



asia  
digital  
holdings<sup>PLC</sup>



annual report and accounts 2009

**Asia Digital Holdings Plc** is an independent digital marketing group operating in the Asian, Australian and New Zealand territories. It operates distinct businesses each serving different aspects of supply within the digital marketplace.

Our mission is to provide online marketing products and services, managed and delivered through talented teams that result in a direct and quantifiable return on our clients' online marketing investment.

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## chairman's statement



I am pleased to present the Group's final results for the financial year ended 31 December 2009.

### Financial results

#### Trading

Despite the global economic climate, the Group delivered a 28% increase in sales in the year to £18.9 million (2008: £14.7 million) and gross profit showed a 10% increase to £4.6 million (2008: £4.2 million).

The sales increase has been largely driven by the Asian operations, which now represent 34% (2008: 20%) of Group sales.

The Group has suffered a recession-driven sales mix shift that has brought down our gross profit margin from 28% in 2008 to 24% in 2009. A reduction in affiliate marketing commissions generated by consumer buying from our clients online has been offset by a growth in the provision of search engine marketing services, a lower margin offering.

The impact of this sales mix change on gross profitability is evident across the Group but most evident in our more established Australian business. As a result gross profit in Australia fell for the year by 5.4%. This fall was more than offset by a 61% increase in gross profit from Asia leaving the region representing 39% (2008: 25%).

Other administrative costs have seen a 5% increase in the period to £6.3 million (2008: £6.0 million). This has been driven by a 16% increase in operating business costs, slightly offset by a 13% reduction in central costs. Central costs consist of Group management, the Group's stock market quotation and other central services including the finance, human resources and technical functions.

As a result of the above, the Group as a whole delivered a 3% reduction in loss from operations of £2.36 million for the period (2008: loss £2.43 million).

Within the year the Group's commitment to return Asia Digital to profitable trading has led to certain initiatives being suspended or terminated as at the end of the first half of the year. In addition, cost savings have been facilitated by a management restructure in the third quarter leaving a smaller senior team, more appropriate to the current business size.

A post recessionary improvement in trading trends in the second half of the year, combined with a lower cost base, returned the Group to profitable trading throughout the fourth quarter.

#### Working capital

The Group's trading losses, combined with current macro economic factors, has put a strain on working capital. Accordingly, continued emphasis was placed on working capital management with increased attention to credit control and taking full advantage of suppliers' credit terms where possible.

Within the first quarter of the year, the Group arranged a sales ledger credit facility with Commonwealth Bank in Australia. This was used throughout the year and we anticipate this will continue to be used.

In addition, in May 2009, the Group raised £500,000 by way of a convertible loan note, issued to a company controlled by John Porter, the Group's former Chairman.

In October 2009, as a result of the tightening of supplier terms from one of the Group's largest suppliers and to further strengthen the balance sheet, the Group successfully raised £1.275 million (gross of expenses) via a placing of new ordinary shares.

A key focus of the Group was to achieve a positive trading cash flow at the earliest opportunity. Though this has now been achieved, there will remain a continued focus on working capital management to ensure sufficient strength in the balance sheet to allow the Group to participate fully in the sector and economic upturn.

#### Group offering

The Group continues to operate business units covering three distinct areas of supply in the digital advertising sector. These businesses are currently managed along geographical lines but it is anticipated that as the Group evolves a more business unit based management approach will be adopted.

*DGM* – a specialist online direct marketing company focusing on the delivery of consumers to advertisers through search engine marketing, affiliate marketing and display advertising, servicing both agencies and clients direct. This is the largest part of the Group in terms of headcount, sales and profitability.

*AKTIV* – an advertising sales network working with digital media owners to monetise their inventory of advertising slots (banners, emails, SMS) through an in-house team selling to both agencies representing advertisers, and advertisers direct. This is the second largest part of the Group in terms of headcount, sales and profitability.

*Deploy Digital* – a digital communications planning and implementation agency. This part of the Group is not material in the sales mix, is operating at or around breakeven and has no dedicated resource.

### Markets

Steven Noble, a respected commentator from Forrester Research, concluded in his 2009 paper on Asia Pacific Interactive Marketing Predictions that “APAC’s incredible rates of economic growth, urbanisation and Internet adoption merely hint at the digital transformation that’s underway in this region”.

The Group’s Asian expansion was originally driven by recognition that the region was experiencing material growth in internet users and digital advertising spend, combined with a limited supply of experienced digital marketers.

The region currently has 755 million people online and represented 42% of world internet users. Furthermore, the region generated \$14 billion of internet advertising or 23% of global internet advertising spend (Source: InternetWorldStats; ZenithOptimedia December 2009 Report).

Asia Pacific represented only 1.1% of global digital advertising in 2000 and this grew to 13.4% in 2009. It is expected to grow to 17.3% in 2012.

Only 19% of the Asia Pacific population were online in 2009 compared to 74% in the USA and 76% in the UK. This suggests that further material growth can be expected, which will in turn stimulate further significant growth in digital advertising.

Only 1% of total advertising budgets in the region were allocated to the internet in 2000 when the internet reach was at 25% of the population. By 2009, internet reach was at 76% of the population and the percentage of advertising allocated online rose to 26%.

Though the supply side has developed since 2007 when the Group entered the South-east Asian market, the management considers the market opportunity to remain attractive. The core skill sets of the two main businesses DGM and AKTIV are highly relevant to market needs.

### Outlook

Asia Digital currently operates in territories that represent less than 15% of Asia Pacific, and less than 2.5% of Asia internet advertising spend.

Within this small part of the regional market, and in the midst of a global recessionary climate, the Group has extended an existing successful business from Australia into India and the South-east Asia region proving concept, building a brand and returning the Group as a whole to positive earnings trading throughout the fourth quarter of 2009.

Further material growth in digital advertising spend is expected within current operating territories, however launching in additional territories will facilitate access to a significantly larger share of regional digital budgets. Entering the Chinese marketplace for example would give the Group exposure to a market estimated to be worth over \$4 billion in 2010 and representing over 25% of Asia’s internet advertising spend.

With this in mind the Group is presently completing its Chinese corporate formation with staff, offices and launch clients already contracted. We are cautiously optimistic that this expansion will deliver incremental cash flows within the current period. We expect to be operating from Shanghai by June 2010.

### Staff

The Directors wish to extend their gratitude to the worldwide team of management and staff whose endeavours have helped the Group to return to positive EBITDA.



**David Lees**  
Chairman

26 April 2010

## directors



**David Lees, ACA**  
**Non-Executive Chairman**

David is a qualified chartered accountant with many years' experience in the public company arena. He has been a founding director of several public companies (such as Medeva Plc, SkyePharma Plc and Names.co Internet Plc) and a director of many other successful companies. He is currently a director of Triple Plate Junction PLC, Kea Petroleum plc, Metis Biotechnologies Plc, Network Estates Limited and Accident Exchange Group Plc.



**Adrian Moss, ACA**  
**Chief Executive**

Adrian qualified as a chartered accountant with Price Waterhouse in 1996. After working in corporate finance at Price Waterhouse he became head of strategy and securitisation for I-Group Limited and was responsible for group budgeting, negotiating funding lines and managing the securitisation of mortgage receivables. In 1999 he founded The Deal Group Limited, now known as dealgroupmedia (UK) Limited and was appointed as Chief Executive Officer of Asia Digital Holdings Plc in December 2006.



**Keith Lassman, LLB, MSI**  
**Non-Executive Director**

Keith is a senior partner in the corporate finance department of London law firm, Howard Kennedy. Keith brings considerable experience to the Board in a broad range of corporate finance transactions including acquisitions, disposals and capital raising. He is also a non-executive chairman of Tasty plc (whose shares are traded on AIM), deputy chairman of the EIS Association and a member of the Securities Institute.



**Tina Beattie**  
**Non-Executive Director**

Tina has held a range of strategic management roles which have enabled her to deliver multipart procedures, particularly in volatile markets across cultures and geographic boundaries. Tina was the global head of research at ABN AMRO Bank N.V. where she was responsible for re-designing and implementing the product, structure, intellectual property and technology across 44 countries. Tina has also headed up a team of 450 analysts whilst a director of research management of the EMEA offices of Merrill Lynch.

## advisers

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**Directors****David Lees**

Non-Executive Chairman

**Adrian Moss**

Chief Executive

**Keith Lassman**

Non-Executive

**Tina Beattie**

Non-Executive

**Keith Lassman**

Company Secretary

**Registered Office**

19 Cavendish Square

London W1A 2AW

**Nominated Advisers and Brokers****Astaire Securities plc**

30 Old Broad Street

London EC2N 1HT

**Registrars****Capita Registrars**

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

**Auditor****Grant Thornton UK LLP**

London Thames Valley Office

Churchill House

Chalvey Road East

Slough

Berks SL1 2LS

**Solicitors****Howard Kennedy**

19 Cavendish Square

London W1A 2AW

**Bankers****Barclays Bank plc**

27 Soho Square

London W1D 3QR

## corporate governance

for the year ended 31 December 2009

The Company is committed to applying the highest principles of corporate governance commensurate with its size.

### Compliance

As the Company is listed on AIM, it is not required to comply with the provisions set out in the Combined Code prepared by the committee on corporate governance, nor is it required to comment on its compliance with such provisions.

However, the following information is provided, which describes how the principles of corporate governance are applied by the Company.

### Directors

The Company supports the concept of an effective Board leading and controlling the Group. The Board is responsible for approving Group policy and strategy and meets regularly. Executive management supplies the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of one Executive Director, who holds a key operational position in the Company, and three Non-Executive Directors, who bring a breadth of experience and knowledge. This provides a balance whereby an individual or small group cannot dominate the Board's decision making. Two of the Non-Executive Directors have interests in shares of the Company and hold share options, as set out in note 4 to the financial statements. The Non-Executive Directors have each considered their independence in light of the above interests and other business relationships as laid out in note 19 to the financial statements. The Directors and the Board as a whole consider that these factors do not impinge upon their objectivity or independence and so all Non-Executive Directors are considered to be independent from the Group and management.

The Chairman of the Board is David Lees. The Board members are described on page 4. All Directors are subject to re-election every three years and at the first Annual General Meeting (AGM) after their appointment. The Board has not appointed a Nomination Committee.

### Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It, therefore, holds regular meetings with its institutional shareholders to discuss objectives.

The AGM is used to communicate with investors and they are encouraged to participate. The Chairman of the Audit and Remuneration Committees is available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

### Accountability and audit

The Board presents a balanced and understandable assessment of the Group's position and prospects in all interim and price sensitive reports and reports to regulators, as well as in the information required to be presented by statutory requirements.

The Audit Committee meets as required and comprises David Lees (Chairman) and Keith Lassman, both of whom are independent Non-Executive Directors. The terms of reference of the Committee include keeping under review the scope and results of external audits and their cost effectiveness. The Committee reviews the independence and objectivity of the external auditor. This includes reviewing the nature and extent of non-audit services supplied by the external auditor to the Group, seeking to balance objectivity and value for money.



### Internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard both the shareholders' investment and the Group's assets.

The Board has reviewed its risk management framework and identified areas where procedures need to be changed or installed.

The Board has considered the need for an internal audit function but has decided that the size of the Group does not justify this at present. However, it will keep the decision under review. The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial period and the period up to the date of approval of the financial statements.

The Directors are responsible for the Group's system of internal control and reviewing its effectiveness. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The key features of the Group's system of internal control are as follows:

#### Steps taken to ensure an appropriate control environment

The Board, acting through the Audit Committee, has put into place an organisational structure with clearly defined responsibilities for internal financial control.

#### Process used to identify major business risks and to evaluate their financial implications

The identification of major business risks is carried out in conjunction with operational management and steps are taken to mitigate or manage these risks where possible.

#### Major information systems that are in place

There are comprehensive financial management reporting systems in place, which involve the preparation of detailed annual budgets by the Group and longer-term financial forecasting. The budgets are generated by the responsible member of the management team and passed to the Board for approval. The Board monitors performance against budget on a regular basis.

#### Main control procedures which address the financial implications of the major business risks

The Group maintains financial controls and procedures appropriate to the business environment conforming to overall standards and guidelines, which are set by the Board.

#### Monitoring system the Board uses to check the system is operating effectively

The external auditors review the control procedures to the extent necessary for expressing their audit opinion, and report on any weakness arising during the course of their audit work. The Board has reviewed the operation and effectiveness of the Group's system of internal financial control for the financial period and for the period up to the date of the approval of these financial statements.

### Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future (in accordance with the Report of the Directors). For this reason, they continue to adopt the going concern basis in preparing the financial statements.



**David Lees**

Chairman

26 April 2010

# report on remuneration

for the year ended 31 December 2009

## Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Group operates within a competitive environment and its performance depends on the individual contributions of the Directors and employees. It believes in rewarding vision and innovation. The Board has decided to present this remuneration report for shareholder approval so that the shareholders can approve the policy set out in this report.

## Policy on Executive Directors' remuneration

The policy of the Board is to provide an executive remuneration package designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary. The remuneration should also reflect the Directors' responsibilities and include incentives to deliver the Company's objectives. The notice period for termination of the Executive Director's service contract is 12 months.

The Remuneration Committee has responsibility for making recommendations to the Board on the Company's general policy on executive remuneration and also specific packages for individual Directors. It carries out the policy on behalf of the Board.

The membership of the Committee is as follows:

David Lees (Chairman); and  
Keith Lassman.

David Lees and Keith Lassman are independent Non-Executive Directors. Neither of them have any personal financial interest in the matters to be decided (other than as shareholders, share option holders and those disclosed in note 19 to the financial statements), potential conflicts of interest arising from cross Directorships nor any day-to-day involvement in running the business.

The Committee meets as required to determine executive remuneration policy.

## Main elements of Executive remuneration

There are four main elements of the Executive Directors' remuneration package:

- i. fees;
- ii. annual bonus payments;
- iii. share option incentives; and
- iv. pension contributions.

### Fees

The Executive Directors' basic salaries are reviewed by the Committee. In deciding upon appropriate levels of remuneration, the Committee believes that the Group should offer average levels of base pay reflecting individual responsibilities compared to similar jobs in comparable companies, as well as internal factors such as performance.

### Annual bonus payments

The Committee establishes the objectives which must be met for a bonus to be paid. A performance-related award scheme incorporating audited earnings per share, share price performance and Group profitability has been established which recognises the success of the business for which the Executive Directors are responsible. Bonus payments are non-pensionable.

### Share options incentives

The interests of Directors in the Company's share options are detailed in note 4 to the financial statements.

### Pensions contributions

All pension entitlements for the Directors are disclosed in note 4 to the financial statements.

**Non-Executive Directors**

The Board as a whole determines the remuneration of the Non-Executive Directors.

Non-Executive Directors do not have contracts of service but letters of appointment.

**Details of Directors' remuneration**

This report should be read in conjunction with notes 4 and 21 to the financial statements, which also form part of this report. Full details of all elements of the remuneration package of each Director are given in note 4 to the financial statements, together with details of Directors' share interests.

**David Lees****Chairman of the Remuneration Committee**

26 April 2010

# report of the directors

for the year ended 31 December 2009

The Directors present their report together with the financial statements for the year ended 31 December 2009.

## Principal activity

The Group is principally engaged in the provision of online marketing services.

## Business review

A review of the business during the period and an indication of likely future developments are found in the Chairman's statement.

The loss for the financial year after taxation amounted to £2,574,000 (2008: £2,838,000). In view of the losses the Directors cannot recommend payment of a dividend.

## Future developments

The Group is currently completing its Chinese corporate formation, and the Shanghai office is expected to commence trading in June 2010. Further details are disclosed in the Chairman's statement on page 3.

The Group has been notified of the intention by its largest search engine marketing client in Australia, that they intend to gradually internalise much of this work over the 2010 period, predominantly in the second half. Gross profit associated with this work is material representing 11% of Group gross profit. With the advance notice given by the client, management believes that a focus on diversification will mitigate much of the impact of this action. Accordingly, no material impact is expected for the current period though growth in our Australian business for 2011 is expected to be lower than would otherwise have been the case.

## Key performance indicators (KPIs)

The Directors consider revenue, gross profit and profit before tax as KPIs in measuring Group performance. Staff turnover and client retention are examples of non-financial KPIs considered important to the Directors.

## Key trading risks and uncertainties

The Directors consider the loss of key clients as a key trading risk. Uncertainty exists in the performance of the start up operations and the speed of its evolution in Asia Pacific. Further details are disclosed in notes 1a and 18 to the financial statements.

## Directors

The Directors of the Company and their interests in the shares of the Company at the start of the year, or when appointed, and at the end of the year, or on resignation, are set out in note 4 to the financial statements.

In accordance with the terms of the Company's Articles of Association, Tina Beattie will retire and will offer herself for re-election at the AGM.

## Payment policy

It is the Group's policy to agree the terms of payment with each supplier. Trade creditors at the year end amount to 125 days (2008: 127 days) of average supplies for the period.

## Financial risk management objectives and policies

The Directors constantly monitor the financial risks and uncertainties facing the Group with particular reference to the exposure to price, currency, credit, liquidity and cash flow risk. They are confident that suitable policies are in place and that all material financial risks have been considered. More detail is given in note 18 to the financial statements.

### Substantial shareholders

At 30 March 2010 the following had notified the Company of disclosable interests in 2% or more of the nominal value of the Company's shares, save for the Directors whose interests are disclosed in note 4 to the financial statements:

	Shareholding	%
I-Spire plc	103,237,178	14.57
William De Broë	84,057,582	11.86
JO Hambro Capital Management UK Growth Fund	81,835,000	11.55
J Dennis	25,000,000	3.53

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 2 to 3. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's statement on page 2. In addition, pages 6 to 7 include the Group's objectives, policies and processes for managing its capital; notes 1a and 18 to the financial statements include its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risks.

As a result of trading losses and the recessionary impact, extra emphasis was placed on working capital management with increased attention to credit control and where possible taking full advantage of suppliers' credit terms. Together with the issue of a convertible loan and new ordinary shares during the period, this has resulted in a cash balance as at the year end of £1,617,000, an increase of £1,089,000 from the cash balance at the beginning of the year.

We are satisfied with our progress through 2009 and encouraged by trading within the first quarter of 2010 which is slightly ahead of internal expectations. Furthermore we are excited by the potential for the future. All operations are either contributing or expected to contribute to Group profitability within the current year and for the current year as a whole. We have started to benefit from cost restructuring in 2009 and have set the business up to be more profitable in the future.

If the growth that the business has experienced in 2009 is indicative of future growth, then prospects for the Group are exciting. We are well positioned to benefit from the expected material upturn in advertiser budgets placed online within the Asian marketplace and expect that the planned expansion into China will provide enhanced opportunity to grow more than would otherwise be the case.

We are trading within all funding facilities and are not aware of any reason that these facilities will be breached within 12 months of signing the financial statements.

The Group does have a dependency on certain key suppliers. However, we have no reason to suspect that their support will not continue.

The Directors, therefore, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## report of the directors continued

for the year ended 31 December 2009

### Directors' responsibilities for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and Company financial statements under United Kingdom Accounting Standards (UK GAAP). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRS and UK GAAP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Website

A copy of the financial statements is placed on the Company's website. The maintenance and integrity of the website is the responsibility of the Directors and the work carried out by the auditor does not involve consideration of those matters. Accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

### Auditor

Grant Thornton UK LLP has expressed their willingness to continue in office and a resolution that they be re-appointed will be proposed at the AGM in accordance with Section 489(1) of the Companies Act 2006.

On behalf of the Board



**Adrian Moss**  
Chief Executive Director

26 April 2010

# independent auditor's report

to the members of asia digital holdings PLC (formerly dealgroupmedia Plc)

We have audited the consolidated financial statements of Asia Digital Holdings Plc (formerly dealgroupmedia Plc) for the year ended 31 December 2009 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes 1 to 21. The consolidated financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Other matter

We have reported separately on the parent company financial statements of Asia Digital Holdings Plc (formerly dealgroupmedia Plc) for the year ended 31 December 2009.

## Mark Henshaw

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

26 April 2010

# accounting policies (consolidated financial statements)

for the year ended 31 December 2009

## 1a Presentation of financial statements

These consolidated financial statements have been prepared in accordance with the requirements of IFRS as adopted by the European Union and as developed and published by the International Accounting Standards Board and under the historic cost convention.

Separate financial statements of the parent company have been presented on pages 41 to 50, which are prepared in accordance with UK GAAP.

IAS 1 Presentation of Financial Statements (Revised 2007) and IFRS 8 Operating Segments have been adopted in the financial statements for the first time.

IAS 1 (Revised 2007) does not effect the financial position or losses of the Group, but gives rise to additional disclosures. IAS 1 (Revised 2007) affects the presentation of changes in owner equity and introduces a 'Statement of comprehensive income'. In accordance with the new standard the entity does not present a 'Statement of recognised income and expenses' (SORIE). Further, a 'Statement of changes in equity' is presented. In addition IAS 1 (Revised 2007) requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2008 balance sheet is the same as that previously published.

The adoption of IFRS 8 has changed the segments that are disclosed in the financial statements. In the previous financial statements segments were identified by reference to the dominant source of and nature of the Group's risks and returns. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the chief operating decision maker. The impact of the adoption of IFRS is to give additional disclosures of business segment revenues within geographical regions.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 2 to 3. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's statement on page 2. In addition, pages 6 to 7 include the Group's objectives, policies and processes for managing its capital; notes 1a and 18 include its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risks.

As a result of trading losses and the recessionary impact, extra emphasis was placed on working capital management with increased attention to credit control and where possible taking full advantage of suppliers' credit terms. Together with the issue of a convertible loan and new ordinary shares during the period, this has resulted in a cash balance as at the year end of £1,617,000, an increase of £1,089,000 from the cash balance at the beginning of the year.

We are satisfied with our progress through 2009 and encouraged by trading within the first quarter of 2010 which is slightly ahead of internal expectations. Furthermore we are excited by the potential for the future. All operations are either contributing or expected to contribute to Group profitability within the current year and for the current year as a whole. We have started to benefit from cost restructuring in 2009 and have set the business up to be more profitable in the future.

If the growth that the business has experienced in 2009 is indicative of future growth, then prospects for the Group are exciting. We are well positioned to benefit from the expected material upturn in advertiser budgets placed online within the Asian marketplace and expect that the planned expansion into China will provide enhanced opportunity to grow more than would otherwise be the case.

We are trading within all funding facilities and are not aware of any reason that these facilities will be breached within 12 months of signing the financial statements.

The Group does have a dependency on certain key suppliers however we have no reason to suspect that their support will not continue.

The Directors, therefore, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.



### 1b New significant standards and interpretations in issue but not yet effective

The following is a list of accounting standards and interpretations in issue but not yet effective:

- IFRS 9 Financial Instruments (effective 1 January 2013);
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011);
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009);
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009);
- Group Cash-settled Share-based Payment Transactions – Amendment to IFRS 2 (effective 1 January 2010);
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010);
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009);
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009);
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009);
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010);
- Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14 (effective 1 January 2011);
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010); and
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010).

### 1c Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below:

#### Consolidation

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, in accordance with IFRS 3. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Subsidiaries are consolidated from the date control passes, until such time as control ceases.

#### Associates

Associates are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, an equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate. The carrying value of the investment on the balance sheet is adjusted for the Group's share of the net profit or loss of the associate. It is also reviewed for impairment at every balance sheet date by determining the present value of estimated cash flows discounted at the original effective interest rate.

Where the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not continue to recognise its share of further losses.

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of the losses not recognised.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

## accounting policies (consolidated financial statements) continued

for the year ended 31 December 2009

### 1c Summary of significant accounting policies continued

#### Revenue

All revenue relates to the rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT (or overseas equivalents) and trade discounts. Revenue is recognised when the services are provided by reference to the stage of completion at the reporting date, the amount of revenue can be reliably estimated and it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion of service and revenue recognition are determined by validating the service activity reports generated by in-house or third parties tracking tools against insertion orders, purchase orders or agreements signed. The revenue is not recognised for any incomplete and/or invalidated services at the year end.

On occasions, revenue for services is invoiced in advance of the services being provided. In such cases revenue is deferred and subsequently recognised on completion in accordance with the criteria set out above.

#### Software development

Development costs incurred or software purchased on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation and all research costs are expensed as incurred.

Amortisation is calculated to write down development costs over their expected useful economic life of four years.

#### Property, plant and equipment

Depreciation is calculated to write down the purchase cost of all property, plant and equipment to residual value over their expected economic useful lives. Residual values are assessed annually.

The periods generally applicable are:

Leasehold improvements	– 20% – 33% per annum
Furniture, fittings and equipment	– 25% – 50% per annum
Motor vehicles	– 25% – 33% per annum

#### Pensions

The Group pays contributions to a defined contribution plan. The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

#### Share-based payments

Share-based payments that are within the scope of IFRS 2 Share-based Payment have been recognised in the financial statements in accordance with that standard. This has been applied to arrangements granted after 7 November 2002.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and, in accordance with IFRS 2, excludes the impact of non-market vesting conditions.

Equity-settled share-based payments are recognised as an expense in the income statement in accordance with IFRS 2 with a corresponding credit to equity.

If service period or other non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

### 1c Summary of significant accounting policies continued

#### Share-based payments continued

No adjustment is made to any expense recognised in prior periods of share options ultimately exercised that are different from the number that actually vested. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium.

Fair values of share options/awards, measured at the date of the grant of the option, are determined using a binomial model methodology.

#### Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

#### Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease. The Group has no finance lease and regards all leases as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

#### Financial instruments

A financial instrument refers to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and is recognised on the Group's balance sheet when the Group becomes a party to the contractual terms of the instrument. Financial instruments include cash and deposits, trade receivables and payables, debt and equity securities, etc.

#### Trade and other receivables

Trade and other receivables are recognised initially at fair value and, subsequently, measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and changes to debtor payment patterns are considered indicators that the trade receivable may be impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

#### Trade and other payables

Trade and other payables are not interest-bearing and are stated at their fair value on initial recognition. They are then accounted for using the effective interest method.

#### Borrowings

Borrowings are recognised at fair value, net of transaction costs incurred. They are then accounted for using the effective interest method. Fees paid on the settlement of loan facilities are recognised as transaction costs of the loan.

## accounting policies (consolidated financial statements) continued

for the year ended 31 December 2009

### 1c Summary of significant accounting policies continued

#### Financial instruments continued

##### Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risk and uncertainties associated with the present obligation.

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks that are readily convertible into known amounts of cash and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

##### Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct costs.

##### Equity

Equity comprises the following:

Share capital	– represents the nominal value of equity shares
Capital redemption reserve	– represents the reserve fund for shares redemption or buy-back
Share premium	– represents the excess over the nominal value of the fair value of consideration for shares issued
Retained earnings	– represents the accumulated retained profits
Share-based payment reserve	– represents the cumulative charges for share-based payments
Translation reserve	– represents the cumulative foreign exchange differences on translating subsidiaries

##### Foreign currencies

The presentational currency is sterling. The parent company's functional currency is sterling. The functional currencies of significant subsidiaries and associated undertakings are sterling, Australian dollar and Singapore dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value is determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities such as equities classified as available for sale where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

### 1c Summary of significant accounting policies continued

#### Segmental reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- whose operating results are reviewed regularly by the Group's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Group operates two main operating segments and each of these operating segments is managed separately. All inter-segment transfers are carried out at arm's length prices. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

#### Discontinued operations

A discontinued operation is a cash-generating unit that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- a subsidiary acquired exclusively with a view to resale.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the balance sheet date. In line with IFRS 5.33, the income statement for the prior year has been restated to disclose the loss from discontinued operation and its disposal after the loss from continuing operations.

### 1d Accounting estimates and judgments

#### Significant judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

#### Internally generated software and research costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expenses as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

#### Allowance for bad and doubtful debts

The allowance for bad and doubtful debts is based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events of changes in circumstances indicate that the balances may not be collectible.

#### Recognition of deferred tax assets

The Directors have also used their judgment in not recognising deferred tax assets as explained in note 5 to the financial statements.

# consolidated income statement

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	1	<b>18,873</b>	14,700
Cost of sales		<b>(14,265)</b>	(10,511)
<b>Gross profit</b>		<b>4,608</b>	4,189
<b>Administrative expenses</b>			
– amortisation		<b>(404)</b>	(274)
– depreciation		<b>(91)</b>	(148)
– share-based payments		<b>(150)</b>	(179)
– other administrative expenses		<b>(6,324)</b>	(6,021)
		<b>(6,969)</b>	(6,622)
<b>Loss from operations</b>	2	<b>(2,361)</b>	(2,433)
Interest received		<b>4</b>	4
Interest payable		<b>(109)</b>	(25)
Share of loss of associates	9	<b>(135)</b>	(343)
<b>Loss before tax</b>		<b>(2,601)</b>	(2,797)
Income tax	5	<b>(27)</b>	(41)
<b>Total loss after taxation from continuing operations</b>		<b>(2,628)</b>	(2,838)
<b>Discontinued operations</b>			
Profit before tax from discontinued operations	6	<b>54</b>	—
Income tax		<b>—</b>	—
<b>Profit after tax from discontinued operations</b>		<b>54</b>	—
<b>Total loss</b>		<b>(2,574)</b>	(2,838)
<b>Attributable to:</b>			
Equity holders of the parent		<b>(2,574)</b>	(2,838)
Minority interest		<b>—</b>	—
<b>Earnings per share</b>			
Basic and diluted loss per share	7	<b>(0.36p)</b>	(0.62p)
Basic and diluted loss per share from continuing operations	7	<b>(0.37p)</b>	(0.62p)
Basic and diluted loss per share from discontinued operations		<b>0.01p</b>	—

# consolidated statement of comprehensive income

for the year ended 31 December 2009

	2009 £'000	2008 £'000
<b>Loss for the year</b>	<b>(2,574)</b>	(2,838)
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	(145)	(524)
<b>Total comprehensive income for the year</b>	<b>(2,719)</b>	(3,362)
<b>Attributable to:</b>		
Equity holders of the parent	(2,719)	(3,362)
Minority interest	—	—

# consolidated balance sheet

as at 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	126	190
Intangible assets	8	—	404
Investment in associates	9	—	135
		<b>126</b>	<b>729</b>
<b>Current assets</b>			
Trade and other receivables	11	5,572	4,230
Cash and cash equivalents	17	1,617	528
		<b>7,189</b>	<b>4,758</b>
<b>Total assets</b>		<b>7,315</b>	<b>5,487</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	14	4,792	4,537
Capital redemption reserve		13,188	13,188
Share-based payment reserve	15	1,033	883
Share premium account		23,703	22,683
Translation reserve		(615)	(470)
Retained earnings		(44,234)	(41,660)
<b>Total equity</b>		<b>(2,133)</b>	<b>(839)</b>
<b>Current liabilities</b>			
Trade and other payables	12	8,317	5,677
Borrowings	13	546	—
Lease commitments provision	16	183	91
Corporation tax		68	41
		<b>9,114</b>	<b>5,809</b>
<b>Non-current liabilities</b>			
Lease commitments provision	16	334	517
<b>Total liabilities</b>		<b>9,448</b>	<b>6,326</b>
<b>Total equity and liabilities</b>		<b>7,315</b>	<b>5,487</b>

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 26 April 2010 by:



**Adrian Moss**  
Chief Executive Director



# consolidated cash flow statement

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Operating activities</b>			
Loss after tax		(2,574)	(2,838)
Depreciation		91	148
Amortisation		404	274
Share-based payment		150	179
Increase in receivables		(1,342)	(1,063)
Increase in payables		2,595	3,402
Foreign exchange differences		(145)	(524)
Finance income		105	21
Share of loss from associated undertakings		135	343
Loss on disposal of property, plant and equipment		2	—
Tax charge		27	41
Net cash flow from operations		(552)	(17)
<b>Investing activities</b>			
Purchase of property, plant and equipment		(29)	(104)
Purchase of shares in associated undertakings		—	—
Consideration for disposal of subsidiary (net of cash disposed)		—	—
Disposal of subsidiary net assets		—	—
Purchase of intangible assets		—	—
Interest received		4	4
Net cash used in investing activities		(25)	(100)
<b>Financing activities</b>			
Issue of ordinary share capital		255	—
Share premium on the issue of ordinary share		1,020	—
Issue of convertible loan notes		500	—
Interest paid		(109)	(25)
Net cash generated/(used) from financing activities		1,666	(25)
Net increase/(decrease) in cash and cash equivalents		1,089	(142)
Cash and cash equivalents at start of period		528	670
<b>Cash and cash equivalents at end of period</b>	17	<b>1,617</b>	<b>528</b>

## consolidated statement of changes in equity

for the year ended 31 December 2009

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2009</b>	<b>4,537</b>	<b>22,683</b>	<b>13,188</b>	<b>883</b>	<b>(470)</b>	<b>(41,660)</b>	<b>(839)</b>
Share options issued in share-based payments	—	—	—	150	—	—	150
Issue of share capital	255	1,020	—	—	—	—	1,275
Transactions with owners	4,792	23,703	13,188	1,033	(470)	(41,660)	586
Loss for the year	—	—	—	—	—	(2,574)	(2,574)
Other comprehensive income:							
Exchange difference on translation of foreign operations	—	—	—	—	(145)	—	(145)
Total comprehensive income for the year	—	—	—	—	(145)	(2,574)	(2,719)
<b>Balance at 31 December 2009</b>	<b>4,792</b>	<b>23,703</b>	<b>13,188</b>	<b>1,033</b>	<b>(615)</b>	<b>(44,234)</b>	<b>(2,133)</b>
Balance at 1 January 2008	4,537	22,683	13,188	704	54	(38,823)	2,343
Share options issued in share-based payments	—	—	—	179	—	—	179
Issue of share capital	—	—	—	—	—	—	—
Transactions with owners	4,537	22,683	13,188	883	54	(38,823)	2,522
Loss for the year	—	—	—	—	—	(2,838)	(2,838)
Other comprehensive income:							
Exchange difference on translation of foreign operations	—	—	—	—	(524)	—	(524)
Total comprehensive income for the year	—	—	—	—	(524)	(2,838)	(3,362)
Balance at 31 December 2008	4,537	22,683	13,188	883	(470)	(41,660)	(839)

# notes to the consolidated financial statements

for the year ended 31 December 2009

## 1 Revenue and segmental information

The Group is principally engaged in the provision of online marketing services. Revenue is attributable to the principal activity, which is mainly carried out in Australia and the Asia Pacific region. In addition to these geographical segments, management also considers the business from an operating segment perspective.

The main operating segments are DGM and AKTIV. The other operating segments do not meet the quantitative thresholds required by IFRS 8 to be reported as separate segments.

The DGM segment is a specialist online marketing operation focusing on the delivery of customers to advertisers through search engine marketing, affiliate and display advertising, servicing both agencies and direct clients.

The AKTIV segment is an advertising sales network working with digital media owners to monetise their inventory of advertising slots (banners, emails, SMS) through an in-house team selling to both agencies representing advertisers and direct advertisers.

An analysis of revenue and segment result by geography and operating segment is shown below:

Year ended 31 December 2009	Australia £'000	Asia Pacific £'000	Other* £'000	Operating central costs £'000	Holding** company costs £'000	Total £'000
<b>External revenue</b>						
DGM	12,437	4,698	—	—	—	17,135
AKTIV	—	1,466	—	—	—	1,466
Other	—	272	—	—	—	272
	<b>12,437</b>	<b>6,436</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,873</b>
<b>Segment result</b>						
DGM	815	55	—	(697)	—	173
AKTIV	—	286	—	(203)	—	83
Other	—	(146)	(528)	(24)	(1,220)	(1,918)
	<b>815</b>	<b>195</b>	<b>(528)</b>	<b>(924)</b>	<b>(1,220)</b>	<b>(1,662)</b>
Amortisation						(404)
Depreciation						(91)
Share-based payment						(150)
Interest						(105)
Share of loss of associates						(135)
Tax						(27)
<b>Total loss for the year</b>						<b>(2,574)</b>
Segmental assets	4,209	2,682	81	—	343	7,315
Segmental liabilities	5,413	2,247	234	—	1,554	9,448
Number of customers that generated more than 10% of segment revenue	1	3	—	—	—	—

\*Included in 'Other' segment result is £382,000 in non-recurring senior management settlement cost.

\*\*Included in 'Holding company costs' is £79,000 in placing costs.

# notes to the consolidated financial statements continued

for the year ended 31 December 2009

## 1 Revenue and segmental information continued

Year ended 31 December 2008	Australia £'000	Asia Pacific £'000	Other* £'000	Operating central costs £'000	Holding** company costs £'000	Total £'000
<b>External revenue</b>						
DGM	11,391	1,882	—	—	—	13,273
AKTIV	—	895	—	—	—	895
Other	—	163	369	—	—	532
	11,391	2,940	369	—	—	14,700
<b>Segment result</b>						
DGM	1,060	(147)	—	(768)	—	145
AKTIV	—	59	—	(156)	—	(97)
Other	—	(91)	(368)	(25)	(1,396)	(1,880)
	1,060	(179)	(368)	(949)	(1,396)	(1,832)
Amortisation						(274)
Depreciation						(148)
Share-based payment						(179)
Interest						(21)
Share of loss of associates						(343)
Tax						(41)
Total loss for the year						(2,838)
Segmental assets	2,854	1,573	125	—	935	5,487
Segmental liabilities	3,732	1,213	245	—	1,136	6,326
Number of customers that generated more than 10% of segment revenue	1	2	—	—	—	—

\*This relates to discontinued operations.

\*\*Holding company costs for the year ended 31 December 2008 includes £727,000 in leasehold and other provisions.

## 2 Loss from operations

Loss from operations is stated after charging:

	2009 £'000	2008 £'000
Foreign exchange losses/(gains)	299	(478)
Amortisation of intangible assets	404	274
Depreciation of property, plant and equipment	91	148
Auditor's remuneration for auditing of accounts	76	68
Auditor's remuneration for non-audit services*	32	45
Operating lease rentals	244	461
Lease commitment provision	—	608
Share-based payment costs	150	179

\*Auditor's remuneration for non-audit services comprised other services relating to taxation of £32,389 (2008: £42,000) and all other services £Nil (2008: £3,000).

## 3 Staff costs

The average number of persons employed by the Group (including Directors) during the period was as follows:

	2009	2008
Directors and senior management	6	6
Management	7	13
Non-management	75	57
Total	88	76

### 3 Staff costs continued

The aggregate payroll costs for these persons were as follows:

	2009		
	Continuing	Discontinued	Total
Aggregate wages and salaries	3,847	—	3,847
Social security costs	166	—	166
Share option grant costs	150	—	150
Pensions costs	6	—	6
	<b>4,169</b>	<b>—</b>	<b>4,169</b>

	2008		
	Continuing	Discontinued	Total
Aggregate wages and salaries	3,011	—	3,011
Social security costs	66	—	66
Share option grant costs	179	—	179
Pensions costs	117	—	117
	<b>3,373</b>	<b>—</b>	<b>3,373</b>

### 4 Directors and senior management

Directors' remuneration

	31 December 2009					
	Salary £'000	Bonus £'000	Fees £'000	Sub-total £'000	Pension £'000	Total £'000
<b>Executive</b>						
A Moss	297	—	—	297	—	297
Z Tang (resigned 30 April 2009)	37	—	—	37	—	37
<b>Non-Executive</b>						
D Lees	—	—	15	15	—	15
K Lassman	—	—	10	10	—	10
T Beattie (appointed 7 August 2009)	—	—	—	—	—	—
	<b>334</b>	<b>—</b>	<b>25</b>	<b>359</b>	<b>—</b>	<b>359</b>

	31 December 2008					
	Salary £'000	Bonus £'000	Fees £'000	Sub-total £'000	Pension £'000	Total £'000
<b>Executive</b>						
A Moss	214	—	—	214	7	221
Z Tang (appointed 23 September 2008)	33	—	—	33	—	33
<b>Non-Executive</b>						
D Lees	—	—	15	15	—	15
K Lassman	—	—	10	10	—	10
D Trigg (resigned 23 September 2008)	—	—	8	8	—	8
	<b>247</b>	<b>—</b>	<b>33</b>	<b>280</b>	<b>7</b>	<b>287</b>

# notes to the consolidated financial statements continued

for the year ended 31 December 2009

## 4 Directors and senior management continued

### Other senior management's remuneration

	2009 £'000	2008 £'000
Other senior management – salary	<b>420</b>	383

### Directors' and senior management's interests in shares

The Directors who held office at 31 December 2009 had the following interests in the shares of the Company:

	2009		2008	
	Number of shares	%	Number of shares	%
A Moss	<b>51,510,053</b>	<b>7.3</b>	51,510,053	11.3
D Lees	<b>5,511,456</b>	<b>0.8</b>	5,511,456	1.2
K Lassman	<b>1,185,294</b>	<b>0.2</b>	1,323,294	0.3
Z Tang	—	—	—	—
T Beattie	—	—	—	—

### Directors' and senior management's share options

	Date of grant	As at 31 December 2009	Exercise price	Exercise period
A Moss	May 2008	17,400,000	1.125 pence	10 years
D Lees	May 2008	1,750,000	1.125 pence	10 years
K Lassman	May 2008	1,250,000	1.125 pence	10 years
Other senior management	May 2008	3,000,000	1.250 pence	10 years
Other senior management	February 2009	5,000,000	1.250 pence	10 years

	Date of grant	As at 31 December 2008	Exercise price	Exercise period
A Moss	May 2008	17,400,000	1.125 pence	10 years
D Lees	May 2008	1,750,000	1.125 pence	10 years
K Lassman	May 2008	1,250,000	1.125 pence	10 years
Other senior management	May 2008	3,000,000	1.250 pence	10 years

The market price of the ordinary shares at 31 December 2009 was 0.48 pence (31 December 2008: 0.80 pence) and the range during the year was 0.40 pence to 2.42 pence (2008: 0.44 pence to 1.375 pence).

New share options were granted in February 2009 by the Company for staff at the new exercise price of 1.250 pence. The share options for the Directors and staff have an exercise period of ten years.

The total share-based payment costs in respect of options granted are:

	2009 £'000	2008 £'000
Directors	<b>98</b>	6
Other senior management	<b>28</b>	46
Management	<b>9</b>	88
Non-management	<b>15</b>	39

**5 Tax**

	2009 £'000	2008 £'000
Current tax		
UK tax	—	—
Foreign tax – adjustment in respect of prior period	27	41
	<b>27</b>	41
Deferred tax – relating to origination and reversal of temporary differences	—	—
Tax expense	<b>27</b>	41

As at 31 December 2009 the Group had an unrecognised deferred tax asset of £554,000 (2008: £439,000) in respect of trading losses of which £126,000 (2008: £246,000) relates to UK losses and £428,000 (2008: £193,000) relates to overseas losses and a further unrecognised deferred tax asset of £Nil (2008: £344,000) in respect of non-trading losses. These assets have not been recognised due to uncertainty over the existence of future taxable profits against which the losses can be used. In particular the UK trading losses are not expected to be used as the Group now derives income entirely from overseas.

**Tax reconciliation**

	2009 £'000	2008 £'000
Loss before tax	<b>(2,546)</b>	(2,797)
Tax at 28% on loss before tax	<b>(713)</b>	(783)
Effects of:		
Other expenses not deductible	<b>159</b>	344
Non-trading losses	—	—
Losses carried forward to be offset against:		
Future taxable trading profits	<b>554</b>	439
Foreign withholding tax	<b>27</b>	41
Adjustment in respect of previous periods	—	—
Current tax expense	<b>27</b>	41

**6 Discontinued operations**

	2009 £'000	2008 £'000
Revenue	<b>64</b>	369
Cost of sales	<b>(39)</b>	(205)
Administrative expense	<b>29</b>	(348)
Profit/(loss) before tax	<b>54</b>	(184)
Income tax	—	—
Profit/(loss) after tax	<b>54</b>	(184)

This relates to the Group's South African operation which was discontinued in 2009 and a total of £107,000 of inter-company debts was waived.

Cash flows from discontinued operations included in the consolidated cash flow statement are as follows:

	2009 £'000	2008 £'000
Net cash flows from operating activities	<b>22</b>	(5)
Net cash flows from investing activities	<b>(1)</b>	(12)
	<b>21</b>	(17)

## notes to the consolidated financial statements continued

for the year ended 31 December 2009

### 7 Loss per share

Earnings per share has been calculated on a loss after tax of £2,574,000 (2008: £2,838,000) and the number of shares in issue for the year of 708,768,684 (2008: 453,768,684).

Reconciliation of the loss and the number of shares used in the calculations are set out below:

2009	Continuing	Discontinued	Total
Loss (£'000)	(2,628)	54	(2,574)
Loss per share in pence	(0.37)	0.01	(0.36)
2008	Continuing	Discontinued	Total
Loss (£'000)	(2,838)	—	(2,838)
Loss per share in pence	(0.62)	—	(0.62)

The Group issued a convertible bond during the year. In view of the loss made for the year, convertible instruments have no dilutive effect.

### 8 Intangible assets

	Development costs £'000	Total £'000
<b>Cost</b>		
At 1 January 2008	1,082	1,082
Additions	—	—
Disposals	—	—
At 1 January 2009	1,082	1,082
Additions	—	—
Disposals	—	—
<b>At 31 December 2009</b>	<b>1,082</b>	<b>1,082</b>
<b>Amortisation</b>		
At 1 January 2008	404	404
Provided in year	274	274
Disposals	—	—
At 1 January 2009	678	678
Provided in year	404	404
Disposals	—	—
<b>At 31 December 2009</b>	<b>1,082</b>	<b>1,082</b>
<b>Net book amount</b>		
<b>At 31 December 2009</b>	<b>—</b>	<b>—</b>
At 31 December 2008	404	404

The development costs are costs incurred in the development of dgmPro and dgmIntegra which are internally generated software developed by the Group. Software relates to purchased software.



## 9 Investments in associates

Included in the Group's non-current assets are investments in the following associated companies: DC Storm Limited and dealgroupmedia (UK) Limited. The carrying amount is £Nil (2008: £135,190) because the losses exceed the value of the carrying amount. £Nil (2008: £157,000) relates to DC Storm Limited and £Nil (2008: (£22,000)) to dealgroupmedia (UK) Limited. Summary financial information for the associates for the year ended 31 December 2009 is set out below:

	dealgroupmedia (UK) Limited £'000	DC Storm Limited £'000
Revenue	7,458	726
Loss after tax	(469)	(259)
Non-current assets	717	76
Current assets	1,487	515
Current liabilities	3,048	101

The Group has a 22.3% (2008: 25.4%) holding in the share capital of DC Storm Limited, a company incorporated in England and Wales. Its principal activity is web and software development. Asia Digital Holdings Plc is not severally liable for the liabilities of DC Storm Limited.

The Group has a 49% holding in the share capital of dealgroupmedia (UK) Limited, a company incorporated in England and Wales. Its principal activity is online marketing. Asia Digital Holdings Plc is not severally liable for the liabilities of dealgroupmedia (UK) Limited. The unrecognised share of loss of dealgroupmedia (UK) Limited is £230,000.

## 10 Property, plant and equipment

	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2008	312	307	619
Additions	27	77	104
Disposals	—	—	—
At 1 January 2009	339	384	723
Additions	—	29	29
Disposals	—	(8)	(8)
<b>At 31 December 2009</b>	<b>339</b>	<b>405</b>	<b>744</b>
<b>Depreciation</b>			
At 1 January 2008	241	144	385
Provided in year	65	83	148
Disposals	—	—	—
At 1 January 2009	306	227	533
Provided in year	19	72	91
Disposals	—	(6)	(6)
<b>At 31 December 2009</b>	<b>325</b>	<b>293</b>	<b>618</b>
<b>Net book amount</b>			
<b>At 31 December 2009</b>	<b>14</b>	<b>112</b>	<b>126</b>
At 31 December 2008	33	157	190

# notes to the consolidated financial statements continued

for the year ended 31 December 2009

## 11 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	4,924	3,286
Amounts owed by associates	—	—
Other receivables	186	307
Prepayments and accrued income	462	637
	<b>5,572</b>	4,230

## 12 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	4,881	3,666
Social security and other taxes	608	589
Other payables	38	239
Amounts owed to associates	56	—
Receivable financing*	918	—
Accruals and deferred income	1,816	1,183
	<b>8,317</b>	5,677

\*This is a sales ledger funding facility with Commonwealth Bank of Australia. The debt is secured on the Group's Australia entity's debtor book.

## 13 Borrowings

	2009 £'000	2008 £'000
Convertible loan notes	546	—

The convertible loan note has been issued to River Don Limited, a company controlled by a major shareholder in the Group (note 19), and carries a 15% coupon payable with principal on repayment.

## 14 Share capital

	2009 £'000	2008 £'000
<b>Authorised capital</b>		
8,811,520,000 ordinary shares of 0.1 pence each	8,812	8,812
54,952,000 deferred shares of 24 pence each	13,188	13,188
1,188,000,000 ordinary shares of 0.1 pence each	1,188	—
	<b>23,188</b>	22,000
<b>Allotted, called up and fully paid capital</b>		
708,768,684 (2008: 453,768,684) ordinary shares of 0.1 pence each	708	453
4,083,918,516 deferred shares of 0.1 pence each	4,084	4,084
	<b>4,792</b>	4,537

## 14 Share capital continued

### Allotments during the year

During the year the Company allotted the following ordinary shares:

	2009
Shares in issue at 1 January 2009	453,768,684
Shares issued during the year	255,000,000
<b>Shares in issue at 31 December 2009</b>	<b>708,768,684</b>
	2008
Shares in issue at 1 January 2008	453,768,684
Shares issued during the year	—
Shares in issue at 31 December 2008	453,768,684

The authorised capital of the Company was increased from £22,000,000 to £23,188,000 by the creation of 1,188,000,000 ordinary shares of 0.1 pence each ranking pari passu in respects with existing ordinary shares in the capital of the Company which is subdivided.

The unissued ordinary shares of 1 pence is subdivided into ten ordinary shares of 0.1 pence each and the issued ordinary shares of 1 pence each is subdivided into 1 ordinary share of 0.1 pence each and nine deferred shares of 0.1 pence each.

The Group's main source of capital is the parent company's equity shares. The policy is to retain sufficient authorised share capital so as to be able to issue further shares to fund acquisitions, settle share-based transactions and raise new funds. Share-based payments relate to employee share options schemes.

## 15 Share-based payments

During the year 10,975,000 options (2008: 34,980,000) were issued at an average fair value of 0.35 pence per share (2008: 0.57 pence).

The fair values of the options granted during the year ended 31 December 2009 were determined using the binomial valuation model. The model has been applied to each issue of options incorporating the share price prevailing at the time the options were granted. The value of the options has been adjusted for future dividends, the assumption being that they will be paid from 2012 at a yield of 2%.

The model takes into account a volatility rate of 100%, which has been derived from historical experience. A weighted average risk-free interest rate of 2.4% has been applied. The weighted average share price at grant date was 0.60 pence and the weighted average exercise price was 1.43 pence.

The options were granted in accordance with the Group's Enterprise Management Incentive Scheme. The options have lives of ten years and vest in three equal tranches over the first three years of their lives provided the employees continue to work for the Group. The expected lives of the options used in application of the binomial model were five years for Directors and management staff and four years for non-management staff.

The amount of employee remuneration expense in respect of the share options granted amounts to £150,000 (2008: £179,000).

The average remaining life of vested options is eight years and number of options exercisable at year end is 8,933,000 (2008: 1,795,000).

The inputs to the option pricing model and the weighted average figures are as follows:

	Management	Management	Non-management	Weighted average
Share price at grant date (in pence)	0.60	0.60	0.60	0.60
Exercise price (in pence)	1.25	3.50	1.25	1.43
Expected life in years	5	5	4	4.55
Annualised volatility	1.00	1.00	1.00	1.00
Risk-free interest rate	0.026	0.026	0.024	0.024
Fair value determined (in pence)	0.383	0.284	0.342	0.357
Options granted	5,150	900	4,925	

# notes to the consolidated financial statements continued

for the year ended 31 December 2009

## 15 Share-based payments continued

The general terms and conditions of the share option scheme are that the shares are issued under the Enterprise Incentive Management Scheme rules and the shares vest equally over a three year period.

Exercise price (pence)	Issue date	Held at 31 December 2008	Granted during year	Exercised during year	Forfeited during year	Cancelled during year	Held at 31 December 2009
1.2468	October 2003	251,559	—	—	—	—	<b>251,559</b>
3.5650	December 2003	300,001	—	—	—	—	<b>300,001</b>
2.5000	April 2004	—	—	—	—	—	—
5.1000	April 2004	30,000	—	—	—	—	<b>30,000</b>
6.5000	April 2004	25,000	—	—	—	—	<b>25,000</b>
3.8000	July 2004	—	—	—	—	—	—
6.6300	July 2004	—	—	—	—	—	—
6.6300	September 2004	—	—	—	—	—	—
4.5000	January 2006	500,000	—	—	—	—	<b>500,000</b>
4.3800	February 2006	—	—	—	—	—	—
4.2500	April 2006	—	—	—	—	—	—
3.7500	June 2006	750,000	—	—	—	—	<b>750,000</b>
4.2500	September 2006	66,666	—	—	—	—	<b>66,666</b>
3.5000	April 2007	965,106	—	—	—	—	<b>965,106</b>
3.5000	June 2007	—	—	—	—	—	—
1.7500	October 2007	—	—	—	—	—	—
1.2500	May 2008	13,530,000	—	—	(925,000)	—	<b>12,605,000</b>
1.2500	February 2009	—	10,975,000	—	(1,124,999)	—	<b>9,850,001</b>
		16,418,332	10,975,000	—	(2,049,999)	—	<b>25,343,333</b>

The above table excludes Directors' options.

Options forfeited in the year are in respect of employees leaving the employment of the Group.

Exercise price (pence)	Issue date	Held at 31 December 2007	Granted during Year	Exercised during year	Forfeited during year	Cancelled during year	Held at 31 December 2008
1.2468	October 2003	251,559	—	—	—	—	251,559
3.5650	December 2003	425,001	—	—	(75,000)	(50,000)	300,001
2.5000	April 2004	20,000	—	—	—	(20,000)	—
5.1000	April 2004	30,000	—	—	—	—	30,000
6.5000	April 2004	100,000	—	—	(75,000)	—	25,000
3.8000	July 2004	20,000	—	—	(20,000)	—	—
6.6300	July 2004	275,001	—	—	—	(275,001)	—
6.6300	September 2004	75,000	—	—	—	(75,000)	—
4.5000	January 2006	500,000	—	—	—	—	500,000
4.3800	February 2006	2,200,000	—	—	(2,000,000)	(200,000)	—
4.2500	April 2006	133,333	—	—	(133,333)	—	—
3.7500	June 2006	750,000	—	—	—	—	750,000
4.2500	September 2006	383,333	—	—	(166,667)	(150,000)	66,666
3.5000	April 2007	10,176,362	—	—	(2,858,334)	(6,352,922)	965,106
3.5000	June 2007	2,082,070	—	—	(175,000)	(1,907,070)	—
1.7500	October 2007	3,850,000	—	—	(1,100,000)	(2,750,000)	—
1.2500	May 2008	—	14,580,000	—	(1,050,000)	—	13,530,000
		21,271,659	14,580,000	—	(7,653,334)	(11,779,993)	16,418,332

The above table excludes Directors' options.

Options forfeited in the year are in respect of employees leaving the employment of the Group.

Grants during the year relate to rebased options.

## 16 Leasing commitments

The Group had made the following lease commitment provision:

	Total £'000
At 1 January 2009	608
Additions	—
Utilisation	(91)
<b>At 31 December 2009</b>	<b>517</b>

Analysis of total provision is:

	Total £'000
Within one year	183
More than one year and within five years	334
	517

The provision was made for the office lease, service charges and business rates which were entered into in October 2003 for a nine year lease at the former office in London, UK.

In addition, the Group had outstanding commitment for future minimum lease payments under non-cancellable operating leases for office and housing premises:

	2009 £'000	2008 £'000
Leases which expire:		
– within one year	225	339
– after one year and within five years	68	201

## 17 Cash and cash equivalents

The breakdown of the cash and cash equivalents is:

	2009 £'000	2008 £'000
Cash and cash in bank	1,572	521
Time deposits	45	7

## 18 Financial instruments

The Group uses various financial instruments which include cash and cash equivalents and various items such trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and manage its working capital requirements.

The fair values of all financial instruments are considered equal to their book values. The existence of these financial instruments exposes the Group to a number of financial risks which are described in more detail overleaf.

The main risks arising from the Group financial instruments are currency risk, credit risk and liquidity risk. The Directors review and agree the policies for managing each of these risks and they are summarised overleaf. The Group has a sales ledger facility on which interest is charged at a variable rate. The Directors, therefore, do not consider the Group to be exposed to material interest rate risk.

# notes to the consolidated financial statements continued

for the year ended 31 December 2009

## 18 Financial instruments continued

### Currency risk

The Group is exposed to transaction foreign exchange risks.

Foreign currency denominated financial assets and liabilities, translated into sterling at the closing rate, are as follows:

	Australian dollars £'000	Other £'000
<b>As at 31 December 2009</b>		
Financial assets	4,097	2,394
Financial liabilities	(2,973)	(1,546)
Short-term exposure	1,124	848
	Australian dollars £'000	Other £'000
As at 31 December 2008		
Financial assets	2,711	1,103
Financial liabilities	(2,224)	(1,438)
Short-term exposure	487	(335)

The following table illustrates the sensitivity of the net results for the year and equity in regards to the Group's financial assets and financial liabilities and the sterling/Australian dollar exchange rate.

It assumes a +/- 5% change of the exchange rates for the year ended 31 December 2009 (2008: 5%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Asia Digital Holdings Plc's foreign currency financial instruments held at each balance sheet date.

	Australian dollars £'000
5% strengthening of sterling	
Net results for the year	(29)
Equity	64
	Australian dollars £'000
5% weakening of sterling	
Net results for the year	31
Equity	(56)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

The Group incurs costs in the same currencies as it earns revenue, creating some degree of natural hedging, but is exposed to the foreign currency exposure in the payment of Singapore-based and London-based central costs, as well as in the consolidation of the figures into sterling. The Directors are re-evaluating the Group's risk from foreign currency exposure and are considering some hedging to mitigate foreign currency exposure.

### Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2009 £'000	2008 £'000
Classes of financial assets – carrying amounts		
Cash and cash equivalents	1,617	528
Trade and other receivables	4,924	3,286
	6,541	3,814

## 18 Financial instruments continued

### Credit risk continued

In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

The Group's management considers that all of the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The exposure of the Group to overdue receivables and the concentration of these debtors are as follows:

	2009		2008	
	Within terms £'000	Overdue £'000	Within terms £'000	Overdue £'000
Trade receivables	4,028	1,012	2,654	748
Of which provided	—	(116)	—	(116)
	<b>4,028</b>	<b>896</b>	2,654	632

The amount overdue for one month is £379,000 (2008: £419,000), two to four months is £446,000 (2008: £250,000), for four to six months £116,000 (2008: £14,000), and for more than six months £71,000 (2008: £65,000).

Changes in the bad debts provision are as follows:

	Total £'000
As at 1 January 2008	33
Additions	111
Utilisation	(28)
As at 1 January 2009	116
Additions	116
Utilisation	(116)
<b>As at 31 December 2009</b>	<b>116</b>

Debtor concentration:

	2009		2008	
	£'000	%	£'000	%
Largest client	2,140	44	1,468	45
Others	2,784	56	1,818	55
	<b>4,924</b>	<b>100</b>	3,286	100

	2009		2008	
	£'000	%	£'000	%
Largest five clients	3,510	71	2,277	69
Others	1,414	29	1,009	31
	<b>4,924</b>	<b>100</b>	3,286	100

# notes to the consolidated financial statements continued

for the year ended 31 December 2009

## 18 Financial instruments continued

### Liquidity risk

The Group maintains sufficient cash and availability of funding through an adequate amount of committed credit facilities to meet its liquidity requirements. Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. This is generally carried out at Group level for the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

### Maturity analysis for financial liabilities

	2009		2008	
	Within 1 year £'000	Later than 1 year £'000	Within 1 year £'000	Later than 1 year £'000
Trade payables	4,881	—	3,666	—
Convertible loan notes	546	—	—	—
Receivable financing	918	—	—	—
Other payables	3,086	—	2,052	—
Lease commitments provision	183	334	91	517
	<b>9,614</b>	<b>334</b>	5,809	517

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

## 19 Related party transactions

During the year the Group entered into following related party transactions. All transactions were made on an arm's length basis:

### Howard Kennedy

Keith Lassman, Non-Executive Director and shareholder, is a partner of Howard Kennedy, Solicitors. During the year the Group paid £18,475 (2008: £3,590) in respect of legal services provided to the Group. The balance due to Howard Kennedy, Solicitors, at the year end was £7,074 (2008: £7,050).

### DC Storm Limited

DC Storm Limited is an associated undertaking company. During the year the Group paid £58,892 in respect of software licensing provided to the Group (2008: £150,000). The balance due to DC Storm Limited at the year end was £13,383 (2008: £52,419).

### dealgroupmedia (UK) Limited

dealgroupmedia (UK) Limited is an associated undertaking company. During the year the Group paid £360,000 in respect of technical services provided to the Group. The Group also charged office rental and software licensing of £122,741 and £12,500 respectively. The balance due to dealgroupmedia (UK) Limited at the year end was £56,208 (2008: £6,716).

### Transactions involving major shareholder

An amount of £500,000 was raised by way of a convertible loan note which carries a 15% coupon payable with principal on repayment. This has been issued to River Don Limited, a company controlled by John Porter, a major shareholder in the Group and also a director of an associated undertaking company. Interest payable on this note of £45,665 has been accrued at year end.

### Transactions involving discontinued operations

An amount of £82,000 of bad debts written off relates to the discontinuation of the Group's South Africa and UK operations.



**20 Pensions**

The Group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees, in a fund independent from those of the Group. The pension costs charged for the year are disclosed in notes 3 and 4 to the financial statements.

**21 Events after the balance sheet date**

There is no significant event after balance sheet date which may impact the financial statements.

## independent auditor's report

to the members of asia digital holdings PLC (formerly dealgroupmedia Plc)

We have audited the parent company financial statements of Asia Digital Holdings Plc (formerly dealgroupmedia Plc) for the year ended 31 December 2009 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Other matter

We have reported separately on the Group financial statements of Asia Digital Holdings Plc (formerly dealgroupmedia Plc) for the year ended 31 December 2009.

### Mark Henshaw

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

26 April 2010

## accounting policies (parent company financial statements)

for the year ended 31 December 2009

### Basis of preparation

The parent company financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the Company are set out below and have remained unchanged from the previous year.

### Going concern

The Company is reliant on its trading subsidiaries for income and cash generation. As per the information in the Report of the Directors, the Directors have undertaken a detailed review of the Group's trading budgets, cash flow forecasts and available financial facilities in order to ensure that the preparation of the financial statements on the going concern basis is appropriate.

The Directors consider the forecasts to have been prepared on a reasonable basis representing management's best estimates of the Group's trading and cash flows.

Based on their review of the forecasts, the Directors have assessed that the Group has access to adequate resources to enable it to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets over their expected economic useful lives.

The periods generally applicable are:

Fixtures and fittings	– 25% per annum
Leasehold improvements	– 20% per annum

### Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease. The Group has no finance lease and regards all leases as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

### Financial instruments

A financial instrument refers to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and is recognised on the Company's balance sheet when the Company becomes a party to the contractual terms of the instrument. Financial instruments include cash and deposits, other receivables and payables, debt and equity securities, etc.

### Debtors and other receivables

Other receivables are recognised initially at fair value and, subsequently, measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

### Creditors and other payables

Other payables are not interest-bearing and are stated at their fair value on initial recognition. They are then accounted for using the effective interest rate method.

## accounting policies (parent company financial statements) continued

for the year ended 31 December 2009

### Borrowings

Borrowings are recognised at fair value, net of transaction costs incurred. They are then accounted for using the effective interest method. Fees paid on the settlement of loan facilities are recognised as transaction costs of the loan.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### Foreign currencies

Transactions in currencies other than the local currency are recorded at the rates of exchange prevailing on the dates of the transactions. At balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the year end date. Gains and losses arising on translation are included in net profit or loss for the year.

### Investments

Investments are held at cost less amounts written off.

### Share-based payments

Share-based payments that are within the scope of FRS 20 have been recognised in the financial statements in accordance with that standard. This has been applied to arrangements granted after 7 November 2002 and vested equally over three years.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to equity.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

Fair values of share options/awards, measured at the date of the grant of the option/award, are calculated using a binomial model methodology.

# company balance sheet

as at 31 December 2009

	Notes	2009		2008	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	1		7		16
Fixed asset investments	2		1,014		1,946
			1,021		1,962
<b>Current assets</b>					
Debtors	3	2,467		1,048	
Cash at bank and in hand		11		2	
		2,478		1,050	
<b>Current creditors</b>					
Creditors	4	(386)		(421)	
Short-term loan	5	(500)		—	
Lease commitment provision	6	(183)		(91)	
Corporation tax		(56)		(41)	
		(1,125)		(553)	
<b>Net current assets</b>			1,353		497
<b>Non-current liabilities</b>					
Lease commitment provision	6		(334)		(517)
<b>Total assets less current liabilities</b>			2,040		1,942
<b>Capital and reserves</b>					
Called up share capital	7	4,792		4,537	
Capital redemption reserve	9	13,188		13,188	
Share premium account	9	23,703		22,683	
Share-based payment reserve	8	1,033		883	
			42,716		41,291
Profit and loss account	9		(40,676)		(39,349)
<b>Shareholders' funds</b>			2,040		1,942

The financial statements were approved by the Board of Directors, authorised for issue and signed on their behalf on 26 April 2010:



**Adrian Moss**  
Chief Executive Director

# notes to the company financial statements

for the year ended 31 December 2009

## 1 Tangible assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2009	72	16	88
Additions	—	—	—
<b>At 31 December 2009</b>	<b>72</b>	<b>16</b>	<b>88</b>
<b>Depreciation</b>			
At 1 January 2009	56	16	72
Provided in year	9	—	9
<b>At 31 December 2009</b>	<b>65</b>	<b>16</b>	<b>81</b>
<b>Net book amount</b>			
<b>At 31 December 2009</b>	<b>7</b>	<b>—</b>	<b>7</b>
At 31 December 2008	16	—	16

## 2 Fixed asset investments

	Subsidiaries £'000	Associates £'000	Total £'000
<b>Cost</b>			
At 1 January 2009	1,106	3,713	4,819
Additions	—	—	—
<b>At 31 December 2009</b>	<b>1,106</b>	<b>3,713</b>	<b>4,819</b>
<b>Impairment</b>			
At 1 January 2009	92	2,781	2,873
Impairment in the year	—	932	932
<b>At 31 December 2009</b>	<b>92</b>	<b>3,713</b>	<b>3,805</b>
<b>Net book amount</b>			
<b>At 31 December 2009</b>	<b>1,014</b>	<b>—</b>	<b>1,014</b>
At 31 December 2008	1,014	932	1,946

An impairment review assessing the carrying value of the investment in associates has been carried out and £932,000 has been written off the carrying value of this investment.

## 2 Fixed asset investments continued

As at 31 December 2009 the undertakings in which the Company held 20% or more of the share capital were:

Name of undertaking	Country of incorporation	Class of shares held	Proportion held	Nature of business
dealgroupmedia (UK) Limited	England and Wales	Ordinary	49%	Online search and marketing services
Deal Group Media SL	Spain	Ordinary	100%	Dormant
Deal Group Media Pty Limited	Australia	Ordinary	100%	Online search and marketing services
Fuel Group South Africa Pty Limited	South Africa	Ordinary	100%	Online search and marketing services
dgm India Internet Marketing Private Limited	India	Ordinary	100%	Online search and marketing services
Asia Digital Holdings Pte Limited (formerly AMM Holdings Pte Limited)	Singapore	Ordinary	100%	Online search and marketing services
Aktiv Digital Asia Pacific Pte Limited	Singapore	Ordinary	100%	Online search and marketing services
dgm Asia Pacific Limited	Singapore	Ordinary	100%	Online search and marketing services
Deploy Digital Pte Limited	Singapore	Ordinary	100%	Online search and marketing services
DC Storm Limited	England and Wales	Ordinary	22.31%	Development of digital marketing software

## 3 Debtors

	2009 £'000	2008 £'000
Amounts owed by Group undertakings	<b>2,358</b>	871
Other debtors	<b>38</b>	39
Prepayments and accrued income	<b>71</b>	138
	<b>2,467</b>	1,048

## 4 Creditors

	2009 £'000	2008 £'000
Other creditors	<b>266</b>	297
Accruals and deferred income	<b>120</b>	124
	<b>386</b>	421

## 5 Short-term loan

	2009 £'000	2008 £'000
Convertible loan notes	<b>500</b>	—

The convertible loan note has been issued to River Don Limited, a company controlled by a major shareholder of the Company (note 13), and carries a 15% coupon payable with principal on repayment.

# notes to the company financial statements continued

for the year ended 31 December 2009

## 6 Lease commitment provision

The provision was made for the office lease, service charges and business rates which were entered into in October 2003 for a nine year lease at the former office in London, UK.

## 7 Share capital

	2009 £'000	2008 £'000
<b>Authorised capital</b>		
8,811,520,000 ordinary shares of 0.1 pence each	<b>8,812</b>	8,812
54,952,000 deferred shares of 24 pence each	<b>13,188</b>	13,188
1,188,000,000 ordinary shares of 0.1 pence each	<b>1,188</b>	—
	<b>23,188</b>	22,000
<b>Allotted, called up and fully paid capital</b>		
708,768,684 (2008: 453,768,684) ordinary shares of 0.1 pence each	<b>708</b>	453
4,083,918,516 deferred shares of 0.1 pence each	<b>4,084</b>	4,084
	<b>4,792</b>	4,537

## Allotments during the year

During the year the Company allotted the following ordinary shares:

	2009
Shares in issue at 1 January 2009	<b>453,768,684</b>
Shares issued during the year	<b>255,000,000</b>
<b>Shares in issue at 31 December 2009</b>	<b>708,768,684</b>

The authorised capital of the Company was increased from £22,000,000 to £23,188,000 by the creation of 1,188,000,000 ordinary shares of 0.1 pence each ranking pari passu in respects with existing ordinary shares in the capital of the Company which is subdivided.

The unissued ordinary shares of 1 pence is subdivided into ten ordinary shares of 0.1 pence each and the issued ordinary shares of 1 pence each is subdivided into 1 ordinary share of 0.1 pence each and nine deferred shares of 0.1 pence each.

## 8 Share-based payments

During the year 10,975,000 options (2008: 34,980,000) were issued at an average fair value of 0.35 pence per share (2008: 0.57 pence).

The fair values of the options granted during the year ended 31 December 2009 were determined using the binomial valuation model.

The model has been applied to each issue of options incorporating the share price prevailing at the time the options were granted.

The value of the options has been adjusted for future dividends, the assumption being that they will be paid from 2012 at a yield of 2%.

The model takes into account a volatility rate of 100%, which has been derived from historical experience. A weighted average risk-free interest rate of 2.4% has been applied. The weighted average share price at grant date was 0.60 pence and the weighted average exercise price was 1.43 pence.

The options were granted in accordance with the Group's Enterprise Management Incentive Scheme. The options have lives of ten years and vest in three equal tranches over the first three years of their lives provided the employees continue to work for the Group. The expected lives of the options used in application of the binomial model were five years for Directors and management staff and four years for non-management staff.

The amount of employee remuneration expense in respect of the share options granted amounts to £150,000 (2008: £179,000).

The average remaining life of vested options is eight years and number of options exercisable at year end is 8,933,000 (2008: 1,795,000).



### 8 Share-based payments continued

The inputs to the option pricing model and the weighted average figures are as follows:

	Management	Management	Non-management	Weighted average
Share price at grant date (in pence)	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>
Exercise price (in pence)	<b>1.25</b>	<b>3.50</b>	<b>1.25</b>	<b>1.43</b>
Expected life in years	<b>5</b>	<b>5</b>	<b>4</b>	<b>4.55</b>
Annualised volatility	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
Risk-free interest rate	<b>0.026</b>	<b>0.026</b>	<b>0.024</b>	<b>0.024</b>
Fair value determined in pence	<b>0.383</b>	<b>0.284</b>	<b>0.342</b>	<b>0.357</b>
Options granted	<b>5,150</b>	<b>900</b>	<b>4,925</b>	

The general terms and conditions of the share option scheme are that the shares are issued under the Enterprise Incentive Management Scheme rules and the shares vest equally over a three year period.

Exercise price (pence)	Issue date	Held at 31 December 2008	Granted during year	Exercised during year	Forfeited during year	Cancelled during year	Held at 31 December 2009
1.2468	October 2003	251,559	—	—	—	—	<b>251,559</b>
3.5650	December 2003	300,001	—	—	—	—	<b>300,001</b>
2.5000	April 2004	—	—	—	—	—	—
5.1000	April 2004	30,000	—	—	—	—	<b>30,000</b>
6.5000	April 2004	25,000	—	—	—	—	<b>25,000</b>
3.8000	July 2004	—	—	—	—	—	—
6.6300	July 2004	—	—	—	—	—	—
6.6300	September 2004	—	—	—	—	—	—
4.5000	January 2006	500,000	—	—	—	—	<b>500,000</b>
4.3800	February 2006	—	—	—	—	—	—
4.2500	April 2006	—	—	—	—	—	—
3.7500	June 2006	750,000	—	—	—	—	<b>750,000</b>
4.2500	September 2006	66,666	—	—	—	—	<b>66,666</b>
3.5000	April 2007	965,106	—	—	—	—	<b>965,106</b>
3.5000	June 2007	—	—	—	—	—	—
1.7500	October 2007	—	—	—	—	—	—
1.2500	May 2008	13,530,000	—	—	(925,000)	—	<b>12,605,000</b>
1.2500	February 2009	—	10,975,000	—	(1,124,999)	—	<b>9,850,001</b>
		16,418,332	10,975,000	—	(2,049,999)	—	<b>25,343,333</b>

The above table excludes Directors' options.

Options forfeited in the year are in respect of employees leaving the employment of the Group.

# notes to the company financial statements continued

for the year ended 31 December 2009

## 8 Share-based payments continued

Exercise price (pence)	Issue date	Held at 31 December 2007	Restated granted during year	Exercised during year	Restated forfeited during year	Cancelled during year	Restated held at 31 December 2008
1.2468	October 2003	251,559	—	—	—	—	251,559
3.5650	December 2003	425,001	—	—	(75,000)	(50,000)	300,001
2.5000	April 2004	20,000	—	—	—	(20,000)	—
5.1000	April 2004	30,000	—	—	—	—	30,000
6.5000	April 2004	100,000	—	—	(75,000)	—	25,000
3.8000	July 2004	20,000	—	—	(20,000)	—	—
6.6300	July 2004	275,001	—	—	—	(275,001)	—
6.6300	September 2004	75,000	—	—	—	(75,000)	—
4.5000	January 2006	500,000	—	—	—	—	500,000
4.3800	February 2006	2,200,000	—	—	(2,000,000)	(200,000)	—
4.2500	April 2006	133,333	—	—	(133,333)	—	—
3.7500	June 2006	750,000	—	—	—	—	750,000
4.2500	September 2006	383,333	—	—	(166,667)	(150,000)	66,666
3.5000	April 2007	10,176,362	—	—	(2,858,334)	(6,352,922)	965,106
3.5000	June 2007	2,082,070	—	—	(175,000)	(1,907,070)	—
1.7500	October 2007	3,850,000	—	—	(1,100,000)	(2,750,000)	—
1.2500	May 2008	—	14,580,000	—	(1,050,000)	—	13,530,000
		21,271,659	14,580,000	—	(7,653,334)	(11,779,993)	16,418,332

The above excludes Directors' options.

Options forfeited are in respect of employees leaving the employment of the Group.

Grants during the year relate to rebased options.

## 9 Share premium account and reserves

	Capital redemption reserve £'000	Share premium reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000
At 1 January 2009	13,188	22,683	883	(39,349)
Retained loss for the year	—	—	—	(1,327)
Premium on allotments during the year	—	1,020	—	—
Share-based payment	—	—	150	—
<b>At 31 December 2009</b>	<b>13,188</b>	<b>23,703</b>	<b>1,033</b>	<b>40,676</b>

## 10 Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not shown separately as part of these accounts. The parent company's loss for the financial period amounted to £1,327,000 (2008: £1,280,000).

## 11 Directors and employees

The average number of persons employed by the Company (including Directors) during the period was as follows:

	2009	2008
Average number employed	<b>2</b>	5

Directors' remuneration was as follows:

	31 December 2009				
	Salary £'000	Bonus £'000	Fees £'000	Pension £'000	Total £'000
<b>Executive</b>					
A Moss	297	—	—	—	297
Z Tang (resigned 30 April 2009)	37	—	—	—	37
<b>Non-Executive</b>					
D Lees	—	—	15	—	15
K Lassman	—	—	10	—	10
T Beattie (appointed 7 August 2009)	—	—	—	—	—
	<b>334</b>	<b>—</b>	<b>25</b>	<b>—</b>	<b>359</b>

	31 December 2008				
	Salary £'000	Bonus £'000	Fees £'000	Pension £'000	Total £'000
<b>Executive</b>					
A Moss	214	—	—	7	221
Z Tang (appointed 23 September 2008)	33	—	—	—	33
<b>Non-Executive</b>					
D Lees	—	—	15	—	15
K Lassman	—	—	10	—	10
D Trigg (resigned 23 September 2008)	—	—	8	—	8
	247	—	33	7	287

## 12 Reconciliation of shareholders' funds

	2009 £'000	2008 £'000
Opening shareholders' funds	<b>1,942</b>	3,222
Loss for the financial period	<b>(1,327)</b>	(1,459)
Share-based payment	<b>150</b>	179
Issue of shares	<b>1,275</b>	—
Closing shareholders' funds	<b>2,040</b>	1,942

## notes to the company financial statements continued

for the year ended 31 December 2009

### 13 Related party transactions

During the year the Company entered into following related party transactions. All transactions were made on an arm's length basis:

#### Howard Kennedy

Keith Lassman, Non-Executive Director and shareholder, is a partner of Howard Kennedy, Solicitors. During the year the Company paid £18,475 (2008: £3,590) in respect of legal services provided. The balance due to Howard Kennedy, Solicitors, at the year end was £7,074 (2008: £7,050).

#### DC Storm Limited

DC Storm Limited is an associated undertaking company. During the year the Company paid £58,892 in respect of software licensing provided (2008: £150,000). The balance due to DC Storm Limited at the year end was £13,383 (2008: £52,419).

#### dealgroupmedia (UK) Limited

dealgroupmedia (UK) Limited is an associated undertaking company. During the year the Company paid £360,000 in respect of technical services provided. The Company also charged office rental and software licensing of £122,741 and £12,500 respectively. The balance due to dealgroupmedia (UK) Limited at the year end was £56,208 (2008: £6,716).

#### Transactions involving major shareholder

An amount of £500,000 was raised by way of a convertible loan note which carries a 15% coupon payable with principal on repayment. This has been issued to River Don Limited, a company controlled by John Porter, a major shareholder in the Group and also a director of an associated undertaking company. Interest payable on this note of £45,665 has been accrued at year end.

# notice of annual general meeting

of asia digital holdings PLC

Notice is hereby given that the Annual General Meeting of Asia Digital Holdings Plc will be held on 30 June 2010 at 19 Cavendish Square, London W1A 2AW at 10.00am. The business of the Meeting will be as follows:

## Resolutions

To consider and, if thought fit, pass the following resolutions 1–4 as ordinary resolutions, and resolutions 5–6 as special resolutions:

1. To receive and adopt the Company's audited accounts for the period ended 31 December 2009, together with the report of the auditor and the Directors thereon.
2. To re-elect Tina Beattie as a Director who retires in accordance with the Company's Articles of Association.
3. To re-appoint Grant Thornton to hold office as auditors of the Company until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and authorise the Directors to determine their remuneration.
- 4.1. That, in accordance with Section 551 of the Companies Act 2006, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any securities into shares within the terms of the restrictions and provisions following, namely:
  - 4.1.1 this authority shall (unless previously revoked, varied or renewed) expire five years from the date of this resolution, but shall be capable of renewal from time to time by the Company in general meeting for a further period not exceeding five years; and
  - 4.1.2 this authority shall be limited to the allotment of, or grant of rights to subscribe for or to convert any securities into, shares up to an aggregate nominal value of £2,000,000.
- 4.2 For the purpose of paragraph 4.1 above:
  - 4.2.1 the said authority shall allow and enable the Company to make an offer or agreement before the expiry of that authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot, or grant of rights to subscribe for or to convert any securities into, shares in pursuance of such an offer or such agreement notwithstanding the expiry of such power; and
  - 4.2.2 words and expressions defined in or for the purposes of Part 17 of the Companies Act 2006 shall bear the same meaning herein.
- 4.3 The authority conferred by paragraph 4.1 above shall be in substitution for all previous authorities conferred upon the Directors to allot shares or to grant rights to subscribe for or to convert any securities into shares.
- 5.1. That, in accordance with Section 570(1) of the Companies Act 2006, the Directors be and are hereby given power to allot equity securities for cash pursuant to the general authority conferred upon the Directors in resolution 4 above as if sub Section (1) of Section 561 of the Companies Act 2006 did not apply to such allotment, provided that the power hereby granted:
  - 5.1.1 shall be limited to:
    - 5.1.1.1 the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of ordinary shares in the capital of the Company and other persons entitled to participate therein for cash in proportion (as nearly as may be) to the holdings of ordinary shares of such holders (or, as appropriate, to the numbers of ordinary shares which such other persons are for these purposes deemed to hold), subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body in any territory; and
    - 5.1.1.2 the allotment (other than pursuant to paragraph 5.1.1.1 of this proviso) of equity securities up to an aggregate nominal amount of £500,000.
  - 5.1.2 shall (unless previously revoked, varied or renewed) expire at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution, and in any event on 15 months from this Annual General Meeting.
- 5.2 The said power shall allow and enable the Company to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such an offer or such agreement notwithstanding the expiry of such power.
- 5.3 Words and expressions defined in or for the purposes of Part 17 of the Companies Act 2006 shall bear the same meaning herein.

# notice of annual general meeting continued

of asia digital holdings PLC

## Resolutions continued

- 6.1. That, the Company is hereby authorised to make one or more market purchases (within the meaning of Section 701 of the Companies Act 2006) of ordinary shares of 0.1 pence each in the capital of the Company (the "Shares") provided that:
- 6.1.1 the maximum aggregate number of Shares that is purchased is an amount equal to 25% of the issued Shares at the date of this resolution.
  - 6.1.2 the minimum price paid for a Share is 0.1 pence.
  - 6.1.3 the maximum price paid for a Share is an amount, exclusive of expenses, equal to 105 per cent of the average market value of Shares for the five business days immediately preceding the day on which that Share is purchased.
  - 6.1.4 the Company may validly make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Shares in pursuance of any such contract.
- 6.2 Unless renewed, the authority conferred in paragraph 6.1 above shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months following the passing of this resolution, whichever is the later to occur, save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

**Keith Lassman**

Secretary

26 April 2010

Information regarding the Annual General Meeting, including the information required by Section 311A of the Companies Act 2006, is available from: [www.adhplc.asia](http://www.adhplc.asia).

**Notes:**

- (a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these notes. Please read note (h) below. Under Section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company using the following method:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- The revocation notice must be received by the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Shares of the Company kept and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

## notice of annual general meeting continued

of asia digital holdings PLC

### Notes continued:

- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 10.00am on 28 June 2010 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10.00am on 28 June or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.
- (g) As at 30 June 2010, the Company's issued share capital comprised 708,768,684 Shares. The total number of voting rights in the Company as at 30 June 2010 is 708,768,684. The website referred to on page 52 will include information on the number of shares and voting rights.
- (h) If you are a person who has been nominated under Section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting.
  - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
  - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
- (k) Except as provided above, members who have general queries about the Annual General Meeting should contact the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.
- (m) Resolution 2: Information about the Director who is proposed by the Board for re-election at the Annual General Meeting is shown in the annual report and accounts 2010.



# form of proxy

of asia digital holdings PLC

For use at the Annual General Meeting of Asia Digital Holdings Plc, or any adjournment thereof, to be held on 30 June 2010 at 19 Cavendish Square, London W1A 2AW at 10.00am.

I/We .....

(BLOCK LETTERS) of .....

being a member/members of Asia Digital Holdings Plc ('the Company') hereby appoint ..... or, failing him, the duly appointed Chairman of the Meeting).....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10.00am on 30 June 2010, and at any adjournment thereof, in the manner specified below.

## Resolutions

	For	Against
1. To receive and adopt the Directors' report and accounts.	<input type="text"/>	<input type="text"/>
2. To re-elect Tina Beattie as a Director.	<input type="text"/>	<input type="text"/>
3. To re-appoint Grant Thornton as auditors of the Company and authorise the Directors to determine their remuneration.	<input type="text"/>	<input type="text"/>
4. To authorise the Directors to allot shares (Section 551 Companies Act 2006).	<input type="text"/>	<input type="text"/>
5. To authorise the Directors to allot shares other than pro rata to shareholders. (Section 570(1) Companies Act 2006).	<input type="text"/>	<input type="text"/>
6. To authorise the market purchase of shares.	<input type="text"/>	<input type="text"/>

Signature .....

Dated..... 2010

## Notes

- Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointor. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
- If you wish to appoint a proxy of your own choice delete the words "the Chairman of the Meeting" and insert the name and address of the person whom you wish to appoint in the space provided.
- Any alterations to the Form of Proxy should be initialled.
- To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- In order to revoke a proxy instruction a member will need to inform the Company using the following method:
  - by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to note 8 below, the proxy appointment will remain valid.
- In the case of a corporation, this form must be executed under its common seal or signed on its behalf by its attorney or a duly authorised officer of the corporation.
- In the case of joint shareholders, any one of them may sign. The vote of the person whose name stands first in the register of members will be accepted to the exclusion of the votes of the other joint holders.
- Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

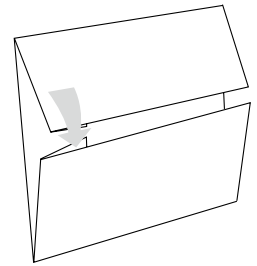


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Business Reply  
Licence Number  
RSBH-UXKS-LRBC



first fold



PXS  
34 BECKENHAM ROAD  
BR3 4TU

second fold





61 Circular Road #03-01  
Singapore  
049415  
t: +65 6508 9200  
f: +44 6508 9203  
[adhplc.asia](http://adhplc.asia)