PRESS RELEASE

FINAL
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ALTERIAN PLC
Interim Management Report for the six months ended 30 September 2008

Strong first half financial performance in line with the Board's expectations, integration of strategic acquisition proceeding to plan

Alterian plc ("Alterian" or "the Company" or "the Group"), a leading international software company providing an Integrated Marketing Platform, announces its interim results for the six months ended 30 September 2008.

FIRST HALF FINANCIAL HIGHLIGHTS

- Strong revenue performance in line with the Board's expectations :
    - Revenue at £10.3m (2007: £5.3m). Up 19% from organic growth and £4m from acquisitions.
    - Gross margin remains high at 87% (2007: 88%).
    - Operating Loss before tax and integration costs reduced to £1.3m (2007: £1.6m), after planned increased investment in broadening the channels to market.
    - Integration costs following acquisition of £1.0m giving a loss before tax and after integration costs of £2.2m (2007: £1.5m).
    - In line with historical trends revenue will be heavily weighted to the second half due to concentration of receipts under long term contracts and renewals in the fourth quarter.
- £5.7m of cash (2007:£5.9m) after £1.8m relating to acquisition and integration spend.
- Recurring revenues from existing contracts estimated on the basis of previous experience at £60m to £70m over the next 5 year period (see page 6).

FIRST HALF OPERATIONAL HIGHLIGHTS

- Acquisition of Mediasurface plc successfully completed on 7 July 2008. Integration now complete and delivered on budget. No unexpected problems and positive response from customers.
- Strong Sales Momentum & Distribution Channel Growth
    - Approximately 100 new end users (60% database/email and 40% web content management).
    - Development of Marketing Agency and Systems Integrator channels significantly enhanced through Mediasurface acquisition.
    - New partners signed in all major territories, including a Master Reseller in India.
- Product Development
    - Roll out of Alterian's database engine with scaling to the largest marketing databases in the US as well as reduced total cost of ownership for smaller databases.
    - First integrated offering combining Mediasurface and Alterian products released – "*Alterian Engage*" integrates web content management and email marketing.

MANAGEMENT ACTIONS IN RESPONSE TO ECONOMIC CONDITIONS

- Cost efficiencies implemented reducing annualised operating costs by circa £0.8m (in addition to the annualised savings of circa £2m as a result of the integration of Mediasurface).
- New solutions launched focusing on Alterian's competitive strengths in "rapid time to value" and "low total cost of ownership" products in high payback areas of marketing.
- Focus on ensuring high current client satisfaction to underpin continued high contract renewal rates and further product up-sell.
- An acceleration of new business lead generation activity.

Commenting on trading for the period and outlook, David Eldridge, Alterian Chief Executive Officer said:

"We have had a very good first half. In spite of the more challenging economic environment, Alterian delivered strong revenue growth in line with plan and our competitive market position continues to improve.

We successfully completed the acquisition of Mediasurface plc and executed the integration plan on time and on budget. The acquisition results in our becoming a stronger Company increasingly focused on the growing on-line marketing segment. Following the acquisition Alterian has combined the web content management software offering from Mediasurface with Alterian's database marketing and analytics capability, which has already produced a positive response from clients across the enlarged business. This follows our successful moves into email marketing, marketing process management and marketing optimisation.

In line with previous guidance and historical trends revenue in the current year will be heavily weighted to the second half due to the concentration of receipts under long term contracts and renewals in the fourth quarter.

Our revenues have remained robust during a period of increasing economic difficulties and we have a strong pipeline. Customers are increasing financial scrutiny over buying decisions and it is possible that there will be some changes in the rate and timing of pipeline conversion. However, Alterian's products are focused on low total cost of ownership and on delivering cost efficiency in the higher payback areas of marketing activity which are continuing to attract spend, including on-line marketing. We are continuing to achieve our targets for new business, as well as for receipts under long term contracts and renewals and have not experienced the cancellation of existing projects. A significant proportion of Alterian's business is in US dollars.

On the basis of the strong first half performance, a high recurring revenue base, a strong pipeline and competitive position and cost efficiencies implemented, the Board is targeting continued good progress in revenues and profits in the second half."

- ends –

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ALTERIAN PLC

ALTERIAN AND IT`S MARKETS

Alterian empowers marketers to become more insightful, engaging and accountable with its game changing software – the Alterian Integrated Marketing Platform.

Through its unique combination of best of breed marketing analytics, content management and outbound and inbound campaign execution software in a single integrated platform, Alterian makes it practical and cost effective for marketers to use actionable insight to drive an integrated marketing strategy across on-line and off-line channels.

This puts the organisations customer or prospect at the heart of the marketing strategy – driving engagement and competitive advantage by recognising and responding to peoples ever increasing expectations for relevant, on-demand communication irrespective of channel.

With entry points including Alterian's award winning Web Content Management, Email and Database solutions, marketers can start by deploying one part of the integrated platform knowing they are able to expand into the use of the rest of the Alterian platform as they integrate their channels and become analytically led.

Alterian's analytically-led software is already used by approximately 1,000 marketing departments across 26 countries, and an international network of more than 100 business partners, including marketing services providers, agencies and systems integrators. Alterian's partner community deliver their services and domain expertise alongside Alterian software to help their customers integrate their marketing process and drive competitive advantage.

OVERVIEW

Alterian's performance for the first six months was in line with the Board's expectations.

During the six months to 30 September 2008, Alterian achieved revenue growth of 95% to £10.3m (2007: £5.3m). At constant exchange rates, reported revenue would have been £10.2m, an increase of 92%. Excluding the revenue resulting from the acquisition of Mediasurface, revenue growth of 19% to £6.3m was achieved. North American revenue growth continued to be strong growing organically by 19% to £3.5m (2007: £3.0m), or 15% at constant exchange rates. UK and rest of world organic revenue also grew strongly to £2.8m, a 21% increase on the same period last year (2007: £2.3m).

The quality of revenue continues to be high. In its organic business, Alterian maintained its long term average of approximately 65% of the revenue generated in the period being expected to recur in the next financial year, and customer retention rates remained high at over 90% (2007: 88%).

The gross margin remained high at 87% (2007: 88%).

As expected, operating costs of £10.2m before integration costs were 62% higher than the prior year (2007: £6.3m) as a result of the acquisition of Mediasurface plc. Excluding Mediasurface and integration costs, operating costs grew by 20% to £7.6m compared to the prior year period, or 12% compared to the immediately preceding half year period, reflecting Alterian's investment programme focusing on broadening the Company's channel to market to include marketing agencies and systems integrators as well as marketing service providers.

A combination of increased revenues, both organic and by acquisition, continued high gross margin and strong control of costs have reduced the first half loss before tax and integration costs to £1.1m (2007: £1.5m).

Integration costs of £1.0m were incurred, in line with expectations, giving a loss before tax and after integration costs of £2.2m (2007: £1.5m).

Loss per share was 4.4p (2007: 3.3p).

Cash & Cash Equivalents

Net cash outflow from operating activities before acquisition and integration items for the period was £0.1m (2007:£0.4m) having funded the broadening of distribution channels and the increase in working capital associated with the increase in revenue. Total operational cash outflow was £1.9m (2007:0.4m). An immediate working capital requirement of £0.8m was acquired with the Mediasurface acquisition and a further £1m of integration costs were incurred, as anticipated.

At 30 September 2008, the cash position remained strong at £5.7m (30 September 2007: £5.9m). Alterian also has bank committed overdraft facilities of £2.0m available.

The cash of £5.7m, the strong pipeline and strong cash flow from receipts under long term contracts and renewals gives management confidence that the continued growth of the business will be funded from the Company's own existing financial resources.

OPERATIONAL REVIEW

Good progress was achieved in the first half in all areas including revenue growth and the expansion of Alterian's distribution channel, customer base, product range and team. In addition, the principal achievement of the period has been the successful completion of the Mediasurface acquisition and the encouraging rapid integration of the organisation and the new product offerings.

Distribution Channel & Customer Base

Substantial progress was seen in further developing Alterian's channel worldwide. Eight new partners were signed in the period, including a new master reseller in India which will promote Alterian technology in the region in the same way as the existing successful Master Reseller in Spain. A detailed marketing promotion and market development plan has been developed and is being implemented by this new Master Reseller.

The roll out of product by existing partners also delivered good results during the period, with approximately 60 new Database/Email end user customers and approximately 40 new Web Content Management end user customers across a broad range of industries.

In the US, end user sales included a major credit card company, hotel group, on-line retailer, white goods manufacturer, pharmaceuticals company, healthcare provider and several not for profit organisations for Database/Email products and a casino and investment bank for Web Content Management products.

In the UK and international markets, end user sales included a building society, major hotels group, high street retailer, restaurant group, premier league football club, insurance company and mobile phone Company for Database/Email products and building society, university, law firm, casino, and several local authorities for Web Content Management products.

Product Range

Alterian's strategy is to broaden its product range to generate further revenue opportunities within its existing distribution channel and to open up new distribution channels. This is supported by continuing investment in Research & Development of approximately £4m per year and targeted acquisitions of technology companies or intellectual property in high growth areas.

Alterian completed the acquisition of Mediasurface in the period enabling the Company to expand further into the rapidly growing market for on-line marketing software and to expand its distribution channels to include Marketing Agencies and Systems Integrators.

Within eight weeks of completion of the acquisition of Mediasurface, Alterian announced the first integrated product set combining the acquired web content management products with Alterian's pre-existing email marketing products. This allows users to send emails using the content stored in the web content management products, streamlining processes and improving efficiency for users. This product has already been sold to marketing agencies Reading Room and Amaze.

In addition, Alterian's Research & Development effort has produced new versions of pre-existing products. These included a new release of Alterian Content Management – Corporate Edition (formerly Immediacy – a Mediasurface product) on general release and a major new release of Alterian's database engine which allows for scaling to the largest prospect databases in the US as well as reducing the total cost of ownership for smaller databases.

Integration of Mediasurface plc

Following completion of the acquisition of Mediasurface plc on 7 July 2008 a rapid integration plan has been implemented which is now largely complete. This includes:

- Cost reductions achieved in the areas of central costs, duplicated staffing, office costs and duplicated marketing in line with the acquisition business case
- Very positive feedback from existing customers and partners of both Mediasurface and Alterian, including initial cross sales of Database/Email products to two current Web Content Management channel partners – Reading Room and Auros
- Delivery and sale of the first integrated product set; Alterian Engage – integrated Web Content Management and Email Marketing
- Integration of all teams other than sales and pre-sales was completed before the end of September 2008. The sales and pre-sales teams have also now been integrated post the period end
- The integration of financial systems and implementation of group wide financial controls
- The acceleration of Web Content Management promotion in North America
- Full rebranding of Mediasurface plc (and it's trading subsidiaries) to Alterian

The business is now fully integrated and all products are available to all sales teams and channels as part of the Alterian Integrated Marketing platform. The Board continues to expect the acquisition of Mediasurface to be earnings enhancing before amortisation and after expected cost savings, in the year ending 31 March 2010.

Team

In addition to the strong team that has joined through the Mediasurface acquisition, Alterian has continued targeted recruitment in Research and Development and globally to support the broadening of the distribution channel.

At the same time cost efficiencies have been gained through the removal of duplicated roles, or roles no longer required, through the integration of Mediasurface.

At 30 September 2008 Alterian had 300 staff (30 September 2007: 126 staff; 31 March 2008: 127 staff).

Expected Recurring Revenues

The business has a strong recurring revenue base underpinned by contracts which run for up to 5 years and the extent to which its products are embedded in customer systems. Based on previous experience of the usage under such contracts, management estimates that future revenues from contracts signed to date can be expected to amount to between £60m to £70m over the next five year period.

MANAGEMENT ACTIONS IN RESPONSE TO ECONOMIC CONDITIONS

Management has taken a number of actions in response to current economic conditions. Cost efficiencies have been implemented which will reduce annualised operating costs by £0.8m, in addition to annualised savings of £2m achieved following the integration of Mediasurface. This is expected to give rise to circa £0.4m one-off exceptional costs. New solutions have been launched and promoted focusing on Alterian's competitive strengths in "rapid time to value" and "low cost of total ownership" products in high payback areas of marketing. Organisational resources have also been reorganised to reinforce high current client satisfaction to underpin continued high renewal rates and further product up-sell as well as accelerating new business generation activity.

OUTLOOK

In line with previous guidance and historical trends, revenue in the current year will be heavily weighted to the second half due to the concentration of receipts under long term contracts and renewals in the fourth quarter.

Revenues have remained robust during a period of increasing economic difficulties and the Company has a strong pipeline. Customers are increasing financial scrutiny over buying decisions and it is possible that there will be some changes in the rate and timing of pipeline conversion. However, Alterian's products are focused on low total cost of ownership and on delivering cost efficiency in the higher payback areas of marketing activity which are continuing to attract spend, including on-line marketing. We are continuing to achieve our targets for new business, as well as for receipts under long term contracts and renewals and have not experienced the cancellation of existing projects. A significant proportion of Alterian's business is in US dollars.

On the basis of the strong first half performance, a high recurring revenue base, a strong pipeline and competitive position and cost efficiencies implemented, the Board is targeting continued good progress in revenues and profits in the second half.

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RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on Alterian's performance over the remaining 6 months of the financial year and could cause actual results to differ materially from expected and historical results.

Economic Uncertainty

The current global banking and economic crisis adds a dimension of uncertainty in forecasting and assessing future levels of business. Action has been taken to further reduce costs to minimise the impact of this macro-economic risk.

Competitor Risks

Alterian's blend of the power of its Engine, allied to the ever widening suite of its applications, is a unique offering to the market. However, competition exists for fragmented elements of our offering from internally generated solutions as well as large Application Service Providers (ASPs) and other software providers. If one or more of these competitors is successful in developing solutions that are faster and more economic than Alterian's, and can provide the necessary support levels to the Marketing Service Provider (MSP) market, then Alterian's long term revenue streams will be at risk. To minimise this risk Alterian continues to develop both market relevant applications and the quality of its core products.

Commercial Relationships

Alterian's future revenue streams depend on its close long term relationships with its Partner group. Damage to, or loss of, these substantial relationships, could cause a detrimental effect on long term revenue prospects. To manage this risk Alterian ensures that constant and developing working reviews take place with its key Partners to ensure both their needs and the needs of their end customers are met.

Foreign Exchange and Treasury Risks

The Group operates mostly within the UK and the US.

Currency exposures are regularly monitored and decisions taken on whether to hedge only when specific cash exposures are contracted. Purely accounting exposure is not hedged. The Group has historically maintained its reserve cash balances principally in sterling, as the ultimate currency of its shareholder base.

Environmental Risks

Alterian takes its responsibilities to the environment seriously. The risks to which Alterian is materially exposed are not company specific as Alterian does not operate in areas that materially damage the environment.

Resources

The principal resources of the Group are:

- Its intellectual property which is protected by internal controls and held in secure escrow;
- The employees of Alterian who have extensive knowledge of the products and markets in which the company operates;
- The unique indirect channel to market operated through the strong partner network built up since the founding of the business.

Any material adverse change in these resources would constitute a risk to the Group's performance.

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RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34:
b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

David Eldridge
David Cutler

INDEPENDENT REVIEW REPORT TO ALTERIAN PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises the condensed income statement, the condensed balance sheet, the condensed statement of recognised income and expense, the condensed cash flow statement and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30th September 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditor
4 November 2008
Bristol, United Kingdom

ALTERIAN PLC

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
SIX MONTHS ENDED 30 SEPTEMBER 2008

	Note	6 months ended 30 September 2008 £000	6 months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Revenue	3	**10,322**	5,297	19,343
Cost of sales		**(1,378)**	(635)	(2,542)
Gross profit		**8,944**	4,662	16,801
Distribution costs		**(3,596)**	(2,879)	(5,805)
Administrative expenses		**(7,635)**	(3,431)	(7,268)
Operating costs before integration costs		**(10,203)**	(6,310)	(13,073)
Integration costs (included within administrative expenses)	4	**(1,028)**	-	-
Operating costs		**(11,231)**	(6,310)	(13,073)
Operating (loss)/profit before integration costs		**(1,259)**	(1,648)	3,728
Integration costs		**(1,028)**	-	-
Operating (loss)/profit		**(2,287)**	(1,648)	3,728
Investment revenues		**114**	163	287
Finance costs		**(1)**	-	-
(Loss)/profit before taxation		**(2,174)**	(1,485)	4,015
Tax	6	**(45)**	8	500
(Loss)/profit for the period		**(2,219)**	(1,477)	4,515
Attributable to equity holders of the parent		**(2,219)**	(1,477)	4,515
Basic (loss)/earnings per ordinary share	7	**(4.4)p**	(3.4)p	10.4p
Diluted (loss)/earnings per ordinary share	7	**(4.4)p**	(3.4)p	10.1p

The results above derive from the continuing operations of the Group.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
SIX MONTHS ENDED 30 SEPTEMBER 2008

	6 months ended 30 September 2008 £000	6 months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Exchange differences on translation of foreign operations	**487**	(97)	(62)
Net income/(expense) recognised in equity	**487**	(97)	(62)
(Loss)/profit for the period	**(2,219)**	(1,477)	4,515
Total recognised income and expense for the period attributable to equity holders of the parent	**(1,732)**	(1,574)	4,453

ALTERIAN PLC

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2008

	Note	At 30 September 2008 £000	At 30 September 2007 £000	At 31 March 2008 £000
Non-current assets				
Goodwill	8	**21,352**	5,499	5,499
Other intangible assets	8	**8,503**	1,952	2,321
Property, plant and equipment		**1,188**	594	970
Available for sale investments		**486**	70	326
Deferred tax asset		**1,200**	650	1,200
Total non-current assets		**32,729**	8,765	10,316
Current assets				
Trade and other receivables		**15,008**	7,915	11,984
Cash and cash equivalents		**5,728**	5,938	8,186
Total current assets		**20,736**	13,853	20,170
Total assets		**53,465**	22,618	30,486
Current liabilities				
Trade and other payables		**(9,403)**	(3,224)	(4,706)
Tax liabilities		**(928)**	(410)	(685)
Total current liabilities		**(10,331)**	(3,634)	(5,391)
Net current assets		**10,405**	10,219	14,779
Non-current liabilities				
Deferred tax liabilities		**(1,680)**	-	-
Total non-current liabilities		**(1,680)**	-	**-**
Net assets		**41,454**	18,984	25,095
Equity				
Share capital	9,10	**14,321**	10,990	10,990
Capital reserves	9	**43,079**	28,352	28,352
Other reserves	9	**616**	7	48
Own shares	9	**(631)**	(661)	(583)
Retained earnings	9	**(15,931)**	(19,704)	(13,712)
Total equity		**41,454**	18,984	25,095

ALTERIAN PLC

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
SIX MONTHS ENDED 30 SEPTEMBER 2008

	Note	**6 months ended 30 September 2008**	6 months ended 30 September 2007	Year ended 31 March 2008
	Note	**£000**	£000	£000
Net cash (used in)/from operations before integration costs and acquisition item	12	**(80)**	(424)	2,431
Integration costs	4	**(1,028)**	-	-
Acquisition item	12	**(816)**	-	-
Net cash (used in)/from operating activities after integration costs and acquisition item		**(1,924)**	(424)	2,431
Investing activities				
Interest received		**114**	163	287
Interest paid		**(1)**	-	-
Purchases of property, plant & equipment		**(171)**	(135)	(621)
Purchases of software licences		**-**	-	(105)
Expenditure on product development		**(990)**	(500)	(1,200)
Payments to acquire subsidiary before cash and cash equivalents acquired		**(11,966)**	(907)	(1,239)
Cash and cash equivalents acquired		**1,348**	-	-
Payments to acquire subsidiary after cash and cash equivalents acquired		**(10,618)**	(907)	(1,239)
Payments to acquire Available for sale investments		**(160)**	-	-
Net cash used in investing activities		**(11,826)**	(1,379)	(2,878)
Financing activities				
Repayment of loan acquired		**(1,443)**	-	-
Purchase of own shares		**(48)**	(127)	(177)
Proceeds from issue of shares		**12,626**	-	894
Net cash from/(used in) financing activities		**11,135**	(127)	717
Net (decrease)/increase in cash and cash equivalents		**(2,615)**	(1,930)	270
Cash and cash equivalents at beginning of period		**8,186**	7,999	7,999
Effect of foreign exchange rate changes		**157**	(131)	(83)
Cash and cash equivalents at end of period		**5,728**	5,938	8,186

ALTERIAN PLC

NOTES TO CONDENSED SET OF FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The information for the year ended 31 March 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under s237 (2) or s237 (3) of the Companies Act 1985.

2. ACCOUNTING POLICIES

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS 34 'Interim Financial Reporting'.

The same accounting policies, expanded for the new classes of intangible assets acquired as noted below, presentation and methods of computation are followed in these condensed set of financial statements as were applied in the preparation of the Group's annual audited financial statements for the year ended 31 March 2008.

Other Intangible Assets

Customer Relationships and Brands
The intellectual property assets of Customer Relationships and Brands acquired are held at cost and are amortised on a straight line basis over their estimated useful lives of up to seven years.

3. SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into two operating divisions – UK and international (ROW) and United States. These divisions are the basis on which the Group reports its primary segmental information. The Group does not report on any other basis and so no secondary segmental information is presented.

	6 months ended 30 September 2008	6 months ended 30 September 2007	Year ended 31 March 2008
Geographical analysis of revenue by origin	**£000**	£000	£000
ROW	**6,573**	2,313	9,199
USA	**3,749**	2,984	10,144
	10,322	5,297	19,343

6 months ended 30 September 2008	**ROW**	**USA**	**Group**
	£000	£000	£000
Revenue	6,573	3,749	10,322
Operating loss before integration costs	**(348)**	**(911)**	**(1,259)**
Integration costs	(1,028)	-	(1,028)
Operating loss after integration costs	**(1,376)**	**(911)**	**(2,287)**
Investment revenues			114
Finance costs			(1)
Loss before tax			**(2,174)**
Tax			(45)
Loss after tax			**(2,219)**

NOTES TO CONDENSED SET OF FINANCIAL STATEMENTS (continued)

3. SEGMENTAL INFORMATION (continued)

6 months ended 30 September 2007	ROW	USA	Group
	£000	£000	£000
Revenue	2,313	2,984	5,297
Operating loss	**(1,306)**	**(343)**	**(1,648)**
Investment revenues			163
Finance costs			-
Loss before tax			**(1,485)**
Tax			8
Loss after tax			**(1,477)**

4. INTEGRATION COSTS

In the period since the acquisition of Mediasurface plc, the Group has incurred the following costs in respect of integrating the Mediasurface plc business into the Group:

	£000
Contract terminations	239
Product integration and launch costs	410
Termination payments	353
Discontinued operation costs	26
Total	**1,028**

5. OPERATIONS IN THE INTERIM PERIOD

In line with historical trends, revenue growth in the current year will be weighted to the second half due to the timing of the product and distribution channel expansion programme and concentration of renewals in the fourth quarter.

6. TAXATION

The effective tax rate at the interim period is 2% (2007: 1%). No further recognition of potential deferred tax asset has been made at the half year as management believes it is too early to predict the availability of taxable profits for the periods beyond March 2009 against which existing losses may be offset.

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NOTES TO CONDENSED SET OF FINANCIAL STATEMENTS (continued)

7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders for the six months ended 30 September 2008 of £2.219m (2007: £1.477m) by the weighted average number of ordinary shares in issue during the period of 50,150,127 (2007: 43,579,731).

	6 months ended 30 September 2008	6 months ended 30 September 2007	Year ended 31 March 2008
	£000	£000	£000
(Loss)/profit attributable to equity holders of the parent	**(2,219)**	(1,477)	4,515
	No.	No.	No.
Weighted average number of ordinary shares for the purpose of basic earnings per share	**50,150**	43,580	43,580
Effect of dilutive potential ordinary shares: share options	**-**	-	1,177
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**50,150**	43,580	44,757
Basic (loss)/earnings per share	**(4.4)p**	(3.4)p	10.4p
Diluted (loss)/earnings per share	**(4.4)p**	(3.4)p	10.1p

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill	**Total £000**
At 1 April 2008	**5,499**
Recognised on acquisition of subsidiary	**15,853**
At 30 September 2008	**21,352**

Other Intangible Assets	**Brand £000**	**Customer Relationships £000**	**Development costs £000**	**IPR and other software licences £000**	**Total £000**
Cost					
At 1 April 2008	-	-	2,369	2,258	**4,627**
Additions	-	-	990	-	**990**
On acquisition of subsidiary	200	2,000	-	3,800	**6,000**
At 30 September 2008	200	2,000	3,359	6,058	**11,617**
Accumulated amortisation					
At 1 April 2008	-	-	770	1,536	**2,306**
Charge for the period	7	68	474	259	**808**
At 30 September 2008	7	68	1,244	1,795	**3,114**
Carrying amount					
At 30 September 2008	193	1,932	2,115	4,263	**8,503**
At 31 March 2008	-	-	1,599	722	**2,321**

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NOTES TO CONDENSED SET OF FINANCIAL STATEMENTS (continued)

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

	Called up share capital	Capital reserves	Other reserves	Own shares reserve	Profit and loss account	30 Sept 2008	31 March 2008
	£000	£000	£000	£000	£000	£000	£000
At the beginning of the period	10,990	28,352	48	(583)	(13,712)	25,095	19,709
Issue of new shares	3,331	14,727	-	-	-	18,058	894
(Loss)/profit attributable to members of the group	-	-	-	-	(2,219)	(2,219)	4,515
Movement in the period	-	-	81	(48)	-	33	39
Foreign exchange translation differences	-	-	487	-	-	487	(62)
At the end of the period	14,321	43,079	616	(631)	(15,931)	41,454	25,095

Capital reserves comprise the share premium account £46.826m (Mar 2008: £32.099m) and merger reserve £(3.747m) (Mar 2008: £(3.747m)).

Other reserves comprise adjustments for share options made in accordance with IFRS 2 'Share Based Payments' £0.574m (Mar 2008: £0.493m), and exchange reserves arising on translation of Alterian Inc. £0.042m (Mar 2008: £(0.445m)).

Own shares represents the cost of shares in the Company held by the trustees of the Company's Employee Benefit Trust and Share Incentive Plan for the benefit of the employees.

10. SHARE CAPITAL

Share capital as at 30 September 2008 amounted to £14.326m (Mar 2008 £10.990m). During the period a rights issue of 8,796,928 shares was placed at 150p and 4,526,998 shares were issued at 120p as part consideration for the acquisition of Mediasurface plc. Costs directly attributable to the issue were £0.569m.

ALTERIAN PLC

NOTES TO CONDENSED SET OF FINANCIAL STATEMENTS (continued)

11. ACQUISITION OF SUBSIDIARY

On 7 July 2008 the Group acquired 100% of the issued share capital of Mediasurface plc. The total cost of acquisition was approximately £17.419m. This transaction has been accounted for by the purchase method of accounting. As part of the consideration 4,526,998 shares, with a fair value of £5.432m, were issued. The fair value was calculated as the market value of the shares as at the date of acquisition.

The carrying amount of each class of Mediasurface's assets before combination are set out below:-

Description	**Book Value**	**Adjustments**		**Provisional Fair Value**
		Fair Value	**Acquisition**	
	£000	**£000**	**£000**	**£000**
Intangible assets	6,653	(6,653)	6,000	**6,000**
Tangible assets	250	-	-	**250**
Trade and other receivables	1,984	-	-	**1,984**
Cash and cash equivalents	1,348	-	-	**1,348**
Trade and other payables	(4,893)	-	-	**(4,893)**
Bank loans	(1,443)	-	-	**(1,443)**
Deferred tax liabilities	(929)	929	(1,680)	**(1,680)**
Net assets/(liabilities acquired)	2,970	(5,724)	4,320	**1,566**
Goodwill arising on acquisition				**15,853**
Consideration				**17,419**

Satisfied by:-

Cash consideration	**10,868**
Costs of acquisition	**1,119**
Issue of shares	**5,432**
	17,419

The cash consideration paid by Alterian on completion of £10.868m and costs of acquisition of £1.119m were satisfied out of the net proceeds of a rights issue of 8,796,928 shares placed at 150p raising £13.195m before costs.

The goodwill arising on the acquisition of Mediasurface plc is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Intangibles arising on acquisition comprise intellectual property rights £3.800m, customer relationships £2.000m and brand £0.200m which will be amortised over the useful life of the assets being 7 years.

Mediasurface plc contributed £3.991m revenue and a profit of £0.138m to the Group's loss before tax for the period between the date of the acquisition and the balance sheet date.

If the acquisition of Mediasurface plc had been completed on the first day of the financial year, Group revenues for the period would have been £12.277m and Group loss attributable to equity holders of the parent would have been £4.994m.

ALTERIAN PLC

NOTES TO CONDENSED SET OF FINANCIAL STATEMENTS (continued)

12. NOTES TO THE CASH FLOW STATEMENT

	6 months ended	6 months ended	Year ended
	30 September	30 September	31 March
	2008	2007	2008
	£000	£000	£000
Operating (loss)/profit before integration costs	**(1,259)**	(1,648)	3,728
Adjustments for:			
Depreciation of property, plant and equipment	**228**	135	251
Amortisation of intangible assets	**334**	65	146
Amortisation of development costs	**474**	234	568
Profit on sale of property, plant and equipment	**-**	-	10
Employee benefit charges	**23**	19	40
IFRS 2 share based payment charge	**81**	93	114
Operating cash flows before movements in working capital	**(119)**	(1,102)	4,857
Decrease/(increase) in receivables	**(784)**	342	(3,913)
Increase in payables	**868**	287	1,496
Cash (used in)/from operations before integration items	**(35)**	(473)	2,440
Tax credit received	**-**	64	64
Tax paid	**(45)**	(15)	(73)
Net cash (used in)/from operating activities before integration costs and acquisition item	**(80)**	(424)	2,431
Integration costs	**(1,028)**	-	-
Acquisition items	**(816)**	-	-
Net cash (used in)/from operating activities	**(1,924)**	(424)	2,431

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with an original maturity of three months or less.

As anticipated in agreeing the transaction, following the acquisition of Mediasurface plc there was an immediate outflow of working capital of £0.816m representing the settlement of overdue creditors.

13. RELATED PARTY TRANSACTIONS

The Group
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.