



Interim Report
for the six months ending 30th June 2008





WIN is a dynamic enabler of entertainment, information and interaction services in the mobile media environment. Through innovation, WIN helps leading content owners, mobile operators, corporate enterprises and media and entertainment corporations engage consumers, create brand loyalty, maximise revenues and reduce costs.

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Highlights

OPERATING HIGHLIGHTS

- » Restructured business into three divisions – each with clear market focus
- » Launch of AOL mobile web and wap portal service
- » Acquisitions contributing to business

FINANCIAL HIGHLIGHTS

- » Turnover £19.4m (H1 2007: £19.4m)
- » Gross Profit £5.0m (H1 2007: £4.4m), up 13.6%
- » EBITDA £1.3m (H1 2007: £1.6m), down 15%
- » Underlying profit before tax* £0.9m (H1 2007: £1.4m), down 36% due to delay in service roll-out
- » EPS 6.9p (H1 2007: 7.9p), down 12.6%
- » Cash balance £2.4m (H1 2007: £3.9m)
- » Dividend of 1p (H1 2007: 0.8p) per share

** Figures before amortisation on acquired intangible assets, goodwill impairment, share-based payment charges, discontinued business and non-recurring items.*

POST PERIOD HIGHLIGHTS

- » Launch in August of Video Streaming Platform for T-Mobile Germany's 38 million subscribers
- » Launch in September of Sony Ericsson's PlayNow web portal – providing over 1 million tracks of DRM-free music
- » Commenced £2.5m investment in and development into Next Generation Messaging Platform



Graham Rivers
Chief Executive Officer



The first half of 2008, whilst operationally challenging, was nonetheless encouraging as we completed a number of significant projects which were only fully launched following the period end. We remain confident that the results for the second half will reflect the introduction of the new services and products launched this year, as well as positive contributions from our recent acquisitions. The results for the second half of 2008 are expected to be substantially ahead of the first half.

We have been encouraged by the increase in demand for rich media mobile services from operators, broadcasters, handset manufacturers and content owners and believe that we are now well positioned to take advantage of the growth expected in this market.

OPERATIONAL REVIEW

As reported on 22 July, we have reordered the Group into three clearly defined divisions – Managed Services, Enterprise Business and New Media. These divisions are supported by a common operations, development and infrastructure team. Each division has its own management structure and sales function allowing the senior members of the Group's Board to focus on corporate development and strategic issues.

We regard the Managed Services division as the core of our future growth strategy. We were particularly pleased to have launched the mobile web and wap portal service for AOL in the UK. Under the contract, WIN is responsible for sourcing and merchandising all the content on the portals as well as managing the storefronts for this service. A number of significant new contracts have been completed since the period end. In particular, we announced last month the full launch of our hosting of T-Mobile Germany's video streaming platform. This service provides T-Mobile Germany's 38 million subscribers with a wide range of quality streamed video content. The offering includes services such as a Bundesliga (German football league) video portal, providing T-Mobile Germany's subscribers with video highlights of all games in the German top football divisions. The service was only launched following close integration with T-Mobile's core operational systems and subsequent extensive testing to deploy this end-to-end service.



Data services are an increasingly significant part of the mobile telecom industry. At the same time, operators continue to reduce costs by outsourcing the management and delivery of data content. We believe that WIN is well placed to take advantage of these developments through its established relationships with Vodafone, Orange, T-Mobile and O2. The Board believes that the barriers to entry are rising as service providers must pass strict criteria to operate within and integrate with the mobile operators' own core systems.

We have also continued to see strong growth in our Enterprise Business. For the third period in succession, Enterprise division revenue has increased by almost 50% and now represents 14% of gross profit for the Group. We expect this growth to continue as interaction with mobile handsets continues to be integrated into all aspects of business processes. A recently launched service has allowed a leading utility Company to substantially improve engineer efficiency by reducing the number of 'no-one home' visits. Customers are advised by text message the day before an engineer is scheduled to visit a home. The customer can easily reschedule the visit to a more convenient day/time. Since its initial launch, WIN has also enhanced the service to convert text to voice in cases where only a fixed line telephone number is known.

In our New Media division, our multimedia console offering, which enables broadcasters and other media providers to interact with their audiences using all messaging formats, is now showing signs of recovery. Implementation of the new TV broadcasting licensing regime of PhonePayPlus has been slower than we would have liked and this combined with the effect of the OFCOM requirements has been for TV broadcasters to defer the use of interactive services using mobile until later in the year. We are now beginning to see some return of the use of mobile in interactive television broadcast services and would expect this to gain momentum in to next year. Use of mobile in interactive radio programming remains strong.

WIN is further strengthening its systems with investment in its Next Generation Messaging Platform that will provide capacity and performance to allow for substantial growth in current messaging formats and support additional services for rich media content, contextualisation, personalisation and self-service selection. We expect demand for such services to grow in importance and the investment, spread over the next two years, will provide the base on which to take our business well into the next decade. It will provide WIN with an industry leading high availability, secure service platform, which we believe will be critical to meet the needs of customers as they move mobile solutions into the "business critical" category. The plan is an evolution of our existing service platform and we expect implementation to be completed in 2010. The operational benefits from the Next Generation Messaging Platform will begin to show through in 2009.

Our premium rate services have shown a small decline in the first half of the year as expected, although we expect this to stabilise for the remainder of the year. As mentioned in previous statements, we intend to continue our focus on a small group of larger customers who have the capability of managing richer media services which we believe to be the future for services in this sector. As expected, during the current climate of economic uncertainty, a number of smaller direct-to-consumer services are experiencing a fall in demand which is likely to continue for at least a further year. WIN's larger more established partners, who contribute the majority of Group revenue, have been much less affected due to their scale and ability to innovate. We are not experiencing any noticeable decrease in volumes in this segment of the market.

Finally, and as we forecast earlier in the year, we experienced a further decline in SIM card menu based content services, although the rate of decline has now slowed considerably.



The acquisitions made by the Group in 2007 and early 2008 are now contributing to overall profitability and we feel justified in our selection of these targets, particularly Quattrocomm and Pocket Group. We continue to investigate businesses that will provide a clear advantage to the business going forward, but are sensitive to the fact that scale represents an important factor in our market.

FINANCIAL REVIEW

The financial performance for the period reflects the strategic changes we have been pursuing for the past eighteen months although we were held back by the later than planned launch of our new video services in Germany, as well as weaker demand in our consumer facing businesses.

Turnover was flat at £19.4m, but gross profit increased by over 13% to £5.0m reflecting largely the first time impact of Quattrocomm and Pocket Group. Investment in the infrastructure of the Group was made as planned with cash overheads increasing by £0.3m in the existing business which, together with the operating costs of Quattrocomm and Pocket Group, led to an increase in administrative expenses of £0.9m. We do not expect that cost levels will increase materially beyond this level.

Gross margin increased from 22.6% to 25.6%, reflecting the change in the mix of the business away from Premium Rate to Managed Services.

Within the Managed Services division, the overall performance of our non-SIM Telco business grew by approximately 6%. Our on-SIM business declined at the rate anticipated of nearly £300,000 whereas other services, for example to AOL, have taken longer to launch than planned due to the increased complexity involved. Quattrocomm's current business has maintained a satisfactory level of activity with a focus on the launch of I-Vu, our Video-on-Demand product. An extensive period of integration and testing with T-mobile Germany was required due to the critical importance of this service which is now fully operational.

Pocket Group made a small contribution to profit, although its direct-to-consumer business performance was disappointing and, given increased regulation of this activity in the second quarter, this activity remains under review. There are improved prospects in the second half within Pocket Group from the launch of the Sony Ericsson service, which we announced on 15 September. We are part way through integrating Pocket Group into our overall managed services business and anticipate further gains as this progresses.

Our Enterprise division continued to perform strongly with profits up by 46%, the third successive half year with growth at this rate.

Our New Media division was impacted by the decision last year to terminate certain of our customers for non-compliance as well as general conditions in the market. Whilst we are planning to maintain the level of our Premium Rate business, there is still residual pressure within this sector. However, we do anticipate growth in the media sector during the second half of 2008.

Our balance sheet remains strong with cash balances of £2.4m. During the first half we made acquisition payments of £1.2m (net of cash received) and have made a further post-period payment of £0.3m. There are no further acquisition payments due during this financial year.

Capital expenditure at £0.6m was in line with the comparable period last year but is expected to increase in the second half as we begin investment in our Next Generation Messaging Platform. This project, expected to cost £2.5m over two years, will result in a further expenditure of £750,000 during the second half of 2008.

There was also an increase in debtors of £1.1m largely arising from a reorganisation within one of our major mobile network operator customers which we anticipate will reverse in the second half of this year.

Finally, there was an inflow of tax receipts from reclaims of prior years' research and development claims.



The Board has declared an interim dividend of 1p (2007 0.8p), which will be payable on 17 October 2008 to shareholders on the register on 26 September 2008.

CURRENT TRADING

The first half of 2008, whilst operationally challenging, was nonetheless encouraging as we completed a number of significant projects which were only fully launched following the period end. As discussed above, since the period end we have launched the Video on Demand platform for T-Mobile Germany and we have signed a partnership, through Pocket Group, with Sony Ericsson to launch PlayNow arena, a web portal providing access to music and media rich mobile content. This has been launched initially across Europe with a plan to roll-out worldwide in 2009. We are particularly excited about the PlayNow arena product as it is unhindered by the costs associated with copyright ownership and we believe it should open up mobile music to a much wider consumer base.

OUTLOOK

We have been encouraged by the increase in demand for rich media mobile services from operators, broadcasters, handset manufacturers and content owners and believe that we are now well positioned to take advantage of the growth expected in this market.

While handsets have been capable of handling rich media content for some time, recent network advances mean that the potential of these devices can be more fully exploited. The Apple iPhone and rival devices from Samsung and Nokia offer the user an experience which is much closer to that of the fixed broadband environment. This has encouraged content owners to expand their rich media offerings as evidence is emerging of a rise in consumer appetite to access these services from their mobiles (such as social networking sites, mobile video, interaction with broadcasters, transaction status and delivery notifications). These developments are providing a new impetus for growth in mobile data services after a period of stagnation following the decline in premium rate services.

As discussed above, we are investing approximately £2.5m over two years in the development of the Next Generation Messaging Platform. Our current platform has serviced the needs of our customers for more than ten years and, in accordance with our strategy, we are investing to meet the anticipated demands of our markets for richer media, higher levels of interactive services, greater customisation and personalisation, self-service functionality and contextual services. This investment, being developed with a number of international technical partners, is planned to allow WIN to meet market needs over the next decade.

As we reported in our trading update in July, the Board remains confident that the results for the second half will reflect the introduction of the new services and products launched earlier this year, as well as positive contributions from our recent acquisitions. The results for the second half of 2008 are expected to be substantially ahead of the first half. The Board expects to see continued growth in the Enterprise division and Managed Service contracts.

On 7 August 2008 we announced we had received an approach from a third party regarding a possible business combination that could result in an offer being made for the Company (the "Approach"). As a result of the Approach, the Board announced that it intended to explore all the options in a timely manner for maximising value for shareholders. The Approach and other discussions are still preliminary in nature and there can be no certainty that an offer will ultimately be forthcoming or on what terms. A further announcement will be made in due course as appropriate.

Handwritten signature of Graham Rivers.

GRAHAM RIVERS
Chief Executive Officer

Responsibility Statement of the Directors in Respect of the Interim Financial Report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.
- The interim management report includes a fair review of the information required by:
 - a. DTR 4.27R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transaction described in the last annual report that could do so.

By order of the board



GRAHAM RIVERS

CEO

15 September 2008



LANCE MOIR

CFO

Independent Review Report to WIN Plc

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2008 which comprises the condensed consolidated income statement, the condensed consolidated statement of recognised income and expense, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, and the related explanatory notes. We have read the other information contained in the half-yearly 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 the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 reached.

DIRECTORS' RESPONSIBILITIES

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly 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 UK. A review of interim financial information consists of making enquiries, 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 report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

KPMG Audit Plc

KPMG AUDIT PLC

Chartered Accountants
20 Farringdon Street
London, EC4A 4PP

15 September 2008

Condensed Consolidated Interim Income Statement
for the six months ended 30 June 2008



	Note	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000
Revenue		19,449	19,381
Cost of sales		(14,475)	(15,003)
Gross profit		4,974	4,378
Other administrative expenses		(3,911)	(3,021)
Amortisation		(622)	(294)
Charge in relation to share-based payments		(65)	(55)
Administrative expenses		(4,598)	(3,370)
Operating profit		376	1,008
Financial income		40	87
Profit before tax		416	1,095
Taxation credit/(charge)	7	276	(342)
Profit for the period		692	753
Earnings per share	9		
– basic		6.9p	7.9p
– diluted		6.7p	7.8p

Profit for the period is attributable to the equity holders of the parent.

Condensed Consolidated Statement of Recognised Income and Expense
for the six months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000
Foreign currency translation differences for foreign operations	(5)	2
(Expense)/income recognised directly in equity	(5)	2
Profit for the financial period	692	753
Total income and expense recognised for the period attributable to equity holders of the Company	687	755

Condensed Consolidated Unaudited Interim Balance Sheet
as at 30 June 2008



	30 June 2008 (unaudited) £'000	31 December 2007 (a) £'000
Non-current assets		
Property, plant and equipment	802	940
Goodwill	4,536	3,060
Acquired intangible assets	2,657	2,470
Development costs	1,100	844
Intangible assets	8,293	6,374
Other investments	100	100
	9,195	7,414
Current assets		
Trade and other receivables	9,317	7,630
Cash and cash equivalents	2,386	4,651
	11,703	12,281
Total assets	20,898	19,695
Current liabilities		
Bank overdraft	(39)	–
Trade and other payables	(7,453)	(6,835)
Tax payable	(141)	(297)
	(7,633)	(7,132)
Non-current liabilities		
Deferred tax liability	(912)	(823)
Provisions	(83)	(102)
	(995)	(925)
Total liabilities	(8,628)	(8,057)
Net assets	12,270	11,638
Equity attributable to equity holders of the parent		
Share capital	1,008	1008
Shares to be issued	168	168
Share premium	2,288	2,288
Capital redemption reserve	656	656
Merger reserve	9,040	9,040
Retained earnings	(890)	(1,522)
Total equity	12,270	11,638

(a) The year ended 31 December 2007 figures are extracted from the audited financial statements for the year ended 31 December 2007

Condensed Consolidated Interim Statement of Cash Flows
for the six months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000
Cash flow from operating activities		
Profit for the period	692	753
<i>Adjustments for:</i>		
Depreciation	285	236
Amortisation	622	294
Foreign exchange rate movement	(35)	–
Financial income	(40)	(87)
Loss on sales of property, plant and equipment	–	14
Equity settled share-based payment expenses	65	55
Taxation	(276)	342
Operating profit before changes in working capital	1,313	1,607
Changes in trade and other receivables	(1,181)	(1,250)
Changes in trade and other payables	(667)	519
Changes in provisions and employee benefits	(19)	(16)
Cash (utilised)/generated from operating activities	(554)	860
Tax received/(paid)	57	(310)
Net cash from operating activities	(497)	550
Cash flows from investing activities		
Interest received	40	87
Acquisition of subsidiaries net of cash acquired	(1,157)	–
Acquisition of property, plant and equipment	(123)	(315)
Capitalised development expenditure	(477)	(313)
Net cash from investing activities	(1,717)	(541)
Cash flows from financing activities		
Proceeds from the issue of share capital	–	59
Dividends paid	(120)	–
Net cash from financing activities	(120)	59
Net (decrease)/increase in cash and cash equivalents	(2,334)	68
Cash and cash equivalents at 1 January	4,651	3,816
Effect of exchange rate fluctuations on cash held	30	–
Cash and cash equivalents at 30 June	2,347	3,884

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

WIN plc (the "Company") is a Company domiciled in the UK. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

(A) BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report of WIN plc for the year ended 31 December 2007. The prior year comparatives are derived from audited financial information for WIN plc as set out in the Annual Report for the year ended 31 December 2007 and the unaudited financial information in the condensed consolidated interim financial statements for the six months ended 30 June 2007. These condensed consolidated interim financial statements have been prepared under the historical cost convention, except in respect to certain financial instruments. This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2007. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

The condensed consolidated interim financial statements for the six months ended 30 June 2008 are unaudited but have been reviewed by the auditors. The condensed consolidated interim financial statements for the six months ended 30 June 2008 were approved by the directors on 15 September 2008.

The comparative figures for the financial year ended 31 December 2007 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

(B) ESTIMATES

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements *continued*

2. SEGMENTAL INFORMATION

The primary basis of segment reporting is business segment and is based on the Group's management and internal reporting structure.

	Revenue		Gross Profit	
	Year ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000
Enterprise	1,477	952	688	463
New Media	14,440	15,945	1,528	1,751
Managed Services	3,532	2,484	2,758	2,164
Total	19,449	19,381	4,974	4,378
Admin expenses			(4,598)	(3,370)
Operating profit			376	1,008
Financial income			40	87
Profit before tax			416	1,095

In the year ended 31 December 2007 segmental analysis was based on geography. Due to a change in management structure the segments are now split between the three sectors above. The segmental profit and loss is not detailed as overheads are not managed or recorded at the segment level. Assets are controlled at a group level and so are not included in the segmental analysis.

3 ACQUISITION OF SUBSIDIARIES EFFECT OF ACQUISITIONS

The acquisition had the following effect on the Group's assets and liabilities.

ACQUIREE'S NET ASSETS AT THE ACQUISITION DATE

	Recognised values £'000	Fair value adjustments £'000	Carrying amounts £'000
Property, plant and equipment	24	–	24
Intangible assets	588	434	154
Trade and other receivables	506	–	506
Cash and cash equivalents	146	–	146
Trade and other payables	(616)	–	(616)
Deferred tax liability	(156)	(156)	–
Net identifiable assets and liabilities	492	278	214
Goodwill on acquisition	1,476		
Total consideration	1,968		
Less contingent consideration*	(477)		
Less deferred consideration	(188)		
Consideration paid, satisfied in cash	1,303		
Less cash (acquired)	(146)		
Net cash outflow	1,157		

*This is an estimate based upon management expectations.

On 21st January 2008, the Company acquired the entire issued share capital of Pocket Group Ltd ("Pocket Group") for a maximum consideration of £4,500,000. The Company paid an initial consideration of £1,037,000 in cash on completion (and additionally £91,000 of acquisition costs), with a further three payments, comprising one in March 2008 of £175,000 and then two further payments in 2008 and 2009 dependent upon the performance of Pocket Group for the years to 31 March 2008 and 2009 respectively. The committed minimum total consideration is £1,400,000 and the maximum total consideration is £4,500,000.

Pocket Group, established in 1999, is one of the leading mobile entertainment companies in Europe, providing mobile technology, content and marketing services to over 50 operators across the world. Pocket Group specialises in mobile music and video content, and represents the mobile sector rights for over 1,500 independent record labels and bands, helping them maximise their revenues from mobile distribution.

In the six months to 30 June 2008, the subsidiary contributed net profit of £25,000 to the consolidated net profit for the period. If the acquisition had occurred on 1 January 2008, Group revenue and net profit would not have been materially different from the stated amounts due to the timing of the acquisition at the start of the period. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2008.

Included in the £1,476,000 of goodwill recognised are intangible assets that do not meet the definition of intangible assets under IAS38. These items include an assembled workforce and operating synergies.

4 STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Pursuant to the requirements for the new Disclosure and Transparency Rules, WIN provides the following information on its principal risks and uncertainties:

THE ABILITY TO PRODUCE NEW PRODUCTS THAT SATISFY THE TARGET MARKETS

WIN operates in a market where new products and services are required. WIN is developing these in anticipation of market trends – these products may not entirely meet the markets' needs or competitors may develop alternative solutions. We develop new services for customers which may then be subject to consumer uptake by their customers, leading to uncertainty about the level of future revenue growth.

COMPETITIVE PRESSURES

WIN operates in a number of market places subject to local and global competition. Competitive pressures in certain markets may lead to pricing pressure, and thus lower margins, or to new entrants in such markets. WIN seeks long term contracts, but competitive pressure may be evident at the time of renewal.

FACTORS OUTSIDES WIN CONTROL SUCH AS A DOWNTURN IN THE INDUSTRY AND INCREASED REGULATION

Whilst WIN operates across a number of markets and thus has resilience in diversification, a downturn in the demand for services provided to mobile operators and general consumer demand in services provided to content owners could affect the level of future revenues.

WIN operates in markets subject to regulatory pressures, from both Ofcom and PPP in the UK. Increased regulation may impact the demand for WIN's services within the new Media segment as well as reducing general demand by end consumers for content based services. Regulation is already high in some markets, such as Germany, but there may be increased regulation in other markets, such as Greece.

THE DEPARTURE OF KEY PERSONNEL

WIN is a growing business and the loss of key technical or sale personnel may cause a temporary slowing in growth.

FINANCIAL RISKS

WIN is largely a UK based business, but has growing revenues denominated in Euro; a decline in the Euro may lead to a modest decline in sterling denominated profits. Credit risk is mostly with the major mobile operators, who are considered credit worthy. There are low credit risks to smaller businesses and these are controlled by withholding payments. Credit risks may occur if regulatory fines are levied on WIN which we are subsequently unable to recover from the non-compliant customer due to financial pressures. We attempt to contain these risks by withholding advance payments where we see such risks.

INTEGRATION OF ACQUIRED BUSINESSES

WIN has a strategy of acquiring businesses. Integration of these businesses may take longer than anticipated or may involve the loss of key personnel.

5. DIRECTORS' REMUNERATION

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000
Director' emoluments	241	271
Company contribution to defined contribution stakeholder pension scheme	40	16
Compensation for loss of office		77
	281	365

6 RELATED PARTY TRANSACTIONS

Related party transactions in the 6 months ended 30 June 2008 are limited to compensation for key management – see note 5.

7 TAXATION

The tax credit for the year includes £357,000 cash received in respect research and development tax credits which were not provided for in prior periods. It also includes £42,000 provided for in respect of the research and development tax credit for the 6 months ended 30 June 2008.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements continued

8 CAPITAL AND RESERVES

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

	Share capital	Shares to be issued	Share premium	Capital redemption reserves	Merger reserve	Retained earnings	Total
(unaudited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2007	954	–	2,228	656	8,118	(2,545)	9,411
Total recognised income and expenses						755	755
Shares issued	4		55				59
Share-based payments						55	55
At 30 June 2007	958	–	2,283	656	8,118	(1,735)	10,280
Total recognised income and expenses						255	255
Shares issued	50		5		922		977
Shares to be issued		168					168
Share-based payments						35	35
Dividends paid						(77)	(77)
At 31 December 2007	1,008	168	2,288	656	9,040	(1,522)	11,638
Total recognised income and expenses						687	687
Share-based payments						65	65
Dividends paid						(120)	(120)
At 30 June 2008	1,008	168	2,288	656	9,040	(890)	12,270

9 EARNINGS PER SHARE

	Six months ended 30 June 2008	Six months ended 30 June 2007
Profit for the period	£692,000	£753,000
Weighted average number of shares in issue	10,081,455	9,559,212
Fully diluted weighted average number of shares in issue	10,273,673	9,616,283
Basic earnings per share	6.9p	7.9p
Diluted earnings per share	6.7p	7.8p

Diluted earnings per share calculations reflect the dilutive effect of employee share option schemes.

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WIN PLC

Incorporated in England and Wales under the Companies Act 1985 No. 5175576

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