

dotDigital Group Plc

Final Results for the 14 months ended 30 June 2009

A period of substantial growth

dotDigital Group Plc (PLUS: DOTP) (“dotDigital” or the “Group”), the full service digital marketing agency, announces final results for the 14 months ended 30 June 2009. These are the Group’s maiden final results since being admitted to PLUS Markets in February 2009 through the reverse takeover of West End Ventures Plc.

HIGHLIGHTS

Operational Highlights

- Successful transformation into a leading full service digital marketing agency
- Launch of new package based e-commerce platform – dotCommerce; diversification of products and revenue streams
- Doubling of new customer numbers to over 2200
- Opening of London office for expanding agency business
- Strengthened Board of Directors

Financial Highlights

- Strong cash generative growth; resilient through tough economic climate
 - Revenue increased by 91% to £4.7m* (2008: £2.5m)
 - Pre-tax up by 45% to £1.1m* (2008:£0.7m)
 - Profit after tax up by 58% to £0.9m* (2008:£0.6m)
 - Healthy cash balance of £1.7m at period end
- * For a 14 month period in comparison to a 12 month period*

Post Period End

- Launch of new Professional Services offering: encompassing all digital marketing capabilities

Peter Simmonds, Chief Executive, dotDigital Group Plc, commented:

“The marketplace for our services has remained robust as we move into the current financial year. The Group’s customer base has continued to grow and the response to our broadened offering, introduced last year, encouraging.

“We maintain a strong cash position and have an eye towards an expansion of our services through acquisition with a number of targets already under review.

“Recognition of our brand is now widespread within the marketing sector and we believe that the coming year will present opportunities to expand and diversify profitably with only incremental increase in overhead cost. Accordingly, we look forward to the year with confidence.”

22 October 2009

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The Directors accept responsibility for this announcement.

Statutory Information

The financial information set out below does not constitute the Group's statutory accounts for the 14 months ended 30 June 2009 but is derived from those accounts.

The Group's auditors, Jeffreys Henry LLP did report upon the annual statements for the year ended under section 235(1) of the Companies Act 1985. The report from the Auditors was not qualified within the meaning of section 235(2) of the Act and did not contain statements made under section 237(2) and 237(3) of the Act.

The Annual Report of dotDigital Group Plc for the 14 months ended 30 June 2009 is available on the Group's website at <http://www.dotdigitalgroup.com/annualreport2009> or upon request from the Group's registered office at Finsgate, 5 – 7 Cranwood Street, London, EC1V 9EE.

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

The Group enjoyed a period of strong growth driven by the success of its leading edge internet technology for digital marketing. Revenue grew by 91% substantially driven by growth in client numbers from 1,072 as at the end of April 2008 to 2,282 by the end of June 2009.

The business has shown itself to be resilient in the face of a difficult economic climate and has benefited from the shift in marketing spend from traditional offline media to online digital marketing.

The year under review saw the delivery of many of the goals set out in a three year plan which was initiated in 2006. We have seen the Group transform from a niche website design agency and email service provider, into: one of the UKs leading full service digital marketing agencies, a PLC on the PLUS market, an employer of 55 staff with offices in London,

Croydon and Manchester and an email marketing product that is highly regarded in the marketing industry.

Financial Overview

On 30 January 2009 dotDigital Group Plc (formerly known as West End Ventures Plc) acquired the entire issued share capital of dotMailer Limited via a share for share exchange.

To comply with international financial reporting standards, this report is presented as if dotMailer Limited had acquired dotDigital Group Plc which is the substance of the transaction even though the legal form of the transaction was that dotDigital Group Plc acquired dotMailer Limited.

During the 14 month period ended 30th June 2009 revenue grew to £4.7m up from £2.47m in the previous 12 months. Pre tax profit in the period grew to £1.1m up from £0.7m in the previous 12 months.

This growth in profit was in line with target and although the apparent profit percentage has declined the headline numbers do not take account of a change in the basis of remunerating Directors from mainly dividend based in 2007/08 to salary based in 2008/09.

As well as achieving high levels of organic growth in our email marketing business during 2008/09 we have been making a significant investment in product innovation and development. April 2009 saw the launch of our new package based e-commerce platform (known as dotCommerce) which has been extremely well received by prospective clients and is starting to deliver a new and important revenue stream for the business.

Delivery of three year plan

Since 2006 dotDigital has achieved year on year growth levels of 54%, 97% and 91%, within a fiercely competitive and close to saturated market place and in the face of a recessionary environment over the past 18 months.

Staff levels have increased fourfold, from 15 in 2006 to 55 by summer 2009 and the average monthly new business acquisition rate has more than doubled from 40 new client wins in per month in 2007 to 85 new client wins per month in 2009.

By setting and pursuing aggressive and stretching financial goals, and focussing single-mindedly on developing innovative products and delivering them alongside exceptional client support, we have:

- Seen outstanding organic growth
- Opened up important revenue channels through cross-sell and up-sell
- Built the brand and a team capable of growing, supporting and developing our ever expanding customer base

We have achieved this by pursuing a highly focussed, four-prong growth strategy which in the Directors' opinion, sets the Group apart from any known competition:

- Outstanding client care and, we feel, over delivery on clients' expectations
- Product diversification having built a one-stop shop of products and services to cater for every digital need

- No compromise recruitment resulting in our attracting and retaining the very best talent needed to support our growing client base
- Insatiable sales and marketing leaving no stone unturned in our quest for a better more diverse service, strengthened thought-leadership profile, sales pipeline and no opportunity unconverted

A ‘full service’ offering

Although a handful of other email service providers are able to offer some add-on digital marketing services, and other digital agencies offer various forms of email service, the Directors believe that dotDigital is uniquely placed to offer the full range of digital marketing services with high levels of specialism and expertise backed by over ten years operational experience.

Our business is split into four main brands and business units, each with high level expertise in four key areas:

dotMailer – In the Directors’ opinion, a market leading email marketing platform with exceptional features and ease of use. It is delivered and supported by a team of dedicated and passionate professionals.

dotCommerce – The Group’s latest ecommerce solution considered by the Directors to provide a unique and compelling proposition to online sellers; a flexible bespoke build experience, for the cost of an off-the-shelf package.

dotEditor – The content management system which drives clients’ websites, enabling them to edit and manage their own, rich content.

dotAgency – An in-house creative agency team specialising in website design, build, digital marketing strategy and search engine optimisation.

The Group has a clear vision to continue to develop a range of complementary digital marketing tools and consultancy services which can be fully integrated with existing services. Moreover, we continually work to build deeper relationships with our clients and help them realise the full potential of digital marketing to achieve their own business objectives. Our clients benefit from this holistic approach which offers a trusted source and single point of contact for a full range of marketing needs.

dotDigital’s clients

dotDigital has a range of high profile clients including a number of blue-chip companies and high profile organisations. However, at a time when many of the other email marketing agencies focus principally on large company business, we have resolutely maintained a principal focus on small and mid sized companies given the huge pool and diversity of potential clients and our ability to bring services to them quickly and efficiently. Moreover we take the view that our customer mix is ideal to provide the stability that is crucial to allow dotDigital to grow.

The argument for dotDigital rests on the ability to provide custom made products for the same price as the existing commoditised products being marketed by other digital agencies which the directors believe are inferior in terms of features and usability.

These also fail to offer the high quality support often needed by less experienced marketers. With this in mind, we develop every product and offering with the needs and requirements of the SME in mind. By understanding the important business drivers and challenges which these companies experience, dotDigital is able to create affordable packages and solutions that work for companies of all sizes and that are scalable so that the product or service can grow with the customer. Because of this scalability, it means ultimately we can service any client from SME through to large multi-nationals.

Our customers choose to use our organisation because of these key factors, and because of our propositions of outstanding client support, a one-stop digital marketing shop and extremely easy to use yet very powerful products.

These products include, for example, highly innovative online survey builder and microsite builder tools that genuinely enable marketers and business managers with absolutely no experience or skills in website design, developing or coding, to create in minutes their own web pages, online surveys, competitions and data capture forms that look exactly like they are part of their business website. Tools like this offer genuine cost and resource savings of many thousands of pounds to businesses

Strategy for 2009/10

The Group has implemented plans to build on the existing successful strategies to sustain existing levels of growth. We plan to:

- Continue to build brand awareness and brand reputation within the marketplace using multi channel marketing, including social networking sites;
- Further develop a sales culture of referrals and word of mouth, based on delighted clients;
- Develop new products and services with strong recurring revenues, such as ecommerce solutions and SEO services;
- Expand the reach of our thought leadership message through social networking and web 2.0 including prolific blogging and twitter posts;
- Seeking earnings enhancing acquisitions in complimentary sectors such as:
 - SEO
 - Mobile/SMS
 - Word of Mouth Marketing
 - Survey tools
 - Analytics
 - Usability testing
 - Research
 - Social media marketing

The Directors also plan to reorganise the management of the business around smaller business units thus presenting a scalable business model with clear management focus whilst

maintaining the entrepreneurial spirit and culture which has served the business well for the past ten years.

Outlook

The marketplace for our services remains robust as we move into the current financial year. The Group's customer base has continued to grow and the response to our broadened offering, introduced last year, encouraging. We maintain a strong cash position and have an eye towards an expansion of our services through acquisition with a number of targets already under review.

Recognition of our brand is now widespread within the marketing sector and we believe that the coming year will present opportunities to expand and diversify profitably with only incremental increase in overhead cost. Accordingly, we look forward to the year with confidence.

David Pacy

Peter Simmonds

Chairman

CEO

15 October 2009

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD 1 MAY 2008 TO 30 JUNE 2009

	Notes	Period 1.5.08 to 30.6.09 £	Year Ended 30.4.08 £
CONTINUING OPERATIONS			
Revenue		4,718,290	2,474,365
Administrative expenses		(3,652,199)	(1,748,228)
OPERATING PROFIT		1,066,091	726,137
Finance costs		(864)	(3,332)

Finance income	15,088	24,578
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX	1,080,315	747,383
Income tax	(184,808)	(180,383)
PROFIT AFTER INCOME TAX	895,507	567,000
Profit attributable to: Owners of the parent	895,507	567,000
Earnings per share expressed in pence per share:	2	
Basic	0.14	0.19
Diluted	0.13	0.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

	30.6.09 £	30.4.08 £
ASSETS		
NON-CURRENT ASSETS		
Goodwill	608,503	-
Intangible assets	259,675	12,282
Property, plant and equipment	119,052	125,861
	987,230	138,143
CURRENT ASSETS		
Trade and other receivables	655,304	444,668
Cash and cash equivalents	1,677,902	684,493
	2,333,206	1,129,161
TOTAL ASSETS	3,320,436	1,267,304

EQUITY**SHAREHOLDERS' EQUITY**

Called up share capital	1,292,500	292,500
Share premium	4,533,754	533,754
Reverse acquisition reserve	(4,695,465)	(826,162)
Other reserves	5,302	-
Retained earnings	1,552,372	775,665
TOTAL EQUITY	2,688,463	775,757

LIABILITIES**NON-CURRENT LIABILITIES**

Financial liabilities - borrowings		
Interest bearing loans and borrowings	18,228	-

CURRENT LIABILITIES

Trade and other payables	416,811	304,225
Financial liabilities - borrowings		
Interest bearing loans and borrowings	12,152	6,939
Tax payable	184,782	180,383
	613,745	491,547

TOTAL LIABILITIES	631,973	491,547
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TOTAL EQUITY AND LIABILITIES	3,320,436	1,267,304
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CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE PERIOD 1 MAY 2008 TO 30 JUNE 2009**

	Period	
	1.5.08	Year Ended
	to	30.4.08
	30.6.09	
	£	£
Cash flows from operating activities		
Cash generated from operations	948,297	729,605
Interest paid	(864)	(3,332)
Tax paid	(180,435)	(67,598)
Net cash from operating activities	766,998	658,675
Cash flows from investing activities		
Purchase of goodwill	(39,183)	-
Purchase of intangible fixed assets	(295,670)	-

Purchase of tangible fixed assets	(62,371)	(76,182)
Interest received	15,088	24,578
Funds acquired from acquisition	765,105	-
Net cash from investing activities	382,969	(51,604)
Cash flows from financing activities		
New loans in year	23,441	1,253
Amount introduced by directors	-	64,167
Amount repaid to directors	(61,199)	-
Equity dividends paid	(118,800)	(337,800)
Net cash from financing activities	(156,558)	(272,380)
Increase in cash and cash equivalents	993,409	334,691
Cash and cash equivalents at beginning of period	684,493	349,802
Cash and cash equivalents at end of period	1,677,902	684,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 MAY 2008 TO 30 JUNE 2009

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Group has applied all accounting standards and interpretations issued by the International Accountancy Standards Board and International Accounting Interpretations Committee effective at the time of preparing the financial statements.

The financial statements are presented in sterling (£), rounded to the nearest pound.

Issued International Financial Reporting Standards (IFRS's) and interpretations (IFRICS) not relevant to company operations.

The following interpretations to published standards is mandatory for accounting periods beginning on or after 1 May 2008 but are not relevant to the Group's operations:

- IFRS1, IAS 27 (Amendment)- Consolidated and separate financial statements (effective from 1 July 2009). The amendment allows first time adopters of IFRS to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in, jointly controlled subsidiaries entities and associates in the separate financial statements of the investor. This is not relevant for the Group as it has already adopted IFRS.

- IFRS7 'Financial instruments: Disclosures' and the complementary amendment to IAS1 'Presentation of financial statements - Capital disclosures'. IFRS 7 introduces new disclosure relating to financial instruments. The standard does not have any impact on the classification and valuation of the Group's financial instruments.

- IAS 32 'Financial instruments: Presentation' and IAS 1 'Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation'. Amendments to the standards improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities for accounting periods on or after 1 January 2009.

- IAS 39 'Financial instruments: Recognition and measurement' provide additional guidance on what can be designated as a hedge item for accounting periods beginning on or after 1 July 2009.

- IFRIC 9 'Reassessment of embedded derivatives' and IAS 39 'Financial instruments: Recognition and measurement'. Amendments clarify the accounting treatment of embedded derivatives for entities that make use of the reclassification amendment issued by the IASB in October 2008 for accounting periods beginning on or after 30 June 2009.

- IFRIC 11 'Group and treasury share transactions' (effective from annual periods beginning on or after March 2007). The interpretation provides guidance on whether share based transactions involving treasury shares or involving Group entities (for example, options over parent's shares) should be accounted for as equity-settled or cash-settled share based payment transactions in the parent and Group accounts.

- IFRIC 16 'Hedges of a net investment in a foreign operation'. This clarifies the following:

a) Whether risk arises from foreign currency exposure to the functional currencies of a foreign operation, or from foreign currency exposure to functional currency of a foreign operation.

b) How an entity should determine the amounts to be reclassified from equity to profit and loss for both the hedging instrument and the hedged item when an entity disposes the investment.

- IFRIC 17 'Distributions of non cash assets to owners'. Standardises practice in the measurement of distributions of non cash assets to owners for accounting periods beginning on or after 1 July 2009.

- IFRIC 18 'Transfers of assets from customers'. This clarifies the requirements of IFRS's for the agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to network or to provide the customer with on going access to a supply of goods or services. This applies to transfers of assets from customers received on or after 1 July 2009.

Issued International Financial Reporting Standards (IFRS's) and interpretations (IFRICs) that are not yet effective.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue, mandatory for the Company's accounting periods beginning on or after 1 May 2009 but not early adopted:

- IFRS 2 (Amendment) 'Share based payments' (effective from 1 May 2009). The amendment considers vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

- IFRIC 12 'Service concession arrangements' IFRS12 applies to contractual agreements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services for example under PFI contracts.

- IFRIC 13 'Customer loyalty programmes' This clarify that where goods are sold together with a customer loyalty incentive the arrangement is a multiple element arrangement and the consideration receivable from the customer should be allocated between the components of the arrangement in proportion to their fair values.

- IFRIC 14, IAS 19 'the limit on defined asset, minimum funding requirements and their integration' This provides guidance on assessing the limit in IAS 19 'Employee benefits' on the amount of the defined benefit plan surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

- IFRIC 15 'Agreements for the construction of real estates' The interpretation clarifies which standard should be applied to particular transactions pertaining to construction of real estates.

- IFRS 8 (Revised) 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

- IAS 23 (Revised) 'Borrowing costs' (effective 1 May 2009). The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

Issued International Financial Reporting Standards (IFRS's) and interpretations (IFRICs) relevant to company operations.

The following interpretations to published standards is mandatory for accounting periods beginning on or after 1 May 2008 but have been adopted early.

- IAS 1 (Revised) 'Presentation of financial statements' Key changes include, the requirement to aggregate information in the financial statements on the basis of shared characteristics, the introduction of a Statement of Comprehensive Income & changes in titles of some of the financial statements.

a) Preparers of financial statements will have the option of presenting income and expense and components of other comprehensive income either in a single statement or in two separate statements (a separate income statement followed by a statement of comprehensive income).

b) The new titles for the financial statements (for example 'statement of financial position' instead of balance sheet) will be used in the accounting standards but are not mandatory for use in financial statements.

c) The expected impact is still being assessed in detail by management as the IASB is involved in discussions to examine more fundamental questions about the presentation of information in financial statements.

Basis of consolidation

On 30 January 2009 the Company acquired via a share for share exchange the entire issued share capital of dotMailer Limited, whose principle activity is that of web and email based marketing.

Under IFRS 3 'Business combinations' the dotMailer Limited share exchange has been accounted for as a reverse acquisition. Although these consolidated financial statements have been issued in the name of the legal parent, the company it represents in substance is a continuation of the financial information of the legal subsidiary, dotMailer Limited. The following accounting treatment has been applied in respect of the reverse acquisition:

- The assets and liabilities of the legal subsidiary, dotMailer Limited are recognised and measured in the consolidated financial statements at their pre combination carrying amounts, without restatement to their fair value;

- The retained reserves recognised in the consolidated financial statements reflect the retained reserves of dotMailer Limited to 30 April 2008. However, in accordance with IFRS3 'Business combinations' the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent dotDigital Group Plc, including the equity instruments issued under the share exchange to effect the business combination;

- A reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non statutory reserves of the legal subsidiary;

- Comparative numbers are based upon the consolidated financial statements of the legal subsidiary, dotMailer Limited for the year ended 30 April 2008 apart from the equity structure which reflects that of the parent; and

- dotMailer Limited reported under IFRS for the year ended 30 April 2008 and such no reconciliation is provided between UK GAAP and IFRS.

- The following accounting treatment has been applied in respect of the acquisition of dotDigital Group Plc:

- The assets and liabilities of dotDigital Group Plc are recognised and measured in the consolidated financial statements at their fair value at the date of acquisition.

- The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Subsidiaries

A subsidiary is an entity whose operating and financing policies are controlled by the Group. Subsidiaries are consolidated from the date on which control was transferred to the Group. Subsidiaries cease to be consolidated from the date the Group no longer has control. Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation.

As a result of applying reverse acquisition accounting, the consolidated IFRS financial information of dotDigital Group Plc is a continuation of the financial information of dotMailer Limited. The retained earnings shown on the consolidated balance sheet are those for dotMailer Limited and a reverse acquisition reserve of £4,695,465 has been created.

Revenue recognition

In making their judgement, the Board of Directors' have considered the detailed criteria for the recognition of revenue from the sale of products and services outlined in IAS 18 Revenue, and in particular where the company has transferred to the customer the significant risk and rewards of the ownership of the products or service. The Board of Directors are satisfied that recognition of all such revenue in the current year is appropriate, and that the significant risks and rewards attached to such services have been transferred to the buyer.

Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net tangible and intangible assets acquired.

Under IFRS 3 "Business Combinations" goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is recognised immediately in the income statement and not subsequently reversed.

Intangible Assets (other than goodwill)

Intangible assets are recorded as separately identifiable assets and recognised at historical cost less any accumulated amortisation. These assets are amortised over their useful economic lives (5 years), with the charge included in administrative expenses in the income statement.

Intangible assets are reviewed for impairment annually.

(a) Domain names

Acquired domain names are shown at historical cost. Domain names have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of domain names over their estimated useful lives.

Domain names 25% on cost

(b) Software

Acquired software and websites are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of software and website over their estimated useful lives.

Computer software 25% on cost

(c) Product development

Product development expenditure is capitalised when it is considered that there is a commercially and technically viable product, the related expenditure is separately identifiable and there is reasonable expectation that the related expenditure will be exceeded by future revenues. Following initial recognition, product developments are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to have finite life. Amortisation is charged on assets with finite lives, this expense is taken to the income statement. Useful lives are also reviewed on an annual basis.

Amortisation is provided at the following annual rates commencing from the date the asset are developed to a stage at which the company can receive economic benefits from the asset.

Development costs - 20% on cost

Property, plant and equipment

Tangible non-current assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 25% on cost

The asset's residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Trade receivables

Trade receivables are recognised initially at the lower of their original invoiced value and recoverable amount. A provision is made when it is likely that the balance will not be recovered in full.

Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised at their fair value net of transaction costs incurred. They are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability of at least 12 months after the balance sheet date.

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference will be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when they related deferred income asset is realised or deferred income tax liability is settled.

Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available of use or resale
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the intangible
- it can be demonstrated how the intangible asset will generate possible future economic benefits
- adequate technical, financial and other resource to complete the development and to use or sell the intangible asset are available and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a

subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which they are ready for use on a straight line basis over its useful life.

Share capital

Ordinary shares are classified as equity in the balance sheet and are recorded at the proceeds received net of the direct issue costs.

Operating leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Functional currency translation

i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is mainly Pounds Sterling (£). The financial statements are presented in Pounds Sterling (£), which is the company's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the presentational currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Employee Benefit costs

The Group operates a defined contribution pension scheme. Contributions payable by the Group's pension scheme are charged to the income statement in the period in which they relate.

Segment 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 that are different from those of segments operating in other economic environments.

Pension contributions

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Use of estimates and judgements

The Group makes judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The estimates and underlying assumptions are reviewed on a ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

(b) Impairment of intangibles (other than goodwill)

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

(c) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

(d) Amortisation of intangibles

Amortisation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. The selection of these residual values and estimated lives requires the exercise of management judgement.

(e) Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. The selection of these residual values and estimated lives requires the exercise of management judgement.

(f) Share-based compensation

The fair value of options and warrants are determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Share based payments

For equity settled share based payment transactions the company in accordance with IFRS 2 "Share Based Payments" measuring their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date using the trinomial method. The expense is apportioned over the vesting period of the financial instrument and is based on the number which are expected to vest and the fair value of those financial instruments at the date of grant. If the equity instruments granted vested immediately, the expense is recognised in full.

The assumptions on the expected life of share options, volatility of shares and risk free yield to maturity and expected dividend yield on shares are used in the fair value calculation of the share options outstanding at the balance sheet date (see note 25).

2. EARNINGS PER SHARE

Earnings per share data is based on the consolidated profit using reverse accounting principals and the weighted average number of shares in issue of the Parent Company.. Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	30.6.09		
	Earnings	Weighted average	Per
	<i>£</i>	number of	Share
		<i>shares</i>	amount
			<i>pence</i>
Basic EPS			
Earnings attributable to ordinary shareholders	911,305	643,318,750	0.14
Effect of dilutive securities			
Options & Warrants	-	55,121,118	-
Diluted EPS			
Adjusted earnings	911,305	698,439,868	0.13

	30.04.08		
	Earnings	Weighted average	Per
	<i>£</i>	number of	Share
		<i>shares</i>	amount
			<i>pence</i>
Basic EPS			
Earnings attributable to ordinary shareholders	567,000	292,500,000	0.19
Effect of dilutive securities			
Options & Warrants	-	3,424,658	
Diluted EPS			
Adjusted earnings	567,000	295,924,658	0.19

