QXL Ricardo PLC
20 October 2005

QXL ricardo plc
The Matrix Complex
91 Peterborough Road
London SW6 3BU

PRESS RELEASE

QXL ricardo plc - Six Month and Second Quarter Results 20 October 2005

Profitable First Half

QXL ricardo plc ('QXL' or the 'Group', QXL.L), the pan-European online auction company, today announces results for the six months and second quarter ended 30 September 2005.

Second quarter ended 30 September 2005 - Highlights

- Revenue increased 64% to £2.47 million compared to £1.51 million for the quarter ended 30 September 2004
- Operating expenses increased 48% to £2.41 million, compared to £1.63 million for the quarter ended 30 September 2004

- Trading profit of £131,000 compared to a loss of £136,000 in the quarter ended 30 September 2004
- Operating profit of £11,000 compared to a loss of £162,000 in the quarter ended 30 September 2004
- Cash balance at 30 September 2005 of £2.53 million

Six months ended 30 September 2005 - Highlights

- Revenue increased 67% to £4.99 million compared to £2.98 million for the six months ended 30 September 2004
- Operating expenses increased 50% to £4.92 million, compared to £3.29 million for the six months ended 30 September 2004
- Trading profit of £158,000 compared to a loss of £334,000 in the six months ended 30 September 2004
- Operating profit of £1.67 million compared to a loss of £382,000 in the six months ended 30 September 2004

Commenting on the results Mark Zaleski, Chief Executive Officer, said:

'I am delighted to report another strong period of year-on-year growth and our third consecutive quarter of underlying profitability. Our cash position has continued to improve during the quarter, despite further investment in marketing and technology over the summer. We look forward to strong growth in the second half of our year. '

For further enquiries please contact:

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Mark Zaleski, Chief Executive Officer
Robert Dighero, Chief Financial Officer
Tom Parkinson, Company Secretary

Financial highlights

| | Quarter ended 30 September 2005 Unaudited £000's | * Quarter ended 30 September 2004 Unaudited £000's | Six months ended 30 September 2005 Unaudited £000's | * Six 30 Se Un |
|---|---|---|---|---|
| Revenue | 2,474 | 1,513 | 4,989 | |
| Gross profit | 2,425 | 1,471 | 4,880 | |
| Operating expenses (before share-based payment charges and exceptional items) | (2,294) | (1,607) | (4,722) | |
| Trading profit/(loss) | 131 | (136) | 158 | |
| Other operating income | - | - | 1,709 | |
| Share-based payments | (120) | (26) | (198) | |

| | | | |
|---|---|---|---|
| Exceptional expenses relating to takeover offers | - | - | - |
| Operating profit/(loss) | 11 | (162) | 1,669 |

*Figures restated to reflect International Financial Reporting Standards - see notes 1 and 2 below

Operating Review

Business performance

The quarter to 30 September is seasonally our weakest period, but we are pleased that revenue for the last quarter was 64% higher than in the same period the previous year. As a result, despite sustaining the level of our marketing, we have been able to show our third consecutive quarter of trading profitability and a profit for the first half of the year.

Our Gross Auction Value has continued to grow strongly supported by an increased number of cars sold through our Swiss site in conjunction with Winterthur, a leading insurance group.  Our Gross Auction Value in the quarter was £38.3 million, up 72% year-on-year and 4% over the previous quarter.

We are continuing to focus our efforts in those countries where we are the market-leader, i.e. Switzerland, Denmark and Norway. We have been pleased with the continuing positive impact of our TV and radio advertising campaign in Switzerland earlier this year and we are also increasing our investment in the development of our brand in Norway and Denmark. However, our principal marketing focus will continue to be online where we can target internet users more effectively and assess the returns on our investment more easily.

During the summer we have also continued to strengthen our business by increasing our focus on system development. We have plans for a number of improvements to our platforms over the coming months and are reviewing various ways of further integrating our back-end systems.

Poland

As announced on 17 October, we have been approached with a proposal for the recovery of full control of QXL Poland Sp z o.o. as well as the acquisition of certain additional assets in Poland and other parts of Eastern Europe as part of a negotiated settlement of our ongoing legal claims in Poland. The details of this proposal are still being discussed by the Board with its major shareholders.

We are keen to limit any damage to progress with our legal claims resulting from the premature disclosure of this proposal, although we anticipate that the publicity that has been generated will, at the very least, cause some further delays. In the criminal case being brought against Arjan Bakker and Przemyslaw Rogowski, their lawyers have recently claimed that the indictments should be returned to the Poznan Prosecutors' Office for lack of sufficient evidence and the commencement of the hearings in this case is therefore likely to be delayed. In the main civil case, there have been further hearings on 18 and 19 October but the next hearing date is not now scheduled until 22 November 2005. Although these developments reinforce the Company's belief that the legal proceedings will be protracted, the Board remains confident that the Polish courts will ultimately decide in the Company's favour in these proceedings.

## Current trading and outlook

Since the end of the summer holidays, trading has rebounded from the usual seasonal dip in line with our expectations and continues to grow strongly on a year-on-year basis. Our improved cash position has enabled us to sustain increased investment in marketing and technology and we look forward to strong growth in the current quarter. We continue to believe that the underlying strength of the business model, our leading market positions and the prospects for the recovery of QXL Poland will deliver further increases in shareholder value.

## Financial review

The Group's results are now presented under International Financial Reporting Standards ('IFRS'). The only impact on the Group's net profit for the comparative period arising from the change of accounting policies is due to the implementation of IFRS 2 (Share-based payment) and is detailed in notes 1 and 2 below. All comparative numbers presented have been restated in accordance with IFRS.

Revenue for the quarter ended 30 September 2005 increased 64% to £2.47 million from £1.51 million for the quarter ended 30 September 2004 and decreased 2% from £2.52 million for the quarter ended 30 June 2005. The year-on-year increase was primarily due to increased transaction volumes on our sites.

Cost of sales remained at approximately 2% of revenue. The increase in gross profit was therefore in line with the increase in revenue at £2.42 million for the quarter ended 30 September 2005, a 65% increase from £1.47 million for the quarter ended 30 September 2004 and a 1% decrease from £2.46 million for the quarter ended 30 June 2005.

Sales and marketing expenses increased 56% to £1.71 million for the quarter ended 30 September 2005 from £1.10 million for the quarter ended 30 September 2004 and decreased 7% from £1.83 million in the quarter ended 30 June 2005. Although we continued to invest in online marketing during the summer period, this decrease compared to the previous quarter was primarily a result of a major TV and radio campaign in the quarter ended 30 June 2005.

Technology and development expenses of £297,000 in the quarter ended 30 September 2005 represented a 62% increase from £183,000 in the quarter ended 30 September 2004 and a 9% increase compared to the previous quarter's figure of £273,000. The increases resulted from a general expansion of our systems to accommodate increasing transaction volumes as well as an increased focus on system development and integration. We expect further steady technology cost increases as we continue to expand.

Administrative expenses increased 15% year-on-year to £409,000 in the quarter ended 30 September 2005, from £355,000 in the quarter ended 30 September 2004 and were flat compared to the previous quarter. Going forward, although we expect some increase in administrative expenses as we continue to grow, we also expect these costs to continue to decrease as a proportion of revenue.

The above figures include the impact of equity-settled share-based payments in both the comparative and current year, as required by IFRS 2. The total impact of share-base payments in the quarter ended 30 September 2005 was £120,000 compared to £26,000 in the quarter ended 30 September 2004. The increase was primarily due to the significant increase in the Company's share price in the last year which has resulted in a much higher 'fair value' charge for options granted in this year than for options granted in prior periods.

The Group achieved an operating profit of £11,000 in the quarter ended 30 September 2005 compared to a loss of £162,000 in the quarter ended 30 September 2004.

Excluding share-based payment charges, the Group saw a trading profit of £131,000 in the quarter ended 30 September 2005 compared to a loss of £136,000 in the same period of the previous year.

Tax

During the last quarter the Group recorded a £51,000 tax charge related to the release of a deferred tax asset.

Profit per ordinary share

The Group's basic and diluted loss per ordinary share for the quarter ended 30 September 2005 was 3 pence compared to a basic and diluted loss of 14 pence per ordinary share for the quarter ended 30 September 2004.

Cash flow

Our net cash inflow from operating activities for the quarter was £231,000. In the previous quarter we had an operating outflow of £698,000 resulting from payments made to settle fees relating to the various takeover offers at the end of the last financial year.

The Group's cash position at 30 September 2005 was £2.53 million. The bulk of the Group's cash balances are held in Sterling, Euro and Swiss Franc denominated floating rate deposits.

QXL ricardo plc - Second Quarter and Six Month Results
Consolidated Income Statement

| | Quarter ended 30 September 2005 Unaudited £000's | * Quarter ended 30 September 2004 Unaudited £000's | Six months ended 30 September 2005 Unaudited £000's | * Si 30 S U |
|---|---|---|---|---|
| Revenue | 2,474 | 1,513 | 4,989 | |

| | | | | |
|---|---|---|---|---|
| Cost of sales | (49) | (42) | (109) | |
| Gross profit | 2,425 | 1,471 | 4,880 | |
| Other operating income | - | - | 1,709 | |
| Sales & marketing expenses | (1,708) | (1,095) | (3,536) | |
| Technology & development expenses | (297) | (183) | (569) | |
| Administrative expenses | (409) | (355) | (815) | |
| Operating profit/(loss) | 11 | (162) | 1,669 | |
| Net interest receivable/(payable) | 12 | (22) | 16 | |
| Profit/(loss) before taxation | 23 | (184) | 1,685 | |
| Taxation | (51) | - | (64) | |
| Profit attributable to minority interest | (21) | (7) | (25) | |
| Profit/(loss) attributable to equity shareholders | (49) | (191) | 1,596 | |
| Profit/(loss) per equity share (basic & diluted) | | | | |
| Profit/(loss) after taxation | (49) | (191) | 1,596 | |
| Weighted average number of ordinary shares outstanding | 1,758,343 | 1,348,276 | 1,749,351 | 1 |
| Net profit/(loss) per share (basic) - pence | (3) | (14) | 91 | |
| Weighted average number of ordinary shares (diluted)** | 1,758,343 | 1,348,276 | 1,964,960 | 1 |
| Net profit/(loss) per share (diluted) - pence | (3) | (14) | 81 | |
| Operating expenses above can be analysed as: | | | | |
| Sales & marketing (before share-based payments) | (1,661) | (1,083) | (3,458) | |
| Sales & marketing share-based payments | (47) | (12) | (78) | |
| Total sales & marketing expenses | (1,708) | (1,095) | (3,536) | |
| Technology & development (before | | | | |

| | | | |
|---|---|---|---|
| share-based payments) | (290) | (181) | (558) |
| Technology & development share-based payments | (7) | (2) | (11) |
| Total technology expenses | (297) | (183) | (569) |
| Administrative expenses (before share-based payments and exceptional expenses) | (343) | (343) | (706) |
| Administrative share-based payments | (66) | (12) | (109) |
| Exceptional expenses relating to takeover offers | - | - | - |
| Total administrative expenses | (409) | (355) | (815) |

* As restated to reflect International Financial Reporting Standards - see notes 1 and 2 below

** The Company has or had share options, warrants and convertible bonds, which are or were potential ordinary shares. However, in periods where the Group made a net loss, the impact on the net loss per share of these potential ordinary shares was anti-dilutive and they were therefore not included in the calculation of diluted loss per share.

Consolidated Balance Sheet

| | 30 September 2005 Unaudited | 30 September 2004 Unaudited* |
|---|---|---|

| | £000's | £000's |
|---|---|---|
| Assets | | |
| Non-current assets: | | |
| Property, plant and equipment | 265 | 164 |
| Financial assets | 3 | 2 |
| Deferred tax assets | 169 | - |
| Trade and other receivables | 21 | - |
| | 458 | 166 |
| Current assets: | | |
| Trade and other receivables | 1,235 | 831 |
| Cash and cash equivalents | 2,533 | 902 |
| | 3,768 | 1,733 |
| Liabilities | | |
| Current liabilities: | | |
| Trade and other payables | (2,017) | (6,902) |
| Net current assets/(liabilities) | 1,751 | (5,169) |
| Non-current liabilities: | | |
| Borrowings | (210) | - |
| Other non-current liabilities | (28) | (28) |
| | (238) | (28) |
| Net assets/(liabilities) | 1,971 | (5,031) |
| Shareholders' equity | | |
| Ordinary shares | 1,758 | 1,348 |
| Share premium | 240,529 | 235,301 |
| Other reserves | 9,137 | 9,137 |
| Retained earnings | (249,432) | (250,725) |
| Shareholders' equity/(deficit) | 1,992 | (4,939) |
| Equity minority interests | (21) | (92) |

| | | |
|---|---|---|
| Equity/(deficit) | 1,971 | (5,031) |

Statement of Changes in Shareholders' Equity

| | Ordinary shares | Share premium | Other reserves | Retai earni |
|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 00 |
| As at 1 April 2004 under UK GAAP | 1,282 | 230,783 | 9,137 | (250,1 |
| Impact of implementing IFRS | - | - | - | |
| As at 1 April 2004 under IFRS | 1,282 | 230,783 | 9,137 | (250,1 |
| Issue of shares | 66 | 4,518 | - | |
| Profit for the period under IFRS | - | - | - | (4 |
| Foreign exchange translation differences | - | - | - | (1 |
| Share based payment charges | - | - | - | |
| As at 30 September 2004 under IFRS | 1,348 | 235,301 | 9,137 | (250,7 |

| | Ordinary shares | Share premium | Other reserves | Retai earni |
|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 00 |
| As at 1 April 2005 under UK GAAP | 1,728 | 240,124 | 9,137 | (251,2 |
| Impact of implementing IFRS | - | - | - | |
| As at 1 April 2005 under IFRS | 1,728 | 240,124 | 9,137 | (251,2 |
| Issue of shares | 30 | 405 | - | |
| Profit for the period under IFRS | - | - | - | 1, |
| Foreign exchange translation differences | - | - | - | |
| Share based payment charges | - | - | - | |

| | | | | |
|---|---|---|---|---|
| As at 30 September 2005 under IFRS | 1,758 | 240,529 | 9,137 | (249,4 |

Consolidated Cashflow St

| | Six months ended 30 September 2005 Unaudited £ 000's | Six months ended 30 September 2004 Unaudited* £ 000's |
|---|---|---|
| Cash (outflow) from operating activities | (467) | (376) |
| Cash inflow/(outflow) from investing activities | 1,515 | (99) |
| Cash inflow/(outflow) from financing activities | 423 | (16) |
| Net increase/(reduction) in cash | 1,471 | (491) |
| Cash at beginning of period | 1,064 | 1,381 |
| Effect of exchange rate fluctuations on cash held | (2) | 12 |
| Cash at end of period | 2,533 | 902 |

* As restated to reflect International Financial Reporting Standards - see notes 1 and 2 below

Note 1: Basis of preparation

In the current year the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the Group's financial year beginning on 1 April 2005. The adoption of these standards and interpretations has resulted in changes to the Group's accounting policies. Only one of the changes - the adoption of IFRS 2 (Share-based payment) - has affected the amounts reported for the current or prior financial year. The Group has elected not to follow the full requirements of IAS 34 (Interim Reporting) which are extensive and not mandatory.

IFRS 2 requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS 2, the Group recognised the financial effect of share-based payments using the intrinsic value of the share-based payment, which is typically zero.

In accordance with the transitional provisions of IFRS 2, the standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that had not vested as of 1 January 2005. The change in accounting policy has resulted in a net decrease in profit for the financial year ending 31 March 2005 of £102,000.

The Group has taken the exemption from the requirement to restate comparative information for IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) in accordance with IFRS 1 (First time adoption of International Financial Reporting Standards) and has continued to apply UK GAAP in respect of financial instruments for the comparative period presented. The Group has no exposure to financial instruments in the current financial year.

In the comparative period, Convertible Bonds, which were convertible into ordinary shares, were stated at net proceeds after deducting issue costs. The interest due on the bonds was charged to the profit and loss account on a monthly basis and an equal amount credited to the carrying value of the bond. The initial carrying value of the bonds was determined by reference to the initial proceeds and the market value of the associated warrants. The bonds have converted into ordinary shares at various dates since being issued and none were outstanding at the balance sheet date. The Group has no exposure to financial instruments in the current financial year.

The financial information contained in this announcement does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The Group's auditors have made a report on the statutory accounts of the Group in respect of the financial year ended 31 March 2005, which was unqualified and did not contain a statement under section 237(2) or section 237(3) of that Act. Statutory accounts for the year ended 31 March 2005 were adopted at the Company's Annual General Meeting held on 28 June 2005 and have been delivered to the Registrar of Companies.

Note 2: Reconciliation of loss for the quarter ended 30 September 2004 and financial year ended 31 March 2005

| | 30 September 2004 |
|---|---|

| | Unaudited £ 000's |
|---|---|
| (Loss) under UK GAAP | (165) |
| Effect of: | |
| IFRS 2 - Share-based payment | (26) |
| (Loss) under IFRS | (191) |

Background on QXL ricardo plc

QXL ricardo plc supports an online auction community, conducting online auctions and e-commerce in ten European countries. The QXL platform connects buyers and sellers 24 hours a day, seven days a week in a safe, efficient, and entertaining environment. A wide selection of merchandise and services is available on its sites, ranging from computer software and hardware to consumer electronics and collectibles. QXL is a publicly traded company with its shares listed on the Official List of the London Stock Exchange.

QXL provides access to the QXL trading community in:

UK
www.qxl.com
&

www.qxl.co.uk

Denmark

www.qxl.dk

France

www.aucland.fr

Germany

www.ricardo24.de

Italy

www.qxl.it

Netherlands

www.ricardo.nl

Norway

www.qxl.no

Poland

www.aukcje24.pl

Sweden

www.qxl.se

Switzerland

www.ricardo.ch

Forward-looking statements

This document may contain forward-looking statements that relate to the Group's plans, objectives, estimates and goals. The Group's business is subject to numerous risks and uncertainties, including risks associated with: funding requirements; litigation; growth of the online commerce market; and competition. These and other risks and uncertainties could cause the Group's actual results and developments to be materially different from those expressed or implied by any of these forward-looking statements.

Copies of this document are available from the Group's registered office - The Matrix Complex, 91 Peterborough Road, London SW6 3BU and will be available on the Company's website,

www.qxl.com