

Alterian
("Alterian" or "the Company")

**Interim Results for the six months and second quarter ended 30
September 2003**

*Alterian plc, the leading provider of marketing and customer insight solutions,
announces its interim results for the six months and second quarter ended 30
September 2003*

Alterian has continued to focus on the development of longer-term contracts that deliver structural revenue over a number of years. During the second quarter and six months ended 30 September 2003, the Company has delivered revenue growth on both a year on year and sequential quarterly basis for these periods. At the same time, costs and cash outflow were significantly reduced. This has been achieved against a backdrop of a relatively depressed market for software license sales in the UK. Encouragingly, good progress continues to be made on future revenues and signs of recovery in North America have started to become evident towards the end of the period.

Revenue for the second quarter of £1,024k was 38% up on last year (Q2 2002 £744k) and 28% up on the previous quarter (Q1 2003 £801k). Operating costs at £2,130k were 25% less than last year (Q2 2002 £2,834k), resulting in a loss after tax of £817k, down by 70% on last year (Q2 2002 £2,728k) and down by 37% on the previous quarter (Q1 2003 £1,294k).

Revenue for the first six months of £1,825k was just ahead of last year (H1 2002 £1,807k) and operating costs of £4,274k were 26% less than last year (H1 2002 £5,757k) giving a 53% reduction in the loss after tax for the half year of £2,111k (H1 2002 £4,485k). Cash outflow in the half year reduced to £803k (H1 2002 £4,116k) leaving cash and short-term investments of £13,783k (H1 2002 £16,791k).

Developments during the second quarter

Alterian's significant level of investment in research and development has continued during the period. Two new products were released on beta test during the second quarter – Alterian Campaign Manager and Alterian Analytic Reporting – together with a new version of Alterian's Data Discovery and Visualisation product. All three applications are expected to go on general release during the third quarter. Together with the existing Alterian products these form a full end-to-end solution for marketers to better understand their customer and prospect data, and action the results of this analysis.

At the time of the first quarter results statement the Company announced the first major OEM product release incorporating Alterian technology by Experian, and the signature of a new long term agreement with infoUSA (NASDAQ : IUSA). Alterian has subsequently continued to make good progress in developing structural revenue for the future.

The Company has today announced the general release of a second major OEM product launch by Experian, incorporating Alterian technology. iMarketer is a key component of iAnalytics, Experian's Customer Intelligence solution, which incorporates Experian's person, household and area level data, catchment analysis expertise and customer decisioning solutions with Alterian's advanced software. iMarketer is now available throughout Experian's International network and Experian has assigned a dedicated team to selling the product. Three organisations in the UK and mainland Europe have already signed up for the product. Alterian receives an annual royalty for each installation.

In September, Alterian signed a master distribution agreement with Alterian Master Reseller Iberica SL, covering Spain and Portugal. This independent company will translate the Alterian product range into Spanish and Portuguese. Its principal business will be to market the products in this territory.

In the US, Alterian has signed up a number of new partners in the second quarter including CC3, MarketTouch and The Allant Group. Each of these partners will use the technology to provide enhanced marketing and customer insight solutions to their clients, with Alterian receiving a royalty for each client.

In the UK, Alterian signed an agreement with Extraprise during the second quarter to deliver Alterian based solutions. Extraprise is a systems integrator focused on the customer relationship management space.

Outlook

Alterian is making good progress with its strategy of developing longer-term contracts and of delivering high quality future revenues. While the Board remains confident of achieving profitability next financial year, some delays in the roll out of products under existing agreements mean that Alterian's target of break even in earnings and cash flow for the current year to 31 March 2004 is now unlikely to be achieved. However, the second half of the current year will benefit from both the initial royalties from these agreements and the increasing value of recurring revenue from contract renewals.

The Board is encouraged by the progress being made in developing major contract opportunities, and is satisfied that the focusing of resources in this area is the best way to create value for shareholders. Good progress continues to be made in strengthening the business and the Board is confident that significant future structural revenues are being built which will place Alterian in a strong and profitable position next year and beyond.

Chairman Keith Hamill commented:

"Alterian technology is now establishing a strong international reputation and whilst short term licence sales remain difficult, we are making excellent progress in implementing our strategy of developing contracts with significant future revenues. These factors will create substantial long term shareholder value."

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For further information, please contact:

Alterian plc

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INDEPENDENT REVIEW REPORT TO ALTERIAN PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 September 2003 which comprises the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated balance sheet information as at 30 September 2003, the consolidated cash flow statement and related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2003.

Deloitte & Touche LLP
Chartered Accountants
Bristol

ALTERIAN PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT - YEAR TO DATE

		6 months ended 30 September 2003 £000	6 months ended 30 September 2002 £000	Year ended 31 March 2003 £000
	Note	Unaudited	Unaudited	Audited
Turnover	1, 2	1,825	1,807	4,784
Direct costs		(221)	(180)	(476)
Turnover less direct costs		1,604	1,627	4,308
Net operating expenses before exceptional costs		(4,274)	(5,757)	(9,897)
Operating loss before exceptional costs		(2,670)	(4,130)	(5,589)
Exceptional costs		-	(732)	(1,144)
Operating loss		(2,670)	(4,862)	(6,733)
Investment income		221	377	767
Loss on ordinary activities before taxation		(2,449)	(4,485)	(5,966)
Research and development tax credit		338	-	300
Retained loss for the financial period		(2,111)	(4,485)	(5,666)
Basic and diluted loss per ordinary share	3	(5.4)p	(11.4)p	(14.6)p

There is no difference between the loss on ordinary activities before taxation or the retained loss for the periods stated above and their historical cost equivalents.

The results above all derive from the continuing operations of the Company.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	6 months ended 30 September 2003 £000	6 months ended 30 September 2002 £000	Year ended 31 March 2003 £000
	Unaudited	Unaudited	Audited
Loss attributable to shareholders	(2,111)	(4,485)	(5,666)
Differences on exchange on retranslation of net assets of overseas subsidiary	(107)	(90)	(70)
Total recognised gains and losses	(2,218)	(4,575)	(5,736)

ALTERIAN PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT - SECOND QUARTER

		3 months ended 30 September 2003 £000	3 months ended 30 September 2002 £000	Year ended 31 March 2003 £000
	Note	Unaudited	Unaudited	Audited
Turnover	1, 2	1,024	744	4,784
Direct costs		(143)	(79)	(476)
Turnover less direct costs		881	665	4,308
Net operating expenses before exceptional costs		(2,130)	(2,834)	(9,897)
Operating loss before exceptional costs		(1,249)	(2,169)	(5,589)
Exceptional costs		-	(732)	(1,144)
Operating loss		(1,249)	(2,901)	(6,733)
Investment income		94	173	767
Loss on ordinary activities before taxation		(1,155)	(2,728)	(5,966)
Research and development tax credit		338	-	300
Retained loss for the financial period		(817)	(2,728)	(5,666)

ALTERIAN PLC
CONSOLIDATED BALANCE SHEET

		At 30 September 2003 £000	At 30 September 2002 £000	At 31 March 2003 £000
	Note	Unaudited	Unaudited	Audited
Fixed assets				
Intangible assets		904	1,365	1,141
Tangible assets		485	771	615
Investments		121	104	113
		1,510	2,240	1,869
Current assets				
Debtors		1,917	1,344	2,993
Investments	4	13,622	16,320	14,155
Cash at bank and in hand		161	471	439
		15,700	18,135	17,587
Creditors: amounts falling due within one year		(2,147)	(1,481)	(2,175)
Net current assets		13,553	16,654	15,412
Total assets less current liabilities		15,063	18,894	17,281
Provisions for liabilities and charges		-	(452)	-
Net assets		15,063	18,442	17,281
Capital and reserves				
Called up share capital	5	9,803	9,803	9,803
Share premium account	5	31,054	31,054	31,054
Merger reserve	5	(4,756)	(4,756)	(4,756)
Profit and loss account	5	(21,038)	(17,659)	(18,820)
Total equity shareholders' funds		15,063	18,442	17,281

ALTERIAN PLC
CONSOLIDATED CASH FLOW STATEMENT

		6 months ended 30 September 2003 £000	6 months ended 30 September 2002 £000	Year ended 31 March 2003 £000
	Note	Unaudited	Unaudited	Audited
Net cash outflow from operating activities	6	(1,315)	(4,406)	(7,230)
Returns on investments and servicing of finance				
Interest received		221	377	767
Net cash inflow from investments and servicing of finance		221	377	767
Taxation				
Research and development tax credit		338	-	300
Capital expenditure and financial investment				
Payments to acquire intangible fixed assets		(1)	(55)	(28)
Payments to acquire tangible fixed assets		(35)	(7)	(60)
Receipts from sales of tangible fixed assets		-	2	11
Purchase of fixed asset investments		(11)	(27)	(58)
Cash outflow before use of liquid resources and financing		(803)	(4,116)	(6,298)
Management of liquid resources				
Net decrease in current asset investments		533	3,829	5,994
Decrease in cash in the period	8	(270)	(287)	(304)

ALTERIAN PLC NOTES TO THE ACCOUNTS

The unaudited interim report was approved by the Board of Directors on 24 October 2003.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited interim accounts for the six months to 30 September 2003 have been prepared in accordance with accounting policies adopted in the preparation of the accounts of Alterian plc for the year ended 31 March 2003 which are set out in the Company's annual report.

The abridged results for the twelve months ended 31 March 2003 do not constitute statutory accounts within the meaning of S240(3) of the Companies Act 1985. The auditors' report on the accounts of Alterian plc was unqualified and did not contain any statement under S237 of the Companies Act 1985 and has been delivered to the Registrar of Companies.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover arises from amounts invoiced to customers (net of value added tax) for goods and services. Turnover from licence sales is recognised upon delivery to the customer. Maintenance and support contracts are recognised over the period of the contract. Professional services such as training and consultancy are recognised when the services are performed. Royalty income is recognised as it falls due.

Investments

Investments are shown at cost less provision for any impairment in value.

Intangible assets

Software licences and other intellectual property acquired are shown at cost and amortised over their estimated useful lives of two to four years.

2. TURNOVER

All turnover and the loss before tax is attributable to the principal activity of the company.

	6 months ended 30 September 2003 £000	6 months ended 30 September 2002 £000	3 months ended 30 September 2003 £000	3 months ended 30 September 2002 £000	Year ended 31 March 2003 £000
Geographical analysis of turnover by location					
United Kingdom	1,076	1,408	655	681	3,799
United States	749	399	369	63	985
	1,825	1,807	1,024	744	4,784

3. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders for the six months ended 30 September 2003 of £2,111,000 (2002: £4,485,000) by the weighted average number of ordinary shares during the period of 38,879,711 (2002: 39,212,250).

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 out-of-the-money options. Since it seems inappropriate to assume that option holders would act irrationally, no adjustment is made to diluted EPS for out-of-the-money share options.

4. INVESTMENT

	At 30 September 2003 £000	At 30 September 2002 £000	At 31 March 2003 £000
Fixed Interest securities	1,438	-	881
Certificates of deposit	8,131	11,602	9,308
Call deposit account	86	-	64
Money market fund	3,967	4,718	3,902
	13,622	16,320	14,155

5. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	At 30 Sept 2003 £000	At 31 March 2003 £000
At the beginning of the period	9,803	31,054	(4,756)	(18,820)	17,281	23,017
Loss attributable to members of the group	-	-	-	(2,111)	(2,111)	(5,666)
Foreign exchange translation differences	-	-	-	(107)	(107)	(70)
At the end of the period	9,803	31,054	(4,756)	(21,038)	15,063	17,281

6. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 30 September 2003 £000	Year ended 31 March 2003 £000
Operating loss	(2,670)	(6,733)
Depreciation of tangible fixed assets	147	319
Amortisation of intangible fixed assets	238	486
Loss on sale of tangible fixed assets	-	56
Reduction in fixed asset investments	3	140
Decrease/(increase) in debtors	1,076	(1,010)
Decrease in creditors	(109)	(488)
Net cash outflow from operating activities	(1,315)	(7,230)

7. ANALYSIS OF CHANGES IN NET FUNDS

	Current asset investments £000	Cash at bank and in hand £000	Total £000
At 1 April 2003	14,155	439	14,594
Cash flows	(533)	(270)	(803)
Exchange movement	-	(8)	(8)
At 30 September 2003	13,622	161	13,783

**8. RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET FUNDS**

	6 months ended 30 September 2003 £000	Year ended 31 March 2003 £000
Decrease in cash in the period	(270)	(304)
Cash inflow from decrease in liquid resources	(533)	(5,994)
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Change in net funds resulting from cash flows	(803)	(6,298)
Effect of foreign exchange rate changes	(8)	(28)
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Movement in net funds in the period	(811)	(6,326)
Net funds at start of period	14,594	20,920
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Net funds at end of period	13,783	14,594
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9. INTERIM REPORT

Copies of this interim report will be circulated to shareholders and will also be available from the Company Secretary at the Company's registered office at Century Place, Newfoundland Street, Bristol, BS2 9AG.