

dotDigital Group Plc

Interim Results for the six months ended 31 October 2008 for dotMailer Limited

dotDigital Group Plc (“dotDigital” or “the Company”) the digital marketing company admitted to the PLUS market today, announces interim results for the six months to 31 October 2008. These results are unusual in that they exclude the Company (formerly West End Ventures Plc) entirely but provide investors with recent knowledge of the financial and trading position of the newly acquired subsidiary, dotMailer Limited. Moreover it is the Company’s intention to adopt an April year end for the enlarged group.

HIGHLIGHTS

- **56% increase in turnover following launch of new email marketing product**
- **Successful reverse takeover of West End Ventures Plc**
- **Strong growth in new clients in the period**
- **Customer base of over 1800 diversified across a wide range of industry sectors**
- **Launch of staff share option scheme on admission to PLUS**
- **Digital marketing remains resilient to UK economic decline**

Peter Simmonds, Chief Executive, dotDigital Group Plc, commented:

“We are well positioned to benefit from the accelerated shift to digital marketing. UK companies struggling in the economic downturn need to demonstrate clear returns on marketing investment at far cheaper rates than traditional types of advertising and marketing.

“Despite the economic downturn many industry forecasts still expect digital marketing to continue its rapid growth over the next two years The board believes that dotMailer is well positioned to take advantage of this growth and we look forward to continuing growth in high quality recurring revenues from a highly diverse customer base.”

2 February 2009

Enquiries:

dotDigital Group Plc

Tel: 0845 337 9170

Peter Simmonds, CEO

Alfred Henry Corporate Finance

Tel: 020 7309 2222

Jon Isaacs/Nick Michaels

Haggie Financial LLP

Tel: 020 7417 8989

Kathy Boate

The directors accept responsibility for this announcement.

Chairman's and Chief Executive's Report

Introduction

The launch of dotDigital into the public domain is a continuation of a plan formulated by the directors in 2006. Two years ago we took the view that, the Company was well placed to capture a significant share of the rapidly growing market for email marketing and other forms of digital marketing. Accordingly, since this time, we have been investing in staff and new product development, we have become one of the leaders in our field as we have seen the industry trend moving in line with our predictions.

In tandem with our enhanced level of business development we have been focussing on the processes and procedures within the company and in almost all regards ensuring that the levels of reporting and corporate governance matched the strict criteria expected of a publicly quoted company.

Overview of Operations

dotMailer Limited was founded in 1999 by three of its current directors to provide bespoke website design and development services and in 2001 the business was transitioned towards the provision of email marketing services through a branded service which became 'dotMailer'. The 'dotMailer' product is an internet based self service platform, which enables organisations to create and send email based communications to their clients and prospects.

dotMailer has built an excellent reputation in the UK for the provision of a wide range of digital marketing services to its broad base of corporate customers. These customers include other marketing and advertising agencies, which sub-contract their e-mail marketing functions to the Company. dotMailer also provides services to an increasing number of charities which use the Company's services as an economical method of reaching their donors and supporters.

Investment in online marketing, trade shows and PR together with the creation of a motivated and effective sales team has resulted in the number of Active Clients growing by 486% over the past two years.

Financial Summary

During the first half of the financial year sales grew by 56%, almost exactly in line with our plans. This was the result of our investment in marketing, the growth and development of the sales team and also the successful launch of the latest version of our email marketing platform.

The strategy of the board is to continually seek opportunities to grow revenues which are recurring in their nature. During the period under review over 40% of revenues were recurring either from email marketing or web development services.

In line with our strategy of preparing the business for future growth we invested heavily during the period in building our technical team, growing our sales team, strengthening the administration functions and perhaps most critically, augmenting our management capacity to ensure we had the management bandwidth to cope with future expansion.

These investments in the future have not only enabled us to continually develop our email marketing platform but have also seen the beta release of a new ecommerce product and a new web site tracking and analytics tool in the period.

This strategy, combined with a move away from dividend payments for directors' remuneration and the exceptional costs of preparing the business for due diligence and subsequent PLUS Market admission, resulted in costs increasing by 96% over the equivalent period in the prior year.

The board believes this investment strategy has positioned the business well for exploiting the growth opportunities in the digital marketing arena.

Overall profit after tax declined from £294,000 to £268,000 for the half year, a drop of 8.8% which was in line with the business plan.

The business has been strongly cash generative during the period with cash from operations of £219,000 in the period and the balance sheet remains strong with capital and reserves attributable to shareholders rising to £968,000 by the end of the period.

Cash and Cash Equivalents

In October 2008 an Administration Order was made in relation to Kaupthing Singer and Friedlander Limited, a bank where the Company had £170,000 on deposit. Based upon the rules published by the Financial Services Compensation Scheme, correspondence and conversations with a senior claims officer of the scheme, the Directors consider that they will shortly recover all of the aforementioned balance. Irrespective of such recovery, the Directors believe this event will not impact on the company's ability to settle its liabilities as and when they fall due.

Progress during the period

The six months under review have seen a continuation in the robust growth of the business despite the general UK economic decline. Although our business is not entirely insulated from the tightening in consumer demand, our results demonstrate that clients are tending to switch their budgets away from traditional forms of marketing in favour of our highly accountable offerings.

We enjoy an extremely diversified earnings base through over 1800 clients and anticipate further growth following the successful launch of our latest email marketing product and the planned launch of our new e-commerce product.

Staff

We work hard to recruit and hang on to the highest quality and most ambitious staff in our industry. Moreover we are committed to presenting an environment suited to personal career development and in this regard have put together plans for a staff share option scheme which assumes greater relevance as a quoted company. We have announced more details of this scheme in a separate announcement today.

Outlook

We are well positioned to benefit from the accelerated shift to digital marketing. UK companies struggling in the economic downturn need to demonstrate clear returns on marketing investment at far cheaper rates than traditional types of advertising and marketing. Despite the economic downturn many industry forecasts still expect digital marketing to continue its rapid growth over the next two years. The board believes that dotMailer is well positioned to take advantage of this growth and we look forward to continuing growth in high quality recurring revenues from a highly diverse customer base.

David Pacy, Chairman

Peter Simmonds, Chief Executive

DOTMAILER LIMITED

INTERIM RESULTS 2008

Income Statement

	Six months to 31 October 2008 (unaudited) £'000	Restated Six months to 31 October 2007 (unaudited) £'000	Year to 30 April 2008 (audited) £'000
Revenue	1,756	1,124	2,474
Cost of sales	-	-	-
Gross profit	<u>1,756</u>	<u>1,124</u>	<u>2,474</u>
Distribution costs	-	-	-
Administration expenses	1,424	727	1,748
Operating profit	<u>332</u>	<u>397</u>	<u>726</u>
Interest payable and Similar charges	(6)	(1)	(3)
Interest receivable and similar income	13	10	24
Loss on sale of property, plant and equipment	-	-	-
Profit before tax	<u>339</u>	<u>406</u>	<u>747</u>
Taxation	(71)	(112)	(180)
Profit attributable to Equity shareholders	<u>268</u>	<u>294</u>	<u>567</u>

DOTMAILER LIMITED

INTERIM RESULTS 2008

Balance Sheet

	As at 31 October 2008 (unaudited) £'000	Restated As at 31 October 2007 (unaudited) £'000	As at 30 April 2008 (audited) £'000
ASSETS			
Non current assets			
- Intangible	-	-	-
- Tangible	134	106	138
	<u>134</u>	<u>106</u>	<u>138</u>
Current assets			
- Trade and other receivables	587	420	445
- Stock	-	-	-
- Cash and cash equivalents	798	557	684
	<u>1385</u>	<u>977</u>	<u>1,129</u>
Total Assets	<u>1,519</u>	<u>1,083</u>	<u>1,267</u>
EQUITY			
Capital and reserves attributable to shareholders of the company			
- Ordinary shares	1	1	1
- Share premium	-	-	-
- Other reserves	-	-	-
- Minority interest	-	-	-
- Retained earnings	967	715	775
	<u>968</u>	<u>716</u>	<u>776</u>
LIABILITIES			
Current Liabilities			
- Financial liabilities	3	1	7
- Trade and other payables	295	186	304
- Current tax liabilities	253	180	180
	<u>551</u>	<u>367</u>	<u>491</u>
Non-current liabilities			
- Financial liabilities	-	-	-
- Other non current liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Equity and Liabilities	<u>1,519</u>	<u>1,083</u>	<u>1,267</u>

DOTMAILER LIMITED

INTERIM RESULTS 2008

Cash Flow Statement

	As at 31 October 2008 (unaudited) £'000	Restated As at 31 October 2007 (unaudited) £'000	As at 30 April 2008 (audited) £'000
Cash flows from operating Activities			
-Generated from operations	219	347	730
-Tax paid	-	-	(68)
	<hr/> 219	<hr/> 347	<hr/> 662
Cash flows from investing Activities			
-Purchase of property plant and equipment	(32)	(19)	(76)
Net cash used in investing Activities	<hr/> (32)	<hr/> (19)	<hr/> (76)
Cash flows from financing Activities			
- Interest paid	(6)	(1)	(3)
- Interest received	13	10	24
- New borrowings	-	-	65
- Repayment of loans	(4)	(5)	-
- Repayments of finance leases	-	-	-
- Equity dividends paid	(76)	(125)	(338)
Net cash used in financing activities	<hr/> (73)	<hr/> (121)	<hr/> (252)
Net decrease/increase in cash and cash equivalents	114	207	334
Cash equivalents at beginning of the period	684	350	350
Cash equivalents at the end of the period	<hr/> 798 <hr/>	<hr/> 557 <hr/>	<hr/> 684 <hr/>

DOTMAILER LIMITED

INTERIM RESULTS 2008

Statement of Changes In Equity

	As at 31 October 2008 (unaudited) £'000	Restated As at 31 October 2007 (unaudited) £'000	As at 30 April 2008 (audited) £'000
Opening balance	776	547	547
- Profit for the period	268	294	567
- Conversion adjustment to IFRS.	-	-	-
- Share based payments	-	-	-
- Equity dividends paid	(76)	(125)	(338)
Closing balance	968	716	776

DOTMAILER LIMITED

INTERIM RESULTS 2008

Notes to interim statements

1. Summary of significant accounting policies

Basis of preparation

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Company's statutory financial statements for the year ended 30 April 2008, prepared under International Financial Reporting Standards (IFRS) have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified.

The interim financial information has been prepared in accordance International Financial Reporting Standards and on the same basis and using same accounting policies as used in the financial statements for the year ended 30 April 2008. The interim financial statements have not been audited.

2. Restatement of comparatives

The information with regards to the 6 months to 31 October 2007 has been restated to reflect a change in the accounting policies to IFRS which has had not material impact on the figures. Full details of the change and its impact on previous financial statements can be found in the full audited statutory financial statements for the year ended 30 April 2008.

3. Reconciliation of operating loss to net cash flow from operating activities

	As at 31 October 2008 (unaudited) £'000	Restated As at 31 October 2007 (unaudited) £'000	As at 30 April 2008 (audited) £'000
Profit before tax	339	406	747
Finance costs	6	1	3
Finance income	(13)	(10)	(24)
Operating profit	332	397	726
Depreciation	36	19	43
Increase in receivables	(141)	(169)	(193)
Increase in payables	(8)	100	154
	219	347	730

4. Cash and Cash Equivalents

In October 2008 an Administration Order was made in relation to Kaupthing Singer and Friedlander Limited, a bank where the Company had £170,000 on deposit. Based upon the rules published by the Financial Services Compensation Scheme, correspondence and conversations with a senior claims officer of the scheme, the Directors consider that they will shortly recover all of the aforementioned balance. Irrespective of such recovery, the Directors believe this event will not impact on the company's ability to settle its liabilities as and when they fall due.

5. Copies of Interim report

A copy of the interim report is available on the Company's websites www.dotmailer.co.uk and www.dotdigitalgroup.com