

Mediasurface plc (the "Company")

Trading Statement

Mediasurface plc, the AIM listed Content Management Software Author and Vendor expects to report results below market expectations for the year ended 30 September 2007.

During this period, revenue on a pre-acquisition basis increased by 5 per cent. and the Company expects to report revenues of no less than £11.3 million (2006: £9.67 million) which would result in an estimated EBITDA loss in the region of £1.3 million (2006: £1.0 million EBITDA profit).

Despite these disappointing results, the Board believes that the underlying business remains strong.

Immediacy

Following the acquisition of Immediacy in July 2007, the operation achieved revenues of £1.1 million for the three-month period in line with market expectations. The cost base at Immediacy has been carefully controlled and is slightly below budget helping generate a modest EBITDA improvement versus expectations. Immediacy achieved 24 new business wins in the period, its best performance to date, and the prospects for the operation remain positive with no signs of a slow-down. For FY08, the operation also is expected to benefit from a £0.35 million reduction in costs following the planned departure of the two major shareholders.

Pepperio

During FY07, the focus for Pepperio has been on pursuing the market opportunity for a hosted content management system for smaller businesses and on building a partner channel. Whilst this approach has established 75 channel partners generating over 100 end-user accounts, the anticipated growth in end-user accounts has not materialised. Moving forward, the investment of £1.1 million in the financial year ended 30 September 2007 will be reduced significantly for FY08. This action will enable greater investment in other proven business streams.

Morello

Morello experienced a difficult second half as a result of two factors mainly outside our control, both of which contributed significantly to sales slippage. Firstly, Microsoft Office Sharepoint Server 2007 (MOSS) was launched. MOSS is essentially a document management and collaboration tool that complements rather than competes with Morello, but the hype generated around the launch confused the market and resulted in a number of Morello sales opportunities being postponed whilst they conducted a review of MOSS. However, industry analysts and the market overall are now starting to better understand its positioning, we have not lost a single deal to MOSS and following the recent launch of the Morello MOSS Connector, we believe there are substantial opportunities to position Morello as the web content management technology of choice to support MOSS.

The second contributing factor is a result of an extremely challenging market in the financial services sector, one of the key verticals for Morello. The recent uncertainty in this market has resulted in a number of deals being delayed and it remains difficult to predict when this circumstance will improve.

Combined, we estimate these two factors have resulted in at least £2.25 million prospective Morello licence deals not closing in the second half. The underlying pipeline for Morello however remains strong and newer geographies including the Nordics and the US are starting to deliver incremental Morello related growth.

Outlook

The Board feel that the current results, whilst disappointing, are not a result of underlying problems in either the business or the overall market and believe that the outlook for FY08 is positive given the prospects for strong revenue growth in the Immediacy operation and an encouraging sales pipeline for Morello. The effect of changes to the cost base and growing recurring revenues currently valued at £4.5 million per annum is expected to help return the group to profitability.

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