Press Release **28 April 2009**

Deal Group Media plc

("DGM" or the "Group")

Final Results

Deal Group Media plc (AIM:DGM), the independent online marketing group, today announces its final results for the year ended 31 December 2008.

Highlights

- Sales increased by 56% to £14.7 million (2007: £9.4 million)
- Gross profit increased by 45% to £4.2 million (2007: £2.9 million)
- Increase in gross profit predominantly reinvested in new Asian operations
- Strong growth from Group's new Asian operations in Singapore and India
- £608,000 provision made against outstanding lease obligations in the UK
- Loss from continuing operations increased by 14% to £2.4 million (2007: loss £2.1 million)
- Confident of trading profitably by the end of the financial year

Commenting on the results, Adrian Moss, Chief Executive, said: "I am encouraged by our headline growth in the year, especially as our new Asian operations delivered 75% of our growth at gross profit level. This growth has facilitated our planned investment in the new operations.

"Our loss from continuing operations is similar to last year before account is taken of a full provision of £608,000 against the remaining lease obligations relating to our former UK premises.

"The Internet in the Asian marketplace is already significantly larger in terms of users than Europe or the US notwithstanding relatively low penetration. This opportunity, combined with our early establishment of operations in this region, gives us confidence that the Group is in an excellent position to benefit from the inevitable further adoption of digital advertising in Asia and the macro economic upturn.

"I am confident that the Group will be trading profitably by the end of the current period."

– Ends –

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Chairman's statement

I am pleased to present the results for the financial year ended 31 December 2008.

Financial Results

Trading

The Group's performance in the period has been encouraging in terms of headline growth. Sales for the period showed a 56% increase to £14.7 million (2007: £9.4 million) and gross profit showed a 45% increase to £4.2 million (2007: £2.9 million).

The Board is particularly encouraged by the contribution that the new Asian operations have made to our results by delivering 53% of the total increase in sales and 75% of the increase in gross profit. The two territories driving the Group's Asian growth are Singapore and India.

Despite strong headline growth, results were affected by the slower than anticipated adoption of the Internet as an advertising medium across Asia, the initial impact of the recession causing clients to delay expenditure, and certain client losses in the established DGM Australia business being only partly mitigated by new business.

The cash generated by the increase in gross profit provided funding for the investment in the Group's new operations. The net impact of increased gross profit and increased investment in the operations leaves the contribution from our business units showing a marginal improvement on the previous period.

Central costs, consisting of Group management, the Group's stock market quotation and other central services including the finance, human resources and technical functions, showed a material reduction of 32% to £1.2 million (2007: £1.8 million). This reduction in central costs has been achieved through cost control, improved support function efficiency and the lower cost of human resource in Singapore.

Most central costs are incurred in Singapore and it is notable that central costs appear 7% higher that they would otherwise when reported in Sterling due to its material depreciation against the Singapore Dollar during 2008.

In addition the Group has taken a full provision against outstanding lease commitments relating to the former premises in London amounting to £608,000. The Board believes that while such a provision is appropriate it notes that any future sublet arrangement for these premises would result in revenue recognition in future periods.

As a result of the above the Group incurred a 14% increase in loss from operations of £2.4 million (2007: loss £2.1 million).

Working Capital

The Group's trading losses, combined with current macro economic factors, have put a strain on working capital.

Accordingly, throughout 2008 increased emphasis was placed on working capital management with increased attention to credit control and to taking full advantage of suppliers' credit terms where possible.

Since the year-end the Group arranged a sales ledger credit facility with Commonwealth Bank in Australia. It is anticipated that we will utilise this facility through the current period.

A key focus of the Group is to achieve a positive trading cash flow at the earliest opportunity. This ensures sufficient strength in the balance sheet in order to allow the Group to participate fully in the sector and economic upturn. The Board expects to be trading profitably by the end of the current year and are continuously assessing the sufficiency of cash resource.

The Board is comfortable that, with the plans that are in place, there are sufficient funds to achieve trading breakeven in current markets. The Group cannot discount additional funding being required if opportunities are identified that would lead to a superior market position, and ultimately a better return for shareholders.

Group Offering

The Group continues to operate three 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 business delivered the bulk of Group sales in 2008, predominantly from its established Australian operation launched in 2003. Over the last two years DGM has expanded into India with a base in Delhi and satellite operations in offices in Mumbai and Bangalore, and the wider Asia region, from a Singapore base.

The Indian DGM business has been generating consistent contribution since March 2008, less than twelve months post launch. The South East Asia business, which was much later to launch is expected to show positive contribution within the current year.

The DGM business employed fifty-three people as at 31 December 2008.

Achievements within the year include:

- Strategic deal with Omnicom Media Group (OMG), part of the Omnicom Group to power a region wide search engine marketing offering
- Widening operating geography with campaigns in 17 markets, up from 6 in December 2007
- Recognition as a market leader through various regional industry Awards (e.g. IAB Search Award for Australia and Digital Media Asia Award)
- Finalist in the Australian AdNews Employer of the Year Awards 2008

AKTIV - 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 business was launched in South East Asia from a Singapore base in Q3 2007. Though sales levels are much lower than those of DGM, so too is the cost base which has resulted in the business generating consistent contribution since the second quarter of 2008, less than twelve months post launch. Since that time AKTIV has demonstrated consistent growth.

The AKTIV business employed eight people as at the 31 December 2008.

Achievements within the year include:

- Delivery of a positive contribution within twelve months of launch
- Signing of 30 exclusive representation contracts with major publishers to sell their advertising space e.g. TripAdvisor, Virtual Tourist, Imeem, Crunchyroll, MySpace, Invest Asia, Tribal Football, Reuters and Invest Asia
- Signing of strategic deals with several international media buying agencies

Deploy Digital - A digital communications planning and implementation agency.

This business was launched in South East Asia from a Singapore base in Q2 2008 in response to a gap that exists in the communications market and to drive forward digital marketing as a whole. The business also allows for close alignment with clients from an educational and strategic perspective.

The Deploy Digital business employed three people as at the 31st December 2008.

Achievements within the year include:

- Appointment as digital partners to Nestle (AOR), PepsiCo (AOR) in the Philippines and SingTel in Singapore
- Project work for J&J, P&G, Merck, and PhilWeb in the Philippines
- Strategic deal with BBDO Asia Pacific to launch Proximity Deploy, an online media consultancy combining both companies' skill sets to service BBDO Asia Pacific's existing and future client base.

Markets

With an estimated 650 million Internet users (2007: 511 million users), Asia represents over 40% of the world Internet users (2007: 39%) but this percentage has been achieved with only 17.2% of the population online. The Asian Internet user growth in one year alone, from 2007 to 2008, represents 36% of the total estimated current European user base of 390 million. In Europe 48.5% of the population is already online suggesting the growth upside is more limited there than in Asia (Source: Internetworldstats.com).

In terms of absolute user numbers, future growth prospects of those users, and level of media consumption and interactivity, Asia represents a material opportunity for advertisers. This creates a substantial opportunity for the suppliers of digital marketing related services.

Forrester Research suggested in a February 2009 paper that "In 2009 APAC marketing will enter its digital decade"

The Board estimates that between 2% and 4% of total advertising spend in Asia is allocated to the digital channel whereas in the more mature markets of Europe and North America this allocation often exceeds 15% (UK 17%, Europe 15% and 15% for North America – Source: Internet Advertising Bureau 2008).

It is generally expected that current low digital advertising spend levels will increase in the same manner as has happened in more mature regions like Europe and North America. Some countries in Asia are expected to grow to as much as 7% of total media spend (Source: Zenith Optimedia 2009).

Outlook

Over the last eighteen months the Group has established two new operations, in addition to extending an existing successful business from Australia into India and the South East Asia region.

All operations are either contributing to, or expected to contribute to Group profitability within the current year.

The Board believes that the growth delivered through 2008 in an embryonic marketplace augurs well for growth prospects as the sector evolves.

As an organisation that has ten years experience participating in the evolution of Europe and Australia from the early stages of the advertiser adoption of the digital advertising medium through to the current high user base and high digital advertising spend, the Group is well positioned to benefit from the expected upturn in advertising budgets placed online within the Asian marketplace.

The Board and senior management believe passionately that Deal Group Media is in the right region with the right business offering and the right management team to deliver value for our shareholders.

The Board is pleased with progress through 2008, and is enthused by the potential for the future, especially following the two key strategic alliances announced on the Regulatory News Service ("RNS") in the fourth quarter, one between the DGM business and Omnicom, and the second between Deploy and BBDO. Both of these alliances are expected to deliver incremental business within the current period.

Staff

The Directors wish to extend their gratitude to the worldwide team of management and staff through whose endeavours the Group has proven that Deal Group Media have a collective resilience behind a strong product offering and strategy.

David Lees

Chairman

27 April 2009

Consolidated income statement
For the year ended 31 December 2008

	Notes	**2008** **£'000**	Restated 2007 £'000
Continuing operations			
Revenue	2	**14,700**	9,432
Cost of sales		**(10,511)**	(6,487)
Gross profit		**4,189**	2,945
Administrative expenses			
– amortisation		**(274)**	(293)
– depreciation		**(148)**	(23)
– share-based payments		**(179)**	(177)
– other administrative expenses		**(6,021)**	(4,598)
		(6,622)	(5,091)
Loss from operations	3	**(2,433)**	(2,146)
Interest received		**4**	16
Interest payable		**(25)**	(4)
Share of loss of associates		**(343)**	(10)
Loss before tax		**(2,797)**	(2,144)
Income tax		**(41)**	81
Total loss after taxation from continuing operations		**(2,838)**	(2,063)
Discontinued operations			
Loss after tax from discontinued operations and its disposal		—	(5,072)
Total loss		**(2,838)**	(7,135)
Earnings per share			
Basic and diluted loss per share		**(0.62p)**	(1.69p)
Basic and diluted loss per share from continuing operations		**(0.62p)**	(0.49p)
Basic and diluted loss per share from discontinued operations		—	(1.20p)

Consolidated balance sheet
As at 31 December 2008

	Notes	**2008 £'000**	2007 £'000
Assets			
Non-current assets			
Property, plant and equipment		**190**	234
Other intangible assets		**404**	678
Investment in associates		**135**	478
		729	1,390
Current assets			
Trade and other receivables		**4,230**	3,166
Cash and cash equivalents		**528**	670
		4,758	3,836
Total assets	2	**5,487**	5,226
Equity and liabilities			
Equity			
Called up share capital		**4,537**	4,537
Capital redemption reserve		**13,188**	13,188
Share-based payment reserve		**883**	704
Share premium account		**22,683**	22,683
Translation reserve		**(470)**	54
Retained earnings		**(41,660)**	(38,823)
Total equity		**(839)**	2,343
Current liabilities			
Trade and other payables		**5,677**	2,883
Lease commitments provision		**608**	—
Corporation tax		41	—
Total liabilities	2	**6,326**	2,883
Total equity and liabilities		**5,487**	5,226

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 27 April 2009 by:

Adrian Moss

Director

Consolidated cash flow statement
For the year ended 31 December 2008

	2008 £'000	2007 £'000
Operating activities		
Loss after tax	**(2,838)**	(7,135)
Depreciation	**148**	320
Amortisation	**274**	293
Share-based payment	**179**	177
(Increase)/decrease in receivables	**(1,063)**	32
Increase/(decrease) in payables	**3,402**	(938)
Foreign exchange differences	**(524)**	72
Finance income	**21**	(7)
Share of loss from associated undertakings	**343**	10
Loss on disposal of subsidiary	—	4,804
Tax charge/(credit)	**41**	(81)
Net cash inflow/(outflow) from operations	**(17)**	(2,453)
Investing activities		
Purchase of property, plant and equipment	**(104)**	(118)
Purchase of shares in associated undertakings	—	(42)
Consideration for disposal of subsidiary (net of cash disposed)	—	924
Disposal of subsidiary net assets	—	268
Purchase of intangible assets	—	(399)
Interest received	**4**	21
Net cash (used)/generated in investing activities	**(100)**	654
Financing activities		
Issue of ordinary share capital	—	1,899
Interest paid	**(25)**	(14)
Net cash (used)/generated from financing activities	**(25)**	1,885
Net (decrease)/increase in cash and cash equivalents	**(142)**	86
Cash and cash equivalents at start of period	**670**	584
Cash and cash equivalents at end of period	**528**	670

Consolidated statement of changes in equity
For the year ended 31 December 2008

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2007	3,816	21,505	13,188	527	(18)	(31,688)	7,330
Exchange difference on translation of foreign operations	—	—	—	—	72	—	72
Net income recognised directly in equity	—	—	—	—	72	—	72
Retained loss for the year	—	—	—	—	—	(7,135)	(7,135)
Total recognised (expense)/ income for the year	—	—	—	—	72	(7,135)	(7,063)
Share option grants	—	—	—	177	—	—	177
Shares issued in the year	721	1,178	—	—	—	—	1,899
As at 31 December 2007	4,537	22,683	13,188	704	54	(38,822)	2,344
Exchange difference on translation of foreign operations	—	—	—	—	(524)	—	(524)
Net loss recognised directly in equity	—	—	—	—	(524)	—	(524)
Retained loss for year	—	—	—	—	—	(2,838)	(2,838)

Total recognised (expense) / for the year	—	—	—	—	(524)	(2,838)	(3,362)
Share option grants	—	—	—	179	—	—	179
As at 31 December 2008	4,537	22,683	13,188	883	(470)	(41,660)	(839)

Notes to the financial information
For the year ended 31 December 2008

1 Publication of non-statutory accounts

The financial information set out in this announcement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The financial information for the year ended 31 December 2008 has been extracted from the group's financial statements to that date which have been prepared in accordance with IFRS as adopted in the EU and which have received an unmodified auditor's report but have not yet been delivered to the Registrar of Companies.

The financial information for the year ended 31 December 2006 (the comparative financial information) is extracted from the same accounts and differs from the information reported in the 2006 financial statements as the comparative financial information has been restated in respect of conversion to IFRS and in respect of a prior period adjustment.

2 Revenue and segmental information

All revenue relates to the supply of online marketing services. The Directors regard this as a single class of business.

Geographical segment is considered the primary segment with UK, Australia, Asia Pacific and Rest of the World identified as geographical segments.

The 'Central and plc' segment is not allocated to geographical segments as it is represented by the costs of the Company and central overheads. This cannot be specifically allocated to provide meaningful comparison so is deemed by Directors to constitute a separate segment for reporting purposes.

	Australia	**Asia Pacific**	**Rest of World**	**Central and plc**	**Total**	**UK**	**UK Associates**
Year to 31 December 2008	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**(Discontinued)**	**£'000**
External revenue	**11,391**	**2,940**	**369**	—	**14,700**	—	—
Segment result	**943**	**(607)**	**(228)**	**(2,946)**	**(2,838)**	—	—
Segment assets	**2,854**	**1,773**	**125**	**735**	**5,487**	—	—
Segment liabilities	**3,732**	**1,279**	**245**	**1,070**	**6,326**	—	—
Capital expenditure	**15**	**80**	**9**	**—**	**104**	—	—
Additions to other	**—**	**—**	**—**	**—**	**—**	—	—

intangibles							
Depreciation and amortisation	**38**	**38**	**3**	**343**	**422**	**—**	**—**

Year to 31 December 2007	Australia £'000	Asia Pacific £'000	Rest of World £'000	Central and plc £'000	Total £'000	UK (Discontinued)	UK Associates £'000
External revenue	8,489	139	804	—	9,432	11,639	336
Segment result	914	(709)	(90)	(2,178)	(2,063)	(5,072)	(96)
Segment assets	2,615	393	385	1,833	5,226	2,281	196
Segment liabilities	2,153	211	112	407	2,883	1,757	147
Capital expenditure	25	70	—	—	95	23	30
Additions to other intangibles	—	—	—	399	399	—	—
Depreciation and amortisation	27	7	45	237	316	297	10

3 Loss from operations

Loss from operations is stated after charging:

	2008 £'000	2007 £'000
Foreign exchange gains / (losses)	**(478)**	5
Amortisation of intangible assets	**274**	293
Depreciation of property, plant and equipment	**148**	320
Auditor's remuneration for auditing of accounts and associates of the Group	**68**	71
Auditor's remuneration for non-audit services *	**45**	33
Operating lease rentals	**461**	249
Lease commitment provision	**608**	—
Share-based payment costs	**179**	177

*Auditor's remuneration for non-audit services comprised other services relating to taxation of £42,000 (2007: £15,000) and all other services £3,000 (2007: £18,000).

Copies of the financial statements will be sent to shareholders and are available from the Company's registered office at 19 Cavendish Square, London, W1A 2AW.

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