dealgroupmedia plc

annual report and accounts 2008

Deal Group Media plc is a 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 market place.

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.

02 chairman's statement
05 directors
06 corporate governance
08 report on remuneration
10 report of the directors
13 report of the independent auditor
15 accounting policies (consolidated financial statements)
20 consolidated income statement
21 consolidated balance sheet
22 consolidated cash flow statement
23 consolidated statement of changes in equity
24 notes to the consolidated financial statements
38 report of the independent auditor
40 accounting policies (parent company financial statements)
42 company balance sheet
43 notes to the company financial statements
49 notice of annual general meeting
52 advisers

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 than 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, 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 macroeconomic 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 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 is 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, satellite operations in offices in Mumbai and Bangalore and servicing 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 Southeast Asia business, which was much later to launch, is expected to show positive contribution within the current year.

The DGM business employed 53 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 six 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); and
- 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 Southeast Asia from a Singapore base in the third quarter of 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; and
- signing of strategic deals with several international media buying agencies.

Deploy Digital – A digital communications planning and implementation agency.

This business was launched in Southeast Asia from a Singapore base in the second quarter of 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 31 December 2008.

chairman’s statement continued

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; and
- 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 for North America 15% – 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 Southeast 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.

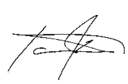
As an organisation that has ten years’ experience participating in the evolution of Europe and Australia from the early stages of the advertiser adoption of the digital advertising medium through to the current high user base and high digital advertising spend, the Group is well positioned to benefit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

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, Rift Oil Plc, Metis Biotechnologies Plc, Network Estates Limited and Accident Exchange 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 Deal Group Media 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.

Zoe Tang, CPA
Group Finance Director
Zoe brings over 20 years of financial experience to the Company. Prior to joining the Group, Zoe was Vice President of Finance at Robert Bosch (SEA) Pte Ltd, part of the Bosch Group, an innovative high-quality automotive technology company. Her role there included working on regional M&A deals in Southeast Asia as well as streamlining the company's financial processes. Zoe is a qualified CPA, with a bachelor's degree in accountancy.

corporate governance

for the year ended 31 December 2008

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

Compliance

As the Company is listed on the Alternative Investment Market, 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 two Executive Directors, who hold key operational positions in the Company, and two 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. All Non-Executive Directors have interests in shares of the Company and hold share options, as set out in note 4. The Non-Executive Directors have each considered their independence in light of the above interests and other business relationships as laid out in note 17. 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 5. 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 (as per Report of the Directors). For this reason, they continue to adopt the going concern basis in preparing the financial statements.

David Lees
Chairman
27 April 2009

report on remuneration
for the year ended 31 December 2008

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 Directors' service contracts is between three and twelve 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)
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 17 related party transactions), 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.

Main elements of Executive remuneration continued

Share options incentives

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

Pensions

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

Non-Executive Directors

The Board as a whole determines the remuneration of the Non-Executive Directors. Share options were granted to the Non-Executive Directors in February 2004. Due to the decline in share price in recent years, the Company had decided to cancel options granted in previous years to all Directors and staff and re-issue them at current market price for staff motivation to ensure generation of corporate value and shareholders' return. The options granted to Non-Executive Directors were accordingly cancelled and re-issued at 1.125 pence in February 2008. 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 17 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
27 April 2009

report of the directors

for the year ended 31 December 2008

The Directors present their report together with the financial statements for the year ended 31 December 2008.

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 £2,838,000 (2007: £7,135,000). In view of the losses the Directors cannot recommend payment of a dividend.

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.

Performance against financial KPIs is discussed in the Chairman's statement. Performance against non-financial KPIs is not disclosed as the Directors consider this commercially sensitive.

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.

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.

In accordance with the terms of the Company's Articles of Association, Adrian Moss will retire and will offer himself 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 127 days (2007: 65 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, 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 16 to the financial statements.

Substantial shareholders

At 30 March 2009 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares, save for the Directors whose interests are disclosed in note 4.

	Shareholding	%
Pershing Nominees Limited LMCLT ACCT	85,591,781	18.86
Pershing Nominess Limited PSL981 ACCT	46,649,925	10.28
The Bank of New York (Nominees)	44,335,000	9.77
Cognition Capital A/S	18,181,818	4.01

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 3 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement on page 3. In addition, pages 6 to 7 include the Group's objectives, policies and processes for managing its capital; notes 1c and 16 include its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risks.

Through 2008 the Group delivered incremental sales of 56% increase to £14.7 million (2007: £9.4 million) and incremental gross profit of 45% increase to £4.2 million (2007: £2.9 million). The majority of this increase, 75% of gross profit, was attributable to the new Asian business operations. However nearly all of this gross profit improvement was invested in the building up of the new Asian business operations, with a small part spent on the development of the DGM Australia business.

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.

Central costs saw a material reduction of 32%, in line with expectations, despite the depreciation of British sterling against the Singapore dollar, which increased our central costs when reported in Group figures by 7%.

A non-recurring provision of £608,000 for outstanding lease provisions relating to our former UK premises has also been made in the accounts. This was not anticipated at the outset of the year due to a sublet arrangement, which we expected to continue indefinitely. The Directors believe that while such a provision is appropriate, any future sublet arrangement for these premises would result in revenue recognition in future periods.

All of the above results in the Group delivering a total loss of £2.8 million (2007: £7.1 million) with the 2007 figures including the loss of £5.1 million relating to the disposal of a 51% holding of our UK business to a management team.

We are however satisfied with our progress through 2008 and enthused by the potential for the future. All operations are either contributing or expected to contribute to Group profitability within the current year.

If the growth that our business has experienced in this embryonic digital advertising sector is indicative of future growth then prospects for the Group are good. We are well positioned to benefit from the expected material upturn in advertiser budgets placed online within the Asian marketplace.

In addition the client churn in our DGM Australia business has left us with a material reduction in client concentration and therefore a reduced risk operation.

Trading losses and the recessionary impact on working capital has demanded extra emphasis be placed on working capital management with increased attention to credit control and where possible taking full advantage of suppliers credit terms. This has resulted in cash balance as at the year end of £528,000, a decrease of only £142,000 from the cash balance at the beginning of the year.

A receivable financing facility with Barclays was obtained at the end of 2007, with the draw down only utilised once in June 2008 and repaid in August 2008. This facility was subsequently ceased in October 2008 due to the transfer of its finance operations to Asia. With the bulk of the operations still residing in Australia, a sales ledger funding facility with Commonwealth Bank in Australia was negotiated and granted post year end in January 2009. The new facility is open ended and more favourable in terms of increased credit limit and cheaper borrowing costs.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its facility with Commonwealth Bank in the current year.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have 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 2008

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 and Company 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 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 proper 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 1985. 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, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Companies Act 2006.

On behalf of the Board

Adrian Moss
Chief Executive
27 April 2009

report of the independent auditor

to the members of deal group media plc

We have audited the consolidated financial statements of Deal Group Media plc for the year ended 31 December 2008 which comprise the principal accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and notes 1 to 19. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Parent Company financial statements of Deal Group Media plc for the year ended 31 December 2008.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor

The Directors' responsibilities for preparing the annual report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the report of the Directors is consistent with the financial statements. The information in the Report of the Directors includes that specific information presented in the Chairman's statement that is cross referenced from the Report of the Directors.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited Group financial statements. The other information comprises only the report of the Directors, the report on remuneration, the corporate governance report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Group financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

report of the independent auditor continued

to the members of deal group media plc

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London
27 April 2009

accounting policies (consolidated financial statements)

for the year ended 31 December 2008

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.

The Group's consolidated financial statements were prepared in accordance with UK GAAP until 31 December 2006. The transition date to IFRS was 1 January 2006.

Separate financial statements of the Parent Company have been presented on pages 39 to 49, which are prepared in accordance with UK GAAP.

Going concern

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 gong 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. The Directors further note that management information for the first two months of 2009 indicate that the Group is, to date, performing in line with forecast.

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.

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:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
  This standard stipulates the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out the overall framework and responsibilities for presentation of the financial statements, guidelines for their structures and minimum requirements for the contents of the financial statements.
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- Improvements to IFRS (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (IASB effective date 1 July 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
- 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)

accounting policies (consolidated financial statements) continued

for the year ended 31 December 2008

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. The carrying value of the investment is reviewed for impairment at every balance sheet date by determining the present value of estimated cash flows discounted at the original effective interest rate.

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 January 2006. Accordingly, the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax and minority interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

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 a partial disposal of a subsidiary results in that entity subsequently being treated as an associate, cost is deemed to be the Group's share of net assets of that entity at the date of partial disposal.

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

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 provision of services is complete, 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 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 recognized 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.

1c Summary of significant accounting policies continued

Software development continued

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% 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. No adjustment is made to any expense recognised in prior periods of share options ultimately exercised 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.

accounting policies (consolidated financial statements) continued

for the year ended 31 December 2008

1c Summary of significant accounting policies continued

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 rate method.

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 where the changes in fair value are recognised directly in equity.

1c Summary of significant accounting policies continued

Financial instruments continued

Foreign currencies continued

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 equity 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.

Segmental reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

The Group considers the geographical segment as the primary segment and has identified Australia, Asia Pacific and the Rest of the World as the geographical segments which they operate in and currently managed. The Directors consider the Group's operations to be a single business segment as the two new businesses are still in the start up phase. It is anticipated that as the Group evolves then the Group will adopt a more business unit based management approach.

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 coordinated 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 polices

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 systems. 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.

Recognition of deferred tax assets

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

consolidated income statement

for the year ended 31 December 2008

	Notes	2008 £'000	Restated 2007 £'000
Continuing operations			
Revenue	1	**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	2	**(2,433)**	(2,146)
Interest received		**4**	16
Interest payable		**(25)**	(4)
Share of loss of associates	8	**(343)**	(10)
Loss before tax		**(2,797)**	(2,144)
Income tax	5	**(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	6	**(0.62p)**	(1.69p)
Basic and diluted loss per share from continuing operations	6	**(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	9	**190**	234
Other intangible assets	7	**404**	678
Investment in associates	8	**135**	478
		729	1,390
Current assets			
Trade and other receivables	10	**4,230**	3,166
Cash and cash equivalents	15	**528**	670
		4,758	3,836
Total assets		**5,487**	5,226
Equity and liabilities			
Equity			
Called up share capital	12	**4,537**	4,537
Capital redemption reserve		**13,188**	13,188
Share-based payment reserve	13	**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	14	**608**	—
Corporation tax		**41**	—
Total liabilities	11	**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

	Notes	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	15	**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 income/(expense) 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)/income 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 consolidated financial statements

for the year ended 31 December 2008

1 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.

Year ended 31 December 2008	**Australia £'000**	**Asia Pacific £'000**	**Rest of World £'000**	**Central and plc £'000**	**Total £'000**	**UK (Discontinued) £'000**	**UK Associates £'000**
External revenue	**11,391**	**2,940**	**369**	**—**	**14,700**	**—**	**9,046**
Segment result	**943**	**(607)**	**(228)**	**(2,946)**	**(2,838)**	**—**	**(821)**
Segment assets	**2,854**	**1,773**	**125**	**735**	**5,487**	**—**	**3,219**
Segment liabilities	**3,732**	**1,279**	**245**	**1,070**	**6,326**	**—**	**2,791**
Capital expenditure	**15**	**80**	**9**	**—**	**104**	**—**	**—**
Additions to other intangibles	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Depreciation and amortisation	**38**	**38**	**3**	**343**	**422**	**—**	**99**

Year ended 31 December 2007	Australia £'000	Asia Pacific £'000	Rest of World £'000	Central and plc £'000	Total £'000	UK (Discontinued) £'000	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

2 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).

3 Staff costs

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

	2008	2007
Directors and senior management	6	6
Management	13	22
Non-management	57	75
Total	76	103

The aggregate payroll costs for these persons were as follows:

	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
	3,373	—	3,373

	2007		
	Continuing	Discontinued	Total
Aggregate wages and salaries	1,707	2,049	3,756
Social security costs	15	243	258
Share option grant costs	144	33	177
Pensions costs	16	51	67
	1,882	2,376	4,258

4 Directors and senior management

Directors' and other senior management's remuneration

	31 December 2008				
	Salary £'000	Bonus £'000	Fees £'000	Pension £'000	Total £'000
Executive					
A Moss	214	—	—	7	221
Z Tang (appointed 23 September 2008)	33	—	—	—	33
Non-Executive					
D Lees	—	—	15	—	15
K Lassman	—	—	10	—	10
D Trigg (resigned 23 September 2008)	—	—	8	—	8
Other senior management	383	—	—	—	383
	630	—	33	7	670

notes to the consolidated financial statements continued

for the year ended 31 December 2008

4 Directors and senior management continued

	31 December 2007				
	Salary £'000	Bonus £'000	Fees £'000	Pension £'000	Total £'000
Executive					
A Moss	177	—	—	6	183
M Chalmers (appointed 25 April 2007, resigned 31 December 2007)	90	—	—	—	90
Non-Executive					
D Lees	—	—	15	—	15
K Lassman	—	—	15	—	15
D Trigg	—	—	15	—	15
P Alexander (resigned 31 December 2007)	—	—	9	—	9
Lord Stone of Blackheath (resigned 31 December 2007)	—	—	15	—	15
Other senior management	272	—	—	—	272
	539	—	75	6	652

Directors' and senior management's interests in shares

The Directors who held office at 31 December 2008 had the following interests in the shares of the Company:

	2008		2007	
	Number of shares	**%**	Number of shares	%
A Moss	**53,510,053**	**11.8**	53,510,053	11.8
D Lees	**5,511,456**	**1.2**	5,511,456	1.2
K Lassman	**1,323,294**	**0.3**	1,323,294	0.3
Z Tang	**—**	**—**	—	—
Other senior management	**3,542,843**	**0.8**	—	—

Directors' and senior management's share options

	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**	**1.125 pence**	**10 years**

	Date of grant	As at 31 December 2007	Exercise price	Exercise period
A Moss	December 2003	2,400,000	3.565 pence	10 years
	November 2004	15,000,000	11.50 pence	10 years
D Lees	February 2004	750,000	6.75 pence	10 years
K Lassman	February 2004	750,000	6.75 pence	10 years
Other senior management	July 2004	200,001	6.63 pence	10 years
	April 2007	1,997,922	3.50 pence	10 years
	June 2007	802,077	3.50 pence	10 years

The market price of the ordinary shares at 31 December 2008 was 0.80 pence (31 December 2007: 1.5 pence) and the range during the year was 0.44 pence to 1.375 pence (2007: 1.25 pence to 3.75 pence).

4 Directors and senior management continued

Directors' and senior management's share options continued

The share options were cancelled and new options granted in May 2008 by the Company for all Directors and staff at the new exercise price of 1.25 pence. The share options for the Directors and staff have an exercise period of ten years.

The Directors David Lees and Keith Lassman were awarded more options with the cancellation of previous options in return for the lower Directors' fees.

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

	2008 £'000	2007 £'000
Directors	**6**	—
Other senior management	**46**	27
Management	**88**	102
Non-management	**39**	48

5 Tax

	2008 £'000	2007 £'000
Current tax		
UK tax	**—**	—
Foreign tax – adjustment in respect of prior period	**41**	(81)
	41	(81)
Deferred tax – relating to origination and reversal of temporary differences	**—**	—
Tax expense/(credit)	**41**	(81)

As at 31 December 2008 the Group had an unrecognised deferred tax asset of £439,000 (2007: £642,000) in respect of trading losses of which £246,000 (2007: £518,000) relates to UK losses and £193,000 (2007: £124,000) relates to overseas losses and a further unrecognised deferred tax asset of £344,000 (2007: £433,000) 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

	2008 £'000	2007 £'000
Loss before tax	**(2,797)**	(2,144)
Tax at 28% on loss before tax	**(783)**	(643)
Effects of:		
Surplus of depreciation compared to capital allowances	**19**	102
Other expenses not deductible	**325**	88
Non-trading losses	**—**	—
Losses carried forward to be offset against:		
Future taxable trading profits	**439**	453
Foreign withholding tax	**41**	—
Adjustment in respect of previous periods	**—**	(81)
Current tax expense/(credit)	**41**	(81)

notes to the consolidated financial statements continued

for the year ended 31 December 2008

6 Loss per share

Earnings per share has been calculated on a loss after tax of £2,838,000 (2007: £7,135,000) and the weighted average number of shares in issue for the year of 453,768,684 (2007: 422,111,897).

Reconciliation of the loss and weighted average number of shares used in the calculations are set out below.

Reconciliation of earnings per share.

2008	**Continuing**	**Discontinued**	**Total**
Loss (£'000)	**(2,838)**	**—**	**(2,838)**
Loss per share in pence	**(0.62)**	**—**	**(0.62)**

2007	Continuing	Discontinued	Total
Loss (£'000)	(2,063)	(5,072)	(7,135)
Loss per share in pence	(0.49)	(1.20)	(1.69)

In view of the loss for the year, options in issue have no dilutive effect.

7 Other intangible assets

	Development costs £'000	Software £'000	Total £'000
Cost			
At 1 January 2007	712	168	880
Additions	370	13	383
Disposals	—	(181)	(181)
At 1 January 2008	1,082	—	1,082
Additions	—	—	—
Disposals	—	—	—
At 31 December 2008	**1,082**	**—**	**1,082**
Amortisation			
At 1 January 2007	164	89	253
Provided in year	240	53	293
Disposals	—	(142)	(142)
At 1 January 2008	404	—	404
Provided in year	274	—	274
Disposals	—	—	—
At 31 December 2008	**678**	**—**	**678**
Net book amount			
At 31 December 2008	**404**	**—**	**404**
At 31 December 2007	678	—	678

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.

8 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 stated at cost and amounts to £135,190 (2007: £478,000). £157,000 (2007: £221,000) relates to DC Storm Limited and £Nil (2007: £257,000) to dealgroupmedia (UK) Limited. Summary financial information for the associates, for the year ended 31 December 2008 is set out below:

	dealgroupmedia (UK) Limited £'000	DC Storm Limited £'000
Revenue	8,513	533
Loss after tax	(569)	(252)
Non-current assets	458	22
Current assets	2,087	657
Current liabilities	2,661	131

The Group has a 25.4% (2007: 28.2%) holding in the share capital of DC Storm Limited, a company incorporated in England and Wales. Its principal activity is web and software development. Deal Group Media 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. Deal Group Media Plc is not severally liable for the liabilities of dealgroupmedia (UK) Limited.

9 Property, plant and equipment

	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2007	305	986	1,291
Additions	7	111	118
Disposals	—	(790)	(790)
At 1 January 2008	312	307	619
Additions	27	77	104
Disposals	—	—	—
At 31 December 2008	**339**	**384**	**723**
Depreciation			
At 1 January 2007	183	605	788
Provided in year	58	262	320
Disposals	—	(723)	(723)
At 1 January 2008	241	144	385
Provided in year	65	83	148
Disposals	—	—	—
At 31 December 2008	**306**	**227**	**533**
Net book amount			
At 31 December 2008	**33**	**157**	**190**
At 31 December 2007	71	163	234

notes to the consolidated financial statements continued

for the year ended 31 December 2008

10 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	**3,286**	2,196
Amounts owed by associates	**—**	42
Other receivables	**307**	580
Prepayments and accrued income	**637**	345
	4,230	3,163

11 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	**3,666**	1,160
Social security and other taxes	**630**	227
Other payables	**239**	378
Amounts owed to associates	**—**	19
Accruals and deferred income	**1,791**	1,099
	6,326	2,883

12 Share capital

	2008 £'000	2007 £'000
Authorised capital		
881,152,000 ordinary shares of 1 pence each	**8,812**	8,812
54,952,000 deferred shares of 24 pence each	**13,188**	13,188
	22,000	22,000
Allotted, called up and fully paid capital		
453,768,684 (2007: 453,768,684) ordinary shares of 1 pence each	**4,537**	4,537

Allotments during the year

During the period the Company allotted the following ordinary shares:

	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**

	2007
Shares in issue at 1 January 2007	381,586,866
Shares issued during the year	72,181,818
Shares in issue at 31 December 2007	453,768,684

13 Share-based payments

During the year 34,980,000 options (2007: 23,633,439) were issued at an average fair value of 0.57 pence per share (2007: 2.08 pence).

The fair values of the options granted during the year ended 31 December 2008 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 3%.

The model takes into account a volatility rate of 80%, which has been derived from historical experience. A weighted average risk-free interest rate of 4.6% has been applied. The weighted average share price at grant date was 0.94 pence and the weighted average exercise price was 1.23 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 £179,000 (2007: £177,000).

During the year a number of options with an exercise price higher than the prevailing market price were cancelled and the corresponding profit and loss account charge was accelerated in accordance with IFRS 2. New options with lower exercise prices were granted to certain employees during the year.

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

	Directors	Management	Non-management	**Weighted average**
Share price at grant date (in pence)	1.00	0.93	0.93	**0.97**
Exercise price (in pence)	1.125	1.25	1.25	**1.18**
Expected life in years	5.0	5.0	4.0	**4.86**
Annualised volatility	0.80	0.80	0.80	**0.80**
Risk-free interest rate	0.045	0.047	0.047	**0.046**
Fair value determined in pence	0.607	0.536	0.499	**0.57**
Options granted	20,400,000	9,780,000	4,800,000	

notes to the consolidated financial statements continued

for the year ended 31 December 2008

13 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 2007	Granted during year	Exercised during year	Forfeited	Cancelled	**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.

Options cancelled were re-issued at 1.25 pence.

13 Share-based payments continued

Exercise price (pence)	Issue date	Held at 31 December 2006	Restated granted during Year	Exercised during year	Restated forfeited	Cancelled	Restated held at 31 December 2007
1.2468	October 2003	251,559	—	—	—	—	251,559
3.5650	December 2003	750,001	—	—	(325,000)	—	425,001
2.5000	April 2004	20,000	—	—	—	—	20,000
5.1000	April 2004	30,000	—	—	—	—	30,000
6.5000	April 2004	125,000	—	—	(25,000)	—	100,000
3.8000	July 2004	20,000	—	—	—	—	20,000
6.6300	July 2004	725,001	—	—	(450,000)	—	275,001
6.6300	September 2004	1,075,000	—	—	(1,000,000)	—	75,000
5.0000	December 2005	1,150,000	—	—	(1,150,000)	—	—
4.5000	January 2006	500,000	—	—	—	—	500,000
4.3800	February 2006	2,300,000	—	—	(100,000)	—	2,200,000
4.2500	April 2006	1,050,000	—	—	(916,667)	—	133,333
3.7500	June 2006	1,125,000	—	—	(375,000)	—	750,000
4.2500	September 2006	1,350,000	—	—	(966,667)	—	383,333
3.5000	April 2007	—	16,601,362	—	(6,425,000)	—	10,176,362
3.5000	June 2007	—	5,482,070	—	(3,400,000)	—	2,082,070
1.7500	October 2007	—	3,850,000	—	—	—	3,850,000
		10,471,561	25,933,432	—	(15,133,334)	—	21,271,659

The above table for 2007 has been restated to reflect the correct options granted and options forfeited during the year and the resultant options at the end of the year. It excludes Directors' options.

Options forfeited are in respect of employees leaving employment of the Group, including in respect of the sale of dealgroupmedia (UK) Limited during 2007.

14 Leasing commitments

The Group had made the following lease commitment provision:

	Total £'000
At 1 January 2007	—
Additions	—
Utilisation	—
At 1 January 2008	—
Additions	608
Utilisation	—
At 31 December 2008	**608**

notes to the consolidated financial statements continued

for the year ended 31 December 2008

14 Leasing commitments continued

The expected payment obligations are:

	2008 £'000	2007 £'000
Within one year	**91**	—
More than one year and within five years	**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.

As at 31 December 2007 the Group entered into a sub-lease with dealgroupmedia (UK) Limited for the above premises in London. An additional sub-lease was agreed as of 1 January 2009. The total expected sub-lease rentals due to be received from dealgroupmedia (UK) Limited at 31 December 2008 is £76,000 over a period of six months. The sub-lease will expire in June 2009.

Thereafter, the Group would look into sub-letting the premises in order to mitigate this exposure, the likely chance of which cannot be ascertained.

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

	2008 £'000	2007 £'000
Leases which expire:		
– within one year	**339**	185
– after one year and within five years	**201**	475

15 Cash and cash equivalents

The breakdown of the cash and cash equivalents is:

	2008 £'000	2007 £'000
Cash and cash in bank	**521**	665
Time deposits	**7**	5

16 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 and credit risk. The Directors review and agree the policies for managing each of these risks and they are summarised overleaf. The Group has no debt finance other than 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 or liquidity risk.

16 Financial instruments continued

Currency risk

The Group is exposed to translation and transaction foreign exchange risks.

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

As at 31 December 2008	**Australian dollars £'000**	**Other £'000**
Financial assets	**2,711**	**1,103**
Financial liabilities	**(2,224)**	**(1,438)**
Short-term exposure	**487**	**(335)**

As at 31 December 2007	Australian dollars £'000	Other £'000
Financial assets	2,385	386
Financial liabilities	(961)	(196)
Short term exposure	1,424	190

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 2008 (2007: 5%). This percentage has been determined based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on Deal Group Media plc's foreign currency financial instruments held at each balance sheet date.

5% strengthening of sterling	Australian dollars £'000
Net results for the year	(45)
Equity	(35)

5% weakening of sterling	Australian dollars £'000
Net results for the year	50
Equity	39

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 Deal Group Media plc'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.

notes to the consolidated financial statements continued

for the year ended 31 December 2008

16 Financial instruments continued

Credit risk

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

Classes of financial assets – carrying amounts	2008 £'000	2007 £'000
Cash and cash equivalents	**528**	670
Trade and other receivables	**3,286**	2,196
	3,814	2,866

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:

	2008		2007	
	Within terms £'000	Overdue £'000	Within terms £'000	Overdue £'000
Trade receivables	**2,654**	**748**	1,211	1,018
Of which provided	**—**	**(116)**	—	(33)
	2,654	**632**	1,211	985

The amount overdue for one month is £419,000 (2007: £874,000), two to four months is £250,000 (2007: £61,000) and for four to six months £14,000 (2007: £83,000), and for more than six months £65,000 (2007: £Nil).

Changes in the bad debts provision are as follows:

	Total £'000
As at 1 January 2007	41
Additions	24
Utilisation	(32)
As at 1 January 2008	33
Additions	111
Utilisation	(28)
As at 31 December 2008	**116**

Maturity analysis for financial liabilities:

	2008 £'000	2007 £'000
Within one year	**(3,662)**	(1,157)
More than one year and within five years	**—**	—

16 Financial instruments continued

Debtor concentration:

	2008		2007	
	£'000	%	£'000	%
Largest client	**1,468**	**45**	650	30
Others	**1,818**	**55**	1,546	70
	3,286	**100**	2,196	100

	2008		2007	
	£'000	%	£'000	%
Largest five clients	**2,277**	**69**	1,431	65
Others	**1,009**	**31**	765	35
	3,286	**100**	2,196	100

17 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 period the Group paid £3,590 (2007: £54,263) in respect of legal services provided to the Group. The balance due to Howard Kennedy, Solicitors, at the year end was £7,050 (2007: £Nil).

DC Storm Limited

DC Storm Limited is an associated undertaking company. During the year the Group paid £150,000 in respect of software licensing provided to the Group (2007: £200,002). The balance due to DC Storm Limited at the year end was £52,419 (2007: £18,506).

The Group also made available a loan to the company of £42,000 (2007: £42,000) and the remaining balance of £23,552 was converted to investment during the current year.

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 £83,842 and £30,000 respectively.

Transactions involving Directors

The loans made by Adrian Moss (director and shareholder) and John Porter (shareholder) to the Group in 2007 have been repaid as follows:

- the loan amount made by Adrian Moss of £100,000 was paid in two equal installments on 8 February 2008 and 7 March 2008; and
- the loan amount made by John Porter of £200,000 was used as part of the consideration to settle the amount payable to Deal Group Media Plc following the disposal of the dealgroupmedia (UK) business in 2007.

18 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.

19 Continent liabilities

There are no contingent liabilities at 31 December 2008 (2007: £Nil).

report of the independent auditor

to the members of deal group media plc

We have audited the Parent Company financial statements of Deal Group Media plc for the year ended 31 December 2008 which comprise the principal accounting policies, the balance sheet and notes 1 to 10. These Parent Company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Deal Group Media plc for the year ended 31 December 2008.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor

The Directors' responsibilities for preparing the annual report and the Parent Company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the Parent Company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Parent Company financial statements give a true and fair view and whether the Parent Company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited Parent Company financial statements. The other information comprises only the report of the Directors, the report on remuneration, the corporate governance report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Parent Company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Parent Company financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Parent Company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Parent Company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Parent Company financial statements.

Opinion

In our opinion:

- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008;
- the Parent Company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London
27 April 2009

accounting policies (parent company financial statements)

for the year ended 31 December 2008

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 gong 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. The Directors further note that management information for the first two months of 2009 indicate that the Group is, to date, performing in line with forecast.

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

Contributions to defined contribution pension schemes

The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

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 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 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.

Financial instruments continued

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.

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.

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

Foreign currencies

Transactions in currencies other than the functional 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 2008

	Notes	2008 £'000	2008 £'000	Restated 2007 £'000	Restated 2007 £'000
Fixed assets					
Tangible assets	1		**16**		84
Fixed asset investments	2		**1,946**		1,000
			1,962		1,084
Current assets					
Debtors	3	**1,048**		2,433	
Cash at bank and in hand		**2**		117	
		1,050		2,550	
Creditors					
Amounts falling due within one year	4	**(1,070)**		(412)	
Net current assets			**(20)**		2,138
Total assets less current liabilities			**1,942**		3,222
Capital and reserves					
Called up share capital	5	**4,537**		4,537	
Capital redemption reserve	7	**13,188**		13,188	
Share premium account	7	**22,683**		22,683	
Share-based payment reserve		**883**		704	
			41,291		41,112
Profit and loss account	7		**(39,349)**		(37,890)
Shareholders' funds			**1,942**		3,222

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

Adrian Moss
Director

notes to the company financial statements

for the year ended 31 December 2008

1 Tangible assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2008	72	16	88
Additions	—	—	—
At 31 December 2008	72	16	88
Depreciation			
At 1 January 2008	—	4	4
Provided in year	56	12	68
At 31 December 2008	56	16	72
Net book amount			
At 31 December 2008	**16**	**—**	**16**
At 31 December 2007	72	12	84

2 Fixed asset investments

	Subsidiaries £'000	Associates £'000	Total £'000
Cost			
1 January 2008	92	3,689	3,781
Additions	1,014	24	1,038
At 31 December 2008	1,106	3,713	4,819
Impairment			
1 January 2008	—	2,781	2,781
Impairment in the year	92	—	92
At 31 December 2008	92	2,781	2,873
Net book amount			
At 31 December 2008	**1,014**	**932**	**1,946**
At 31 December 2007	92	908	1,000

notes to the company financial statements continued

for the year ended 31 December 2008

2 Fixed asset investments continued

The carrying value of the investment was assessed by considering the expected discounted cash flows of the investment over a five year period using a discount rate of 8%.

As at 31 December 2008 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
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
DC Storm Limited	England and Wales	Ordinary	25.39%	Development of digital marketing software
Rorkes Limited*	Jersey	Ordinary	100%	Holding company
Escremie Limited*	England and Wales	Ordinary	100%	Online search and marketing services
The Web Finder Limited*	England and Wales	Ordinary	100%	Online search and marketing services
Mister Pink Publishing Limited*	England and Wales	Ordinary	100%	Online search and marketing services
Finance Direct.com Limited*	England and Wales	Ordinary	100%	Online search and marketing services

The companies as marked "*" are in the process of being wound up.

3 Debtors

	2008 £'000	2007 £'000
Amounts owed by Group undertakings	**871**	1,775
Other debtors	**39**	614
Prepayments and accrued income	**138**	44
	1,048	2,433

4 Creditors

	2008 £'000	2007 £'000
Other creditors	**297**	303
Accruals and deferred income	**773**	109
	1,070	412

5 Share capital

	2008 £'000	2007 £'000
Authorised capital		
881,152,000 ordinary shares of 1p each	**8,812**	8,812
54,952,000 deferred shares of 24p each	**13,188**	13,188
	22,000	22,000
Allotted, called up and fully paid capital		
453,768,684 (2007: 453,768,684) ordinary shares of 1p each	**4,537**	4,537

Allotments during the year	
During the period the Company allotted the following ordinary shares:	
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**

6 Share-based payments

During the year 34,980,000 options (2007: 23,633,439) were issued at an average fair value of 0.57 pence per share (2007: 2.08 pence).

The fair values of the options granted during the year ended 31 December 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 3%.

The model takes into account a volatility rate of 80%, which has been derived from historical experience. A weighted average risk-free interest rate of 4.6% has been applied. The weighted average share price at grant date was 0.94 pence and the weighted average exercise price was 1.23 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 £179,000 (2007: £177,000).

During the year a number of options with an exercise price higher than the prevailing market price were cancelled and the corresponding profit and loss account charge was accelerated in accordance with IFRS 2. New options with lower exercise prices were granted to certain employees during the year.

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

	Directors	Management	Non-management	**Weighted average**
Share price at grant date (in pence)	1.00	0.93	0.93	**0.97**
Exercise price (in pence)	1.125	1.25	1.25	**1.18**
Expected life in years	5.0	5.0	4.0	**4.86**
Annualised volatility	0.80	0.80	0.80	**0.80**
Risk-free interest rate	0.045	0.047	0.047	**0.046**
Fair value determined in pence	0.607	0.536	0.499	**0.57**
Options granted	20,400,000	9,780,000	4,800,000	

notes to the company financial statements continued

for the year ended 31 December 2008

6 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 2007	Granted during year	Exercised during year	Forfeited	Cancelled	**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.

Options cancelled were re-issued at 1.25 pence.

6 Share-based payments continued

Exercise price (pence)	Issue date	Held at 31 December 2006	Restated granted during Year	Exercised during year	Restated forfeited	Cancelled	Restated held at 31 December 2007
1.2468	October 2003	251,559	—	—	—	—	251,559
3.5650	December 2003	750,001	—	—	(325,000)	—	425,001
2.5000	April 2004	20,000	—	—	—	—	20,000
5.1000	April 2004	30,000	—	—	—	—	30,000
6.5000	April 2004	125,000	—	—	(25,000)	—	100,000
3.8000	July 2004	20,000	—	—	—	—	20,000
6.6300	July 2004	725,001	—	—	(450,000)	—	275,001
6.6300	September 2004	1,075,000	—	—	(1,000,000)	—	75,000
5.0000	December 2005	1,150,000	—	—	(1,150,000)	—	—
4.5000	January 2006	500,000	—	—	—	—	500,000
4.3800	February 2006	2,300,000	—	—	(100,000)	—	2,200,000
4.2500	April 2006	1,050,000	—	—	(916,667)	—	133,333
3.7500	June 2006	1,125,000	—	—	(375,000)	—	750,000
4.2500	September 2006	1,350,000	—	—	(966,667)	—	383,333
3.5000	April 2007	—	16,601,362	—	(6,425,000)	—	10,176,362
3.5000	June 2007	—	5,482,070	—	(3,400,000)	—	2,082,070
1.7500	October 2007	—	3,850,000	—	—	—	3,850,000
		10,471,561	25,933,432	—	(15,133,334)	—	21,271,659

The above table for 2007 has been restated to reflect the correct options granted and options forfeited during the year and the resultant options at the end of the year. It excludes Directors' options.

Options forfeited are in respect of employees leaving employment of the Group, including in respect of the sale of dealgroupmedia (UK) Limited during 2007.

7 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 2008	13,188	22,683	704	(37,890)
Retained loss for the year	—	—	179	(1,459)
At 31 December 2008	**13,188**	**22,683**	**883**	**(39,349)**

8 Loss of Parent Company

As permitted by Section 230 of the Companies Act 1985, 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 £1,280,000 (2007: £5,334,000).

notes to the company financial statements continued

for the year ended 31 December 2008

9 Directors and employees

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

	2008	2007
Average number employed	5	7

Directors' remuneration was as follows:

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

	31 December 2007				
	Salary £'000	Bonus £'000	Fees £'000	Pension £'000	Total £'000
Executive					
A Moss	177	—	—	6	183
M Chalmers (appointed 25 April 2007, resigned 31 December 2007)	90	—	—	—	90
Non-Executive					
J Porter (resigned 31 December 2007)	—	—	—	—	—
D Lees	—	—	15	—	15
K Lassman	—	—	15	—	15
D Trigg	—	—	15	—	15
P Alexander (resigned 31 December 2007)	32	—	15	—	47
Lord Stone of Blackheath (resigned 31 December 2007)	—	—	15	—	15
	299	—	75	6	380

10 Reconciliation of shareholders' funds

	2008 £'000	2007 £'000
Opening shareholders' funds	3,222	6,657
Loss for the financial period	(1,280)	(5,334)
Issue of shares	—	1,899
Closing shareholders' funds	1,942	3,222

notice of annual general meeting

of deal group media plc

Notice is hereby given that the Annual General Meeting of Deal Group Media plc will be held on 15 June 2009 at 19 Cavendish Square, London W1A 2AW at 10.00 am. The business of the Meeting will be as follows:

Resolutions

To consider and, if thought fit, pass the following resolutions 1–7 as ordinary resolutions and resolutions 8–11 as special resolutions:

1. To receive and adopt the Company's audited accounts for the period ended 31 December 2008, together with the report of the auditor and the Directors thereon.

2. To re-elect Adrian Moss 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. That the authorised share capital of the Company be 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 all respects with the existing ordinary shares in the capital of the Company as subdivided pursuant to resolution 7 below.

5.1 That, in accordance with Section 80 of the Companies Act 1985, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the terms of the restrictions and provisions following, namely:

 5.1.1 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

 5.1.2 this authority shall be limited to the allotment of relevant securities up to an aggregate nominal value £5,462,313.16.

5.2 For the purpose of paragraph 5.1 above:

 5.2.1 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 relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or such agreement notwithstanding the expiry of such power; and

 5.2.2 words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.

5.3 The authority conferred by paragraph 5.1 above shall be in substitution for all previous authorities conferred upon the Directors to allot relevant securities.

6. That each of the unissued ordinary shares of 1 pence in the capital of the Company be subdivided into ten ordinary shares of 0.1 pence each, having the rights set out in the Company's articles of association to be adopted pursuant to resolution 10 below.

7. That each of the issued ordinary shares of 1 pence each in the capital of the Company be subdivided into one ordinary share of 0.1 pence each and nine deferred shares of 0.1 pence each, having the rights set out in the Company's articles of association to be adopted pursuant to resolution 10 below.

notice of annual general meeting continued

of deal group media plc

Resolutions continued

8.1 That, in accordance with Section 95 of the Companies Act 1985, 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 5 above as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to such allotment, provided that the power hereby granted:

8.1.1 shall be limited to:

8.1.1.1 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

8.1.1.2 the allotment (other than pursuant to paragraph 8.1.1.1 of this proviso) of equity securities up to an aggregate nominal amount of £5,462,313.16.

8.1.2 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.

8.2 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.

8.3 Words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.

9. That the name of the Company be changed to Asia Digital Holdings Plc.

10. That the Articles of Association produced to the Meeting and initialled by the Chairman for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

11.1 That, the Company is and hereby is authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 1 pence each in the capital of the Company (the "Shares") provided that:

11.1.1 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;

11.1.2 the minimum price paid for a Share is 1 pence;

11.1.3 the maximum price paid for a Share is an amount, exclusive of expenses, equal to 105% of the average market value of Shares for the five business days immediately preceding the day on which that Share is purchased;

11.1.4 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.

11.2 Unless renewed, the authority conferred in paragraph 11.1 above shall expire either at the conclusion of the next annual general meeting of the Company or on the expiry of fifteen 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
25 May 2009

Notes:

(i) A member entitled to attend and vote at the Meeting convened by this Notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his or her stead. A proxy need not be a member of the Company, The appointment of a proxy will not preclude a member from being present at the Meeting and voting in person if he or she should subsequently decide to do so.

(ii) To be valid, forms of proxy must be lodged with the Company's Registrars at:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4BR

not later than 48 hours before the time appointed for the holding of the Meeting.

(iii) The following documents will available for inspection at the Company's registered office at:

19 Cavendish Square
London W1A 2AW

during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the date of the Annual General Meeting and at the Annual General Meeting for 15 minutes prior to and during the Meeting:

(a) the register of Directors' interests in the ordinary shares of the Company;

(b) copies of the service contracts and letters of appointment of all Directors of the Company; and

(c) a copy of the Memorandum and Articles of Association of the Company.

(iv) 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 10.00 am on 11 June 2009, or, in the event that the 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 aforesaid General Meeting in respect of the number of such shares registered in their name at the relevant time. Changes to entries on the register of members after 10.00 am on 11 June 2009 or, in the event that the 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 Meeting.

Additional information relating to the Annual General Meeting

Resolutions 6 and 7

These resolutions seek approval to a reduction in the nominal value of the Company's issued and unissued ordinary shares and will allow the Company to allot shares at a sum greater than their nominal value in accordance with company law. Resolution 7 divides each of the existing ordinary shares of 1 pence each into one ordinary share of 0.1 pence each and nine deferred shares of 0.1 pence. The deferred shares will have no effective value and no voting rights.

Resolution 10

This resolution seeks approval to amend the Company's articles of association to allow for electronic, including website, communications. The amended articles of association will permit the Company to make use of a new regime relating to electronic communications with its shareholders which came into effect as a result of the Companies Act 2006 and by amendments to the Disclosure Rules and Transparency Rules of the Financial Services Authority. A letter is being posted to shareholders together with this notice of annual general meeting to request whether they wish to receive documents or other information from the Company in hard copy or electronically.

The amended articles of association also update those references to the Companies Act 1985 that have been replaced by provisions contained in the Companies Act 2006. Subject to the passing of resolution 9, the amended articles of association also update the Company's name.

advisers

Directors

David Lees
Non-Executive Chairman

Adrian Moss
Chief Executive

Keith Lassman
Non-Executive

Zoe Tang
Group Finance Director
(appointed on 23 September 2008)

Keith Lassman
Company Secretary

Registered Office
19 Cavendish Square
London W1A 2AW

Nominated Advisers and Brokers

Daniel Stewart & Company plc
Becket House
36 Old Jewry
London EC2R 8DD

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

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