Ecommerce Alliance

Ecommerce Alliance plc

Interim Report 30 June 2010

CEO's Statement

Introduction

Ecommerce Alliance plc (the "Company"; formerly: Getmobile Europe plc) is a UK registered company whose shares are traded on the Entry Standard in Frankfurt. The listing on AIM has ended in March 2010. After disposing of the mobile phone contracts business in December 2009 the Company has restructured its business to concentrate on the ecommerce business sector. The Company has hereto made a number of acquisitions and add-on investments in existing companies to broaden its base in 2010.

While encouraging progress is made in many of the subsidiary companies, overall they continue to absorb resources. However with cash balances of €7.1 million and long-term financial debts of only €1.3 million (long-term bank loans Getlogics GmbH's warehouse) as at 30 June 2010 our balance sheet remains strong.

Results

Sales from continuing operations increased to €7.79 million during the first 6 months of 2010, which is a growth of €5.36 million compared to the 6 months to 30 June 2009. The increase results mainly from the increase in sales in Pauldirekt GmbH and the ecommerce service companies. Mainly through the investments in 2010 we expect an additional growth of sales within the second half of 2010. The ecommerce group is in line with budget regarding its sales growth.

In the 6 month period to 30 June 2010 the EBITDA (Earnings before interest, tax, depreciation and amortisation) shows a loss of €1.29 million. In the same period in 2009 the EBITDA loss was €0.43 million. Additional resources were required for the movement of the place of business from London to Munich. This and the restructuring of the business activities to an integrated ecommerce group have reduced the EBITDA in the reporting period by an amount of approximately €0.5 million.

The basic loss per share for the 6 months ended 30 June 2010 was Euro cents 15.10 (2009: Euro cents 6.82 loss).

Pauldirekt, our online shopping club, has increased its sales within the reporting period by about 416% compared to the last year's period. However the high marketing and sales cost along with the development cost of the online-platform led to a negative EBIT (Earnings before interest and tax) of €0.66 million. The number of registered users has grown from 710,000 at the end of December 2009 to well over 1 million at the end of August 2010.

Getperformance has strengthened its business with external customers very satisfactorily and has increased its sales to third parties in the 6 month period before 30 June 2010 by 262% compared to the 6 month period of the previous year.

Financial Position

Net assets as at 30 June 2010 were €7.64 million in comparison to €9.03 million as at 31 December 2009, principally reflecting the losses occurred in the 6 months period 2010. Cash balances as at 30 June 2010 were €7.13 million (31 December 2009: €9.79 million).

Capital commitments of about €1.10 million to Pearlfection GmbH and Mybestbrands GmbH and further restructuring efforts in the second half of the year, will lead to a reduced cash balance as at 31 December 2010.

CEO's Statement

Business development and strategy

Management is focussing its efforts on building an integrated ecommerce group based on the new and existing businesses in the ecommerce brands, ecommerce services and ecommerce media spaces.

The ecommerce services companies Getperformance and Getlogics have successfully been refocused over the past twelve months from supporting the mobile phone business to supporting our other ecommerce businesses. They have both reached the goal of generating more than 70% of their sales and profits with third parties.

The most important ecommerce brand companies are Shirtinator and Pauldirekt. The shareholding in Shirtinator was increased by 55% in order to be able to consolidate this rapidly growing and profitable mass customisation company. Our associates Pearlfection and 52weine are developing well. Due to the acquisition of Tiburon Partners AG the Company was able to increase its stake in Pearlfection and to add several more promising ecommerce brands such as Spassbaron and Posterjack.

In the ecommerce media space our associate Mybestbrands has been developing well and we have increased our stake to 20% since we expect the Company to be profitable in 2011. The acquisition of Tiburon Partners AG has allowed us to add holdings in several strong and profitable ecommerce media brands such as Netmoms and Allvatar. Other ecommerce media companies added due to the transaction such as Weinkenner and Große Kochschule are still in the early stages of development but complement perfectly the existing ecommerce brand companies and give us access to exclusive target groups.

Outlook

As anticipated in the last annual report we have used some cash and our shares to buy and build an integrated ecommerce group on the foundation of the strong organic growth of our existing businesses. At the same time we are completing the restructuring programme and are making all structural changes necessary this year in order to have a lean holding structure adapted to the needs of the refocused group by 2011.

Daniel Wild
CEO
28 September 2010

Group Income Statement

for the six months ended 30 June 2010

	Notes	*Six months ended 30 June 2010 Unaudited €000's*	*Six months ended 30 June 2009 Unaudited €000's*	*Year ended 31 December 2009 Audited €000's*
Revenue	*2*	7,793	2,436	7,073
Cost of sales		(6,555)	(1,786)	(6,241)
Gross profit		1,238	650	832
Administrative expenses excluding depreciation and amortisation		(2,523)	(1,082)	(1,639)
Loss before interest, tax, depreciation and amortisation		(1,285)	(432)	(807)
Administrative expenses - depreciation and amortisation		(142)	(91)	(148)
- impairment provision		-	(348)	(348)
Total administrative expenses		(2,665)	(1,521)	(2,135)
Share of post tax profit of associates		67	35	163
Group operating loss from continuing operations		(1,360)	(836)	(1,140)
Finance revenue	*3*	53	169	146
Finance costs	*3*	(42)	-	(57)
Loss from continuing operations before taxation		(1,349)	(667)	(1,051)
Income tax (expense)/credit	*5*	(69)	22	41
Loss for the period from continuing operations		(1,418)	(645)	(1,010)
Discontinued operations:				
Loss after tax for the period from discontinued operations		-	(11,270)	(12,149)
Total loss for the period		(1,418)	(11,915)	(13,159)
(Loss)/profit for the period attributable to:				
Equity holders of the parent		(1,427)	(11,914)	(13,163)
Minority interest		9	(1)	4
		(1,418)	(11,915)	(13,159)
		Euro Cents	*Euro Cents*	*Euro Cents*
Loss per share	*6*			
Basic and diluted		(15.10)	(126.11)	(139.33)
Loss per share from continuing operations				
Basic and diluted		(15.10)	(6.82)	(10.73)

Group Statement of Changes in Equity

for the six months ended 30 June 2010

	Share capital	*Distributable reserves*	*Shareholder equity*	*Minority interest*	*Total equity*
	€000's	*€000's*	*€000's*	*€000's*	*€000's*
At 1 January 2009	1,364	21,282	22,646	3	22,649
Loss for the period		(11,914)	(11,914)		(11,914)
Other movements:					
Group equity attributable to minority interest				45	45
Share based payments		31	31		31
Dividend declared and approved		(567)	(567)		(567)
At 30 June 2009	1,364	8,832	10,196	48	10,244
Profit/(loss) for period		(1,249)	(1,249)	4	(1,245)
Other movements:					
Group equity attributable to minority interest				1	1
Share based payments		32	32		32
At 31 December 2009	1,364	7,615	8,979	53	9,032
Loss for the period		(1,427)	(1,427)	(9)	(1,436)
Other movements:					
Group equity attributable to minority interest				41	41
Share based payments		2	2		2
At 30 June 2010	1,364	6,190	7,554	85	7,639

Group Statement of Financial Position

as at 30 June 2010

		Six months ended		Year ended
		30 June 2010	*30 June 2009*	*31 December 2009*
		Unaudited	*Unaudited*	*Audited*
	Notes	*€000's*	*€000's*	*€000's*
ASSETS				
Non current assets				
Intangible assets		79	252	110
Property, plant and equipment		1,693	409	1,698
Investment in associated companies	*4*	1,545	425	827
Other investments		262	150	150
Deferred tax assets		-	-	-
		3,579	1,236	2,785
Current assets				
Inventories		170	1,021	167
Trade and other receivables		3,170	3,476	3,256
Overseas tax paid in advance		-	314	-
Cash and cash equivalents		7,126	10,733	9,791
		10,466	15,544	13,214
Total assets		14,045	16,780	15,999
EQUITY AND LIABILITIES				
Equity				
Called up share capital		1,364	1,364	1,364
Distributable reserves		6,190	8,832	7,615
Equity attributable to the owners of the parent		7,554	10,196	8,979
Minority interest		85	48	53
Total equity		7,639	10,244	9,032
Current liabilities				
Trade and other payables		4,849	6,268	5,478
Corporation and overseas taxes		215	268	148
Other financial liabilities		-	-	-
		5,064	6,536	5,626
Non current liabilities				
Interest bearing loans and borrowings		1,234	-	1,233
Minority shareholder loan to subsidiary		108	-	108
		1,342	-	1,341
Total liabilities		6,406	6,536	6,967
Total equity and liabilities		14,045	16,780	15,999

Group Statement of Cash Flows

for the six months ended 30 June 2010

	Six months ended 30 June 2010 Unaudited €000's	Six months ended 30 June 2009 Unaudited €000's	Year ended 31 December 2009 Audited €000's
Operating activities			
Loss before tax from continuing operations	(1,349)	(667)	(1,051)
Loss before tax from discontinued operations		(11,246)	(12,148)
	(1,349)	(11,913)	(13,199)
Adjustments to reconcile profit for the year to net cash inflow from operating activities			
Net finance revenue	(10)	(169)	(97)
Share of post tax profits of associates	(67)	(35)	(163)
Profit on sale of discontinued business	-	-	(676)
Loss on disposal of intangible assets	-	-	3
Depreciation and impairment of property, plant and equipment	92	76	206
Amortisation and impairment of intangible assets	50	11,846	11,978
Share-based payments	2	32	63
(Increase)/decrease in inventories	(4)	735	1,589
(Increase) /decrease in trade and other receivables	(220)	8,216	9,153
Decrease in trade and other payables	(629)	(6,164)	(6,128)
Cash (used)/generated by operations	(2,135)	2,624	2,729
Income taxes refunded/(paid)	303	(320)	(501)
Net cash flow from operating activities	(1,832)	2,304	2,228
Investing activities			
Interest received	53	169	154
Dividend from associate	-	22	22
Proceeds from sale of discontinued business	-	-	400
Sale of property, plant and equipment	-	-	-
Sale of associates	-	-	-
Investment in associates	(651)	(390)	(663)
Investment in subsidiary undertakings net of cash acquired	23	(125)	(276)
Other investments	(112)	(150)	(150)
Payments to acquire property, plant and equipment	(105)	(125)	(1,544)
Payments to acquire intangibles (excluding goodwill)			(17)
Net cash flow from investing activities	(792)	(599)	(2,074)
Financing activities			
Long term bank loan	1	-	1,233
Interest paid	(42)	-	(57)
Dividends paid to equity shareholders of the parent	-	-	(567)
Net cash flow from financing activities	(41)	-	609
(Decrease)/Increase in cash and cash equivalents	(2,665)	1,705	763
Cash and cash equivalents at the beginning of the period	9,791	9,028	9,028
Cash and cash equivalents at the period end	7,126	10,733	9,791

Notes to the Financial Information

1. Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union other than IAS 34 ("Interim Financial Reporting") and as applied in accordance with the provisions of the Companies Act 2006.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

The financial information contained in this interim statement does not amount to statutory financial statements within the meaning of section 435 Companies Act 2006. The financial statements for the year ended 31 December 2009, from which information has been extracted, were prepared under IFRS and have been delivered to the Registrar of Companies. The report of the auditors was unqualified in accordance with section 495 Companies Act 2006 and did not contain a statement under sections 498 (2) or (3) Companies Act 2006.

2. Revenue and segmental analysis

For the purpose of decision making there are two reportable operating business segments reflecting the activity carried on as follows:

- The e-commerce consumer division which consists of the Group's online shopping community site Pauldirekt GmbH, the contracts website Premingo GmbH and the management service company Ecommerce Alliance Services AG. During 2009 this division included the mobile phone contracts business.

- The e-commerce support services division consisting of the Group's warehousing and logistics support business Getlogics GmbH and Getperformance GmbH the Group's internet and TV advertising and marketing support business.

In addition, the Group monitors the revenue and EBITDA profitability of its associated company investment Shirtinator AG.

2. Revenue and segmental analysis (continued)

six months ended 30 June 2010	*Ecommerce consumer €000's*	*Ecommerce support €000's*	*Adjustments[1] and eliminations €000's*	*Consolidated €000's*
Revenue				
External customers	4,428	3,365	–	7,793
Internal	12	362	(374)	–
Total revenue	4,440	3,727	(374)	7,793
EBITDA	(1,580)	350	(55)	(1,285)

Notes:

1. *Inter-segment revenues are eliminated on consolidation.*

3. Finance revenues and costs

	Six months ended		*Year ended*
	30 June 2010	*30 June 2009*	*31 December 2009*
	Unaudited	*Unaudited*	*Audited*
	€000's	*€000's*	*€000's*
Finance revenue			
Bank interest receivable	53	65	154
Write back of provision for finance fee	-	104	-
	53	169	154
Finance costs - bank interest payable	(42)	-	(57)

4. Investment in associated companies

	Six months ended		*Year ended*
	30 June 2010	*30 June 2009*	*31 December 2009*
	Unaudited	*Unaudited*	*Audited*
	€000's	*€000's*	*€000's*
At 1 January	827	41	41
Cost of investments	651	390	663
Disposal of investments	-	(19)	(40)
Share of profits after tax	67	35	163
Dividend received	-	(22)	-
At end of period	1,545	425	827
Other investments			
At 1 January	150	0	0
Cost of investment	111	150	150
At end of period	261	150	150

During the reporting period the Company acquired a 27% shareholding in Pearlfection GmbH. The Company provides customisation and online sale of jewellery. Tiburon Partners AG ("Tiburon") holds a share of 8% in Pearlfection. Together with its future subsidiary Tiburon (see under post balance sheet events), the Company will hold a share of total 35%. At the end of the reporting period the Company invested €520,666.

On 11 May 2010 the subsidiary Pauldirekt GmbH entered into a joint venture agreement with the France Gourmet Diffusion S.A.R.L.. Pauldirekt acquired a share of €25,000 (49%) in 52weine GmbH. 52weine is an online shopping club for wines. Pauldirekt has announced to provide additional equity contributions up to €200,000 to 52weine.

During the reporting period the Company has acquired an additional share of 2.5% in Mybestbrands GmbH and holds 10% of the total share capital as at 30 June 2010. The cost of the investment was €111,899. Subsequent to the reporting period the Company has invested a further amount of €500,000 to increase its share to 20.5%.

5. Income tax expense

	Six months ended 30 June 2010 Unaudited €000's	Six months ended 30 June 2009 Unaudited €000's	Year ended 31 December 2009 Audited €000's
Current income tax:			
UK corporation tax	33	-	9
Foreign tax	36	41	12
Current income tax charge	69	41	21
Amounts over provided in previous years – UK	-	-	(18)
Amounts over provided in previous years – Foreign	-	-	(3)
Total current income tax	69	41	-
Deferred tax:			
Origination and reversal of temporary differences	-	(39)	(40)
Tax charge in the income statement	69	2	40
Tax charge in the income statement is disclosed as follows:			
Income tax expense on continuing operations	69	2	(41)
Income tax expense on discontinued operations	-	-	1
	69	2	(40)

6. Loss per share

	Six months ended 30 June 2010 Unaudited €000's	Six months ended 30 June 2009 Unaudited €000's	Year ended 31 December 2009 Audited €000's
(Loss) Profit for period for basic earnings per share	(1,427)	(11,914)	(13,163)
	No. 000's	*No. 000's*	*No. 000's*
Weighted average number of ordinary shares for basic EPS	9,447	9,447	9,447
Basic and diluted loss per share (cents)	(15.10)	(126.11)	(139.33)
Basic and diluted loss per share from continuing operations (cents)	(15.10)	(6.82)	(10.73)

The calculation of loss per share is based on the loss attributable to equity holders of the parent.

7. Business Combinations

On 27 May 2010, the shareholders meeting of KK Media GmbH, Aschaffenburg (“KK Media”) has approved a merger agreement – notarially certified on 27 May 2010 – of KK Media as transferring entity and Ecommerce Alliance Services AG, Munich as receiving entity.

The merger is effective on 1 January 2010. The merger has been registered in the commercial register on 15 June 2010.

8. Post balance sheet events

Via a share purchase agreement signed on 14 June 2010, the Company has purchased further 20,978 (20%) shares in addition to the 36,601 (35%) registered shares of Shirtinator AG already held. The purchase price was paid in cash and new Ecommerce Alliance shares. For Shirtinator a share value of €47.67 per share was calculated. Shirtinator is a mass-customisation company for T-shirts.

The final closing conditions remaining for this transaction is the issuing of the new Ecommerce Alliance shares expected in October 2010. Therefore the financial results from Shirtinator are not yet consolidated in figures for the reporting period.

On 14 July 2010, the Company signed a share purchase agreement for shares of Tiburon Partners AG. The Company plans to take over all shares of Tiburon Partners AG. The purchase price will be settled exclusively by the issue of 5,651,268 new shares. The extraordinary general meeting of the Ecommerce Alliance on 16 August 2010 has approved the acquisition of the company unanimously. All former shareholders of Tiburon Partners AG have also agreed to the offer.

9. Interim report

This interim financial report was approved by the Board of Directors on 28 September 2010.

This report will be sent to all shareholders and copies will be available from the Company’s registered office - 4th Floor, 74 Chancery Lane, London WC2A IAD and on the Company’s website - www.ecommerce-alliance.com.