 million (2007: £0.1 million outflow) reflecting tighter management of working capital.

Leadership Position

In our Interim statement for 2007 we reported achieving a European leadership position in online fieldwork and access panels. Over the past 12 months we have both consolidated our position as market leader in Europe and become one of the leading global providers of online fieldwork for market researchers. Online fieldwork penetration in Europe remains relatively low, providing strong prospects for sustained market growth.

Our North American business continues to grow rapidly, driven by our differentiated market position where we are able to offer access to our global network of 28 proprietary online panels and “best-in-class” survey programming services. These are delivered via local teams on both East and West Coast time zones, based in our service delivery hubs in Toronto and San Francisco respectively.

Combined with client development teams in New York and Chicago and a newly announced office in Los Angeles addressing the needs of the entertainment industry, we are one of the fastest growing players in the US, the world’s largest online fieldwork market. We are also market leader in Canada, following last year’s acquisition of OpenVenue, which has been re-branded as Research Now and integrated successfully into the Group whilst continuing to perform strongly.

The market for online fieldwork and panels in the Asia-Pacific region is relatively underdeveloped, representing less than 20% of the global market for online survey data collection – but it is similarly beginning to adopt online techniques, with certain markets more prominent than others. For instance, over the past year we have achieved tremendous growth in Australia, where we are now market leaders following our entry into that market in 2006. We are also experiencing a strong growth in demand for Asian opinions in our European and North American markets and in response we have been building out a network of Asian country panels which will launch during the second half of this year. This investment will also enhance gross margins, as we will be able to increasingly service demand from our own proprietary panel network. It will also provide a platform for domestic sales growth in the Asia-Pacific region in 2009.

Repeat Business and Client Service

Clients rely on Research Now to deliver consistently high quality survey data, on time, across the globe. We are therefore pleased that repeat business was exceptionally strong in the first half, with 88% of revenues derived from existing clients already served in prior periods. We have always had a strong reputation for providing the highest quality service to our clients – a reputation which is core to our success, as satisfied clients will be a key driver of our future growth.

Our client base also expanded rapidly in the first half, with 220 account wins over the period, representing more than one new client win every business day. This tremendous rate of new client acquisition reflects a combination of factors: our increasing reach into new geographic markets; continued migration of clients in our existing markets to online solutions for the first time; and market share gains. It also reflects increasing opportunities with “non traditional” buyers of survey fieldwork – principally consulting firms, advertising and media agencies, and corporate clients – that in aggregate now account for 20% of sales.

Our largest single client segment, comprising 54% of revenues in the period, remains the small and medium size market research agencies, the vast majority of which do not own their own online panels and hence need to partner for their online data collection needs. Large multinational research agencies, most with their own in-house online data collection capabilities, complemented by selective outsourcing represented the remaining 26%. Our client base remains broad, with our largest single client contributing 9% of revenues and our top 10 accounts representing 39%.

Investment - Building Foundations for Future Growth

The Group continues to invest in four key areas which we expect to provide the platform for our future growth: in people, systems, products and in our online panels.

We announced a number of senior hires during the first half, not least the appointments of Phil Rance as UK Commercial Director and Peter Blansjaar as Operations Director, Asia Pacific. Phil joins us from the AA where he was Head of Sales and Partnerships and prior to that was a Regional Director at Bradford & Bingley. Peter joins us from AC Nielsen, with eleven years market research industry experience in the Asia-Pacific region. At the end of the first half our headcount had grown to 339 employees from 321 on 1 November 2007. The overall rate of headcount growth has slowed, reflecting the increasing productivity, experience and capabilities of our staff base.

The Group also continued to invest in a number of key IT systems during the period. A new, proprietary, intranet-based workflow management system called “Prism” was recently introduced in our service delivery hubs in London, Toronto, San Francisco and Sydney and we are already seeing benefits in terms of our ability to allocate work more effectively across teams within each of these locations.

The Group has engaged IBM to assist with a major upgrade of our panel IT infrastructure. This will result in greater scalability and database transaction processing speeds and also support a number of panel development and future growth initiatives that are planned. Other ongoing investment initiatives include the implementation of a new financial reporting system for 2009.

Product development represents a significant opportunity for the Group, both in terms of incremental revenue opportunities but also in terms of enhancing our differentiated competitive position and increasing barriers to entry. During the period we focussed on two specific areas in response to client demand: enhancement of our core survey programming offer, with the introduction of a number of bespoke tools such as "Flash libraries"; and survey solutions to conduct fieldwork via mobile phones using both SMS and Java ME technologies. Both these developments are already successful, with revenue streams now building rapidly across a number of key clients.

The first half saw continued investment in our consumer panels worldwide, both in terms of maintaining existing panels to support continued revenue growth and in new panels. We made particular progress in the US, where our panel is performing well and we are now seeing a healthy return on investment as we begin to address the needs of the domestic US market for high quality, carefully managed survey solutions.

The Group has also initiated work streams during the first half to develop other future growth opportunities. These include extending our panel reach to address the growing demand for business-to-business opinions and new propositions such as custom panels for corporate clients.

New Management Structure and Board Change

Over the past six months or so, the Board has been considering what, if any, changes in management reporting and structure are required to best support the anticipated ongoing dynamic growth of the Group as it continues to strengthen its position as a major global player in its industry.

Following this review it has concluded that Research Now would benefit from putting in place a new and simplified management structure from 1 November 2008, the beginning of the new financial year. Part of this new structure will see three Regional Managing Directors being appointed, each of whom will report to Chris Havemann, the Group CEO. The three new Regional Managing Directors will have profit and loss accountability for the sales and operational activities in their respective geographic areas, as follows:

- Europe: Phil Rance, currently UK Commercial Director, based in London
- Americas: Jeff Karry, currently Senior Vice President, North American Operations, based in Toronto and co-founder of OpenVenue
- Asia Pacific: Jason Buchanan, currently Managing Director of Australia/New Zealand, based in Sydney

Further regional hires will continue to be made to the Group finance function led by Nathan Runnicles, the Group CFO, to support the new management structure.

Chris Havemann will also be supported by a number of senior managers responsible for global functions including business and product development, marketing and information technology. In particular, John Visser, co-founder of OpenVenue, will take responsibility for global key account management as well as continuing to drive Canadian sales.

It is anticipated that the new structure, which is designed to both simplify and streamline management reporting whilst ensuring maintained accountability, will also support the Group in its next phase of growth and development. As a result of carrying out this exercise, Andrew Cooper, one of the Group's founders, has decided to seize this natural opportunity to move on. Andrew, who admits to being "by genetics, a builder of early stage businesses" will therefore leave the Board on 31 October 2008. Although Andrew remains strongly supportive of the

Research Now business and future strategy, he now wishes again to start up a new business venture from scratch, as he did with Research Now, but he will continue to be involved actively in the Group until he departs. Since foundation, Andrew has never sold any shares in the Group and he has informed the Board that he has no current plans to dispose of any of his holding.

Although we will be sad to see Andrew depart, he leaves an incredibly strong business that has grown from a start-up into the success it is today. Andrew can certainly take pride in the major part he has played in our progress to date and we wish him well with his new ventures.

Outlook

The second half has begun strongly and the Board is confident about the outlook to the year end though it is mindful of the general concerns about the wider macro-economic environment. The global market for online market research fieldwork continues to develop apace, driven by the substantial speed, cost and quality advantages that online data collection has over the traditional offline alternatives. Research Now is increasingly well positioned in this high growth global marketplace and the Board looks forward with confidence to further profitable growth.

Geoff Westmore
Chairman

Chris Havemann
Chief Executive Officer

1 July 2008

Chief Financial Officer's Review

Reporting basis

The Group's unaudited financial statements for the six month period ended 30 April 2008 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Revenue

Reported revenue increased by 92.0% to £19.1m. Foreign exchange had a positive impact of 5.4% on reported revenue. Underlying revenue growth was 50.4%.

Each of the European operations achieved significant growth as reported revenues increased by 55.5% in the region. The UK, which is the largest and also one of the Group's more established markets, had a particularly positive performance delivering 40.0% growth.

The Americas' reported revenues were ahead 150.9% in the period to £7.9 million. On an underlying basis, the Americas' revenues increased by 37.8%.

Asia Pacific had an excellent start to the year with revenues up 155.4% to £1.6 million. Underlying revenues were ahead by 130.8%.

Underlying revenue growth is calculated by taking the increase in 2008 over 2007 proforma revenue at constant exchange rates. The 2007 pro forma revenue is calculated on the basis that any acquired operations were owned for a comparable period in the prior period.

Gross margin

The reported gross margin doubled from £7.1 million to £14.2 million. The gross margin percentage increased to 74.5% (2007: 72.1%) reflecting the benefit of the Group's investment in owned panels and tighter control over third party panel and rewards costs.

During the first half the Group was engaged in over 260 projects that involved three or more countries (2007: 146 projects). With the number of larger scale and more complex international projects increasing, the Group is continuing to invest in building its own panels to mitigate the cost of buying in sample from third party suppliers. The key areas of focus are North America and Asia to address the growing demand for the Group's services in these markets.

Adjusted results

To assist the understanding of the underlying performance of the Group in the period, operating profit, profit before tax and earnings per share are also disclosed prior to the impact of non-recurring items (2008: £nil/ 2007: £0.4 million) and the accounting treatment for contingent consideration liabilities (2008: £0.1 million/ 2007: £0.4 million).

Operating profit and margin

Operating profit more than tripled to £2.7 million (2007 adjusted: £0.8 million). The operating margin increased to 14.3% (2007 adjusted: 7.3%) reflecting management control over the rate of investment in the Group's operations during the first half, and the operational gearing of the Group's business model.

Staff costs as a percentage of revenue decreased to 41.5% (2007: 47.2%) as a result of tight control over headcount growth. At the half year, the Group had 339 employees (2007: 271), an increase of 5.6% from the 321 employees at 31 October 2007.

The Group's charge in relation to the amortisation of its panel investment was £1.0 million (2007: £0.5 million). The amortisation charge includes the remaining £0.1 million in respect of the Canadian panel capitalised upon the acquisition of OpenVenue in February 2007.

Finance costs

The Group's net finance costs amounted to £0.3 million (2007: £0.5 million) reflecting the costs associated with the acquisition of OpenVenue of £0.4 million less interest income and a £0.1 million credit attributable to the foreign currency translation adjustment on contingent consideration (2007: £0.3 million charge).

Profit before tax

Adjusted profit before tax increased 344.9% to £2.6 million (2007 adjusted: £0.6 million). Reported profit before tax was £2.4 million (2007: £0.2 million loss).

Taxation

The reported tax charge for the period was £0.9 million based on an estimated full year effective tax rate of 37.5% (2007: 40.0%). The decrease in the effective rate is attributable to the anticipated utilisation of tax losses in the current financial year.

Earnings per share

On a weighted average basis of 16.2 million shares, adjusted earnings per share were 10.1 pence (2007: 3.6 pence) an increase of 180.6%. On a fully diluted weighted average basis of 17.8 million shares, adjusted fully diluted earnings per share were 9.3 pence (2007: 3.4 pence), an increase of 173.5%. The basic earnings per share were 9.4 pence (2007 basic loss per share: 2.2 pence).

Cash flow

Net cash inflow from operating activities was strong at £4.7 million (2007: £0.1 million outflow) as the Group's increased focus on working capital management led to a £1.0 million working capital inflow in the six months, despite the Group's continued growth.

Tax payments totalled £0.2 million (2007: £0.1million) and capital expenditure was £0.2 million (2007: £0.3 million) during the first half. The Group's cash investment in maintaining and growing its existing panels and developing and launching new ones increased to £1.1 million (2007: £0.4 million).

In February 2008, the Group paid £4.4 million in respect of the interim contingent consideration payment due to the vendors of OpenVenue. The consideration was satisfied by a cash payment of £2.1 million and the issuance of 868,139 ordinary shares. The final contingent consideration payment is expected to be made in February 2009.

Treasury, funding and exchange risk

Net cash, defined as cash and cash equivalents less bank borrowings (net of arrangement fees), other debt arrangements and obligations under finance leases, was £5.0 million at 30 April 2008 (2007: £2.4 million net debt).

The Group's improved funding position, whilst in part reflecting the first half trading performance, is the result of the share placing in December 2007 that raised approximately £7.0 million before expenses through the issuance of 2,333,334 ordinary shares to institutional investors. The net proceeds of the placing were used to strengthen the balance sheet to ensure that the Group is adequately funded for the growth that the Directors expect to continue.

The Group has used the net placing proceeds to reduce the drawdown on its revolving credit facility to £1.0 million at 30 April 2008 (2007: £4.0 million) and to repay the invoice discounting facility in full.

Dividend

The Board has not declared an interim dividend for the period.

Nathan Runnicles
Chief Financial Officer

1 July 2008

Research Now plc

Interim Consolidated Income Statement

for six months ended 30 April 2008

	Notes	Unaudited for the six months ended 30 April		Audited for the year ended 31 October
		2008 £'000	2007 £'000	2007 £'000
Revenue		19,086	9,939	25,807
Cost of sales		(4,862)	(2,769)	(6,580)
Gross profit		14,224	7,170	19,227
Administrative expenses		(11,502)	(6,879)	(16,903)
Operating profit		2,722	291	2,324
Finance revenue		153	18	24
Finance costs		(442)	(553)	(2,005)
Profit before taxation		2,433	(244)	343
Tax expense	4	(912)	(50)	(788)
Profit/(loss) for the period attributable to equity holders of the parent		1,521	(294)	(445)
Earnings per share (pence)				
Basic earnings/(loss) per ordinary share	5	9.4p	(2.2)p	(3.2)p
Diluted earnings/(loss) per ordinary share	5	8.5p	(2.2)p	(3.2)p
Adjusted Earnings per share* (pence)				
Basic earnings per ordinary share	5	10.1p	3.6p	11.9p
Diluted earnings per ordinary share	5	9.3p	3.4p	10.8p

All income and expenses relate to continuing activities.

* Adjusted for non-recurring items and interest accretion and foreign currency translation adjustment on contingent consideration.

Research Now plc

Interim Consolidated Balance Sheet

at 30 April 2008

	Notes	Unaudited at 30 April		Audited
		2008 £'000	2007 £'000	at 31 October 2007 £'000
Non-current assets				
Property, plant and equipment		954	1,039	953
Intangible asset - goodwill		18,695	16,918	18,993
Intangible assets - other		1,327	703	1,221
Deferred tax assets		397	248	482
		21,373	18,908	21,649
Current assets				
Trade and other receivables		9,274	6,464	8,910
Inventories		-	77	60
Financial assets		40	-	40
Cash and cash equivalents		5,646	1,750	1,246
		14,960	8,291	10,256
Total assets		36,333	27,199	31,905
Current liabilities				
Trade and other payables		(7,072)	(4,723)	(6,021)
Other financial liabilities	6	(648)	(1,497)	(1,530)
Income tax payable		(758)	(184)	(166)
Provisions	7	(5,392)	(4,692)	(5,299)
		(13,870)	(11,096)	(13,016)
Long term liabilities				
Other financial liabilities	6	-	(2,697)	(2,243)
Provisions	7	-	(3,720)	(4,312)
		-	(6,417)	(6,555)
Total liabilities		(13,870)	(17,513)	(19,571)
Net assets		22,463	9,686	12,334
Capital and reserves				
Equity share capital	8	350	286	286
Share premium account	8	10,732	1,941	2,005
Merger reserve	8	4,802	4,802	4,802
Exchange reserve	8	2,664	739	2,946
Other reserves	8	(65)	(65)	(65)
Retained earnings	8	3,980	1,983	2,360
Equity attributable to shareholders of the parent		22,463	9,686	12,334

Research Now plc

Interim Consolidated Statement of Recognised Income and Expense for six months period ended 30 April 2008

	Unaudited for the six months ended 30 April		Audited for the year ended 31 October
	2008	2007	2007
	£'000	£'000	£'000
Income and expense recognised directly in equity			
Exchange differences on retranslation of foreign operations	59	(5)	182
Deferred tax on share options	5	-	245
Current tax relief from items not charged to income statement	5	23	247
Gain on cash flow hedge taken to equity	-	-	2
Exchange differences on retranslation of goodwill	(341)	-	2,822
Profit/(loss) for the period	1,521	(294)	(445)
Total recognised income and expense for the period	1,249	(276)	3,053

Research Now plc

Interim Consolidated Cash Flow Statement

for the six months ended 30 April 2008

		Unaudited For the six months ended 30 April		Audited For the year ended 31 October
	Notes	2008 £'000	2007 £'000	2007 £'000
Cash generated from operations	9	4,940	(69)	2,686
Taxation paid		(225)	(64)	(538)
Net cash flow from operating activities		4,715	(133)	2,148
Investing activities				
Interest received		62	13	24
Payments to acquire property, plant and equipment		(246)	(316)	(723)
Cash inflow on subsidiary acquisition		-	687	687
Payments to acquire subsidiary		(2,128)	(4,623)	(4,891)
Payments to acquire intangible assets		(1,147)	(429)	(1,828)
Net cash flow from investing activities		(3,459)	(4,668)	(6,731)
Financing activities				
Interest paid		(161)	(87)	(294)
Proceeds from share issues		6,606	50	114
New borrowings		-	4,603	4,643
Repayment of borrowings		(3,143)	-	(500)
Fees on new borrowings		(48)	(388)	(452)
Net cash flow from financing activities		3,254	4,178	3,511
Increase/(decrease) in cash and cash equivalents		4,510	(623)	(1,072)
Effect of exchange rates on cash and cash equivalents		(110)	(8)	(63)
Cash and cash equivalents at the beginning of the period		1,246	2,381	2,381
Cash and cash equivalents at the end of the period		5,646	1,750	1,246

Research Now plc

Notes to the Interim Condensed Consolidated Financial Statements

for six months ended 30 April 2008

1. Corporate information

The interim condensed consolidated financial statements of the group for the six months ended 30 April 2008 were authorised for issue in accordance with a resolution of the directors on 26 June 2008.

Research Now plc is a limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM, a market operated by the London Stock Exchange plc.

2. Basis of preparation and accounting policies

The interim condensed consolidated financial statements for the six months ended 30 April 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 October 2007.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 October 2007, and with the accounting policies that the directors anticipate will be applied in the financial statements at 31 October 2008.

The comparative figures disclosed for the six months ended 30 April 2007 are the restated interim results under IFRS as released to the market on 28 January 2008.

3. Segment information

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 April 2008 and 2007, respectively, as well as the year ended 31 October 2007.

	Unaudited for the six months ended 30 April			
	Segment revenue		Segment result	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Continuing operations				
Europe	9,587	6,164	1,441	84
The Americas	7,900	3,149	925	33
Asia-Pacific	1,599	626	356	174
	19,086	9,939	2,722	291
Net finance costs			(289)	(535)
Profit before tax			2,433	(244)
Income tax expense			(912)	(50)
Profit/(loss) for the period from continuing operations			1,521	(294)

Audited for the year ended 31 October 2007		
	Segment revenue	Segment result
	£'000	£'000
Continuing operations		
Europe	14,635	1,347
The Americas	9,379	534
Asia-Pacific	1,793	443
	25,807	2,324
Net finance costs		(1,981)
Profit before tax		343
Income tax expense		(788)
Loss for the year from continuing operations		(445)

The above results consolidate OpenVenue for the period since it was acquired on 6 February 2007. The Group's revenue would have been £27.9 million if OpenVenue had been consolidated for the full year.

4. Taxation

The provision for income tax for the six months ended 30 April 2008 is calculated at 37.5% on profit, in line with the estimated rate for the year ending 31 October 2008.

The provision for income tax for the six months ended 30 April 2007 was calculated at 32.0% on profit for the period. The actual effective rate for the full year to 31 October 2007 was 40.0%.

5. Earnings per ordinary share (EPS)

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period excluding any shares held by the Research Now Share Incentive Plan trust.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares and contingent consideration shares.

The amounts for earnings per share from continuing operations on a reported basis are as follows:

Basic and Diluted earnings per share	Unaudited for the six months ended 30 April		Audited for the year ended 31 October
	2008	2007	2007
	Reported earnings (£'000)	1,521	(294)
Weighted average shares used in Basic EPS calculation ('000)	16,245	13,563	13,883
Basic EPS (pence)	9.4p	(2.2)p	(3.2)p
Weighted average shares used in Diluted EPS calculation ('000)	17,793	13,563	13,883
Diluted EPS (pence)	8.5p	(2.2)p	(3.2)p

In 2007, the weighted average number of shares used for Diluted EPS was the same as that used in the Basic EPS calculation as the effect of increasing the weighted average number of shares would have been anti-dilutive.

In order to facilitate a comparison between the current and the prior period's basic and diluted earnings per share, they are also presented on an adjusted basis, using earnings before non-recurring items and before interest accretion and foreign currency translation adjustment on contingent consideration.

Adjusted earnings per share	Unaudited for the six months ended 30 April		Audited for the year ended 31 October
	2008	2007	2007
Reported earnings (£'000)	1,521	(294)	(445)
Non-recurring items net of tax	-	405	465
Interest accretion on contingent consideration	216	57	369
Foreign currency (gain)/loss on contingent consideration translation adjustment	(91)	326	1,260
Adjusted earnings	1,646	494	1,649
Adjusted Basic EPS (pence)	10.1p	3.6p	11.9p
Adjusted Diluted EPS (pence)	9.3p	3.4p	10.8p

A reconciliation between the shares used in calculating Adjusted Basic and Diluted earnings per share is as follows:

	Unaudited for the six months ended 30 April		Audited for the year ended 31 October
	2008 '000	2007 '000	2007 '000
Weighted average shares	16,245	13,563	13,883
Dilutive share options outstanding	701	946	822
Potential share issue for contingent consideration on acquisition	847	205	618
Weighted average diluted shares	17,793	14,714	15,323

6. Other financial liabilities

	Unaudited At 30 April 2008 £'000		Audited At 31 October 2007 £'000
Current			
Invoice discounting facility	-	610	643
Current instalments due on revolving credit facility (net of fees)	648	887	887
	648	1,497	1,530
Non-current			
Non-current obligations due on revolving credit facility (net of fees)	-	2,697	2,243
Bank loans			
£3,000,000 Revolving credit facility	1,000	4,000	3,500
Debt Fees	(352)	(416)	(370)
	648	3,584	3,130
Analysed as			
Current instalments due on revolving credit facility (net of fees)	648	887	887
Non-current obligations due on revolving credit facility (net of fees)	-	2,697	2,243
	648	3,584	3,130

The invoice discounting facility was based on certain of the Group's UK trade debts and was secured by a first fixed charge over these trade debts and a floating charge over the Group's assets. During February 2008, the invoice discounting facility was repaid in full and cancelled.

The revolving credit facility is secured by a fixed and floating charge over the Group's assets. The facility expires on 31 March 2011 and is repayable in instalments of £500,000 every six months starting on 30 September 2007. The loan bears interest at LIBOR + 2.25%. The Group chose to make instalment payments of £2.0 million in advance of the scheduled date during the six months to 30 April 2008. During June 2008, the remaining balance of £1.0 million was pre-paid. Although it is not currently being utilised, the facility remains in place and the Group has scope to draw to the facility limit if required to do so.

7. Provisions

	Contingent consideration £'000	Reward liability £'000	Total £'000
At 1 November 2007 (audited)			
Current	4,326	973	5,299
Non-current	4,312	-	4,312
	8,638	973	9,611
Arising during the period	101	1,117	1,218
Interest Accretion	216	-	216
Foreign Exchange Movement	(91)	-	(91)
Utilised	(4,370)	(1,192)	(5,562)
At 30 April 2008 (unaudited)	4,494	898	5,392
Analysed as:			
Current	4,494	898	5,392
Non-current	-	-	-
	4,494	898	5,392

8. Reconciliation of movements in equity

	Equity share capital	Share premium	Merger reserve	Exchange reserve	Other reserves	Retained earnings	Share- holder equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 October 2007	286	2,005	4,802	2,946	(65)	2,360	12,334
Total recognised income and expense for the period	-	-	-	(282)	-	1,531	1,249
Share option adjustment	-	-	-	-	-	89	89
Share issue	47	6,559	-	-	-	-	6,606
Shares issued for deferred consideration	17	2,168	-	-	-	-	2,185
At 30 April 2008	350	10,732	4,802	2,664	(65)	3,980	22,463

On 11 December 2007, 500,000 ordinary shares with an aggregate nominal value of £10,000 were allotted for cash at £3.00 each as part of the institutional placing.

On 4 January 2008, 1,833,334 ordinary shares with an aggregate nominal value of £36,667 were allotted for cash at £3.00 each as part of the institutional placing.

On 13 February 2008, 868,139 ordinary shares were issued at £2.52 each to satisfy the interim contingent consideration payment for the acquisition of OpenVenue.

9. Cash flow information

Reconciliation of the profit for the period to net cash flow from operating activities

	Unaudited for the six months ended 30 April		Audited for the year ended 31 October
	2008 £'000	2007 £'000	2007 £'000
Operating activities			
<i>Adjustments to reconcile profit for the year to net cash inflow from operating activities</i>			
Profit/(loss) for the period	1,521	(294)	(445)
Tax	912	50	788
Net finance costs	289	535	1,981
Operating profit	2,722	291	2,324
Depreciation and impairment of property, plant and equipment	245	201	471
Amortisation and impairment of intangible assets	1,041	503	1,346
Share-based payments	89	45	99
Decrease/(increase) in inventories	60	(34)	(17)
Decrease/(increase) in trade and other receivables	65	(4,435)	(3,971)
Increase/(decrease) in trade and other payables	841	3,360	1,867
Movement in provisions	(123)	-	567
Net cash flow from operating activities	4,940	(69)	2,686

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