

Company Registration No. 5830195

**ASSOCIATED NORTHCLIFFE
DIGITAL GROUP LIMITED**

Report and Financial Statements

30 September 2009



ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The Fourth Viscount Rothermere (Chairman)
Kevin Beatty
David Dutton
Leif Mahon-Daly
Michael Pelosi
Richard Titus

SECRETARY

Leif Mahon-Daly

REGISTERED OFFICE

Northcliffe House
2 Derry Street
London
W8 5TT

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Daily Mail and General Trust plc and operates as part of the Associated Newspapers division. The performance of the Associated Newspapers division of DMGT plc, which includes this company is discussed in the group's Annual report which does not form part of this report.

The company's principal activity is to hold investments in subsidiaries in the UK, and these subsidiaries' principal businesses are internet related advertising. The directors consider that the nature of the business, which is a non-trading holding company, is such that there are no Key Performance Indicators (KPIs) other than dividends received from investments. The performance of the business is not measured internally in relation to any indicators other than the dividend. No trade dividends from our investments have been received during the year (2008 nil).

Associated Northcliffe Digital (AND) Group's portfolio of premium websites had another good year. The AND network now extends to over 150 sites, reaching 24% of the UK, making it one of the largest players in the UK digital media industry. AND continues to acquire "bolt-on" value-enhancing assets to this portfolio, particularly in jobs, property and motors. In conjunction with this product development strategy, we have invested heavily in building brand awareness.

AND's portfolio of digital businesses continued to build market share amidst difficult economic conditions. Revenue fell by an underlying 20% to £70 million as a result of the economic slowdown across all of AND's core vertical markets. The Jobs and Property businesses were particularly affected, though both of these companies outperformed the decline in transaction volumes in their respective markets. Profitability was further reduced by the strategic investments in Jobsite's marketing campaign, including TV and Portsmouth FC sponsorship and overall was down £5 million.

An impairment charge of £31,509,681 (2008 £18,272,892) has been recorded during the year.

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. See Note 1.

Jobs

The Recruitment division's turnover has reduced by 16% compared to the prior year reflecting a reduction in vacancy advertising volumes. As with the recruitment advertising market generally, the division experienced a marked decline in vacancy levels in the latter half of the 2008 calendar year, a reflection of the prevailing recession. Since then the rate of decline has slowed considerably and volumes are beginning to stabilise. Conversely, candidate attraction and CV placements have been at their highest during this period, because of market conditions, but also as a result of high-profile marketing initiatives, including TV advertising and Premier League football sponsorship.

In October 2008, Jobsite commenced a multi-million pound, multi-media advertising campaign, including a TV commercial starring Max Beesley. The campaign has generated significant response to date, providing a platform for future growth. Other marketing initiatives include the sponsorship of Portsmouth Football Club in August 2009, which attracts significant press and TV coverage, both here and overseas. These are just some of the initiatives being rolled out by Jobsite designed to continue attracting both candidates and recruiters.

Whilst the core Jobsite proposition continues to be the major contributor towards revenue generation, the company also experienced significant contribution from the niche job-boards, successfully released under our "build and roll-out" plan. The company's partnerships with large media businesses are also proving successful. In addition to powering the NHS job-board and the Northcliffe regional job-boards, Jobsite recently won a contract to deliver and support an on-line recruitment solution for Johnston Press, a major regional newspaper group.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

DIRECTORS' REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES (continued)

Jobs (continued)

Broadbean Technology Limited is the most recent acquisition to the Jobsite portfolio. Broadbean's operations in the UK remain solid with a large proportion of the top 200 recruitment agencies utilising its technology. The recent launch of Stream, a CV multi-searching product, allows clients to search all the major CV databases in the UK from a single source. With declining recruiter numbers at agencies, impacting the number of Broadbean licences required and with increased competition, the aim is to concentrate on developing the core services of vacancy and CV searching, whilst further stimulating growth with international expansion.

Property

The Digital Property Group was created in 2008, bringing together the Primelocation.com, FindaProperty.com, Homesandproperty.co.uk and Findanewhome.com brands. All of the property websites have a distinct market position, and together they work as complementary brands meaning increased exposure and additional leads and instructions for our customers. The creation of Group has created a clear number 2 in the property advertising market place.

Website traffic has continued to grow, underlined by September 2009 traffic figures of just over 4.6m unique visitors, a healthy 24% increase year-on-year.

Despite the strength of performance last year, the housing market downturn and the credit crunch resulted in a challenging first half of the year. However, the number of estate agents in the market appears to have stabilised, albeit The Digital Property Group has fewer estate agents than at the start of the year. In addition, this has resulted in an increase in bad debt charge.

The underlying strength of the business was improved by continued investment in marketing and product development, which will deliver rewards as the housing market starts to return towards more normal levels of activity. There has been no significant growth from house builders, as they were forced to sell properties at lower prices than they would have liked. Conditions for overseas homes business have been challenging with the UK seen as a poor potential source of buyers for overseas sellers as a result of the general economic conditions in the UK and the weakness of the sterling.

The sites continue to generate market leading response rates to estate agents. The directors believe that the strength of the company's lead generation will highlight the attractiveness of the Digital Property Group as an advertising partner for estate agents and new developers. The partnership with Northcliffe Media titles has been strengthened to include Primelocation.com as part of their offer.

Motors

This year saw continued investment in Motors.co.uk, which has boosted audiences and dealer acquisition. 2008-09 has been a year to consolidate existing dealers and ensure that we are delivering value to them, whilst also continuing to leverage the Northcliffe partnership. The Motors Digital network is now placed second to AutoTrader in terms of Unique Users.

The model that Motors and Northcliffe have built in 2007-08 has provided a blueprint for other deals with Regional Newspaper Groups. As at 30 September 2009, three further partnerships had been secured, with more negotiations happening in 2009-10 to secure further deals. Motors also secured a partnership with Parkers to power and sponsor their used car search.

Motors has invested in TV advertising and has continued to run heavy advertising campaigns in DMGT publications. Over 150 newspaper motoring supplements carry the motors.co.uk branding across the UK, and this will continue to grow with further deals with Regional Newspaper Groups.

The Digital Automotive division also provides technology services to dealers via its Autoexposure and Complete Automotive Solutions subsidiaries. These continue to grow market share and profits. Investment will be required in 2009-10 to re-develop the Autoexposure platform, which will present further opportunities to consolidate the control of inventory within the market.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

DIRECTORS' REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES (continued)

Motors (continued)

Investment in 2009-10 will be focussed on continuing to raise brand awareness, continuing to expand the reach of Motors Digital via deals with other Regional Newspaper Groups, and redesigning both the Autoexposure platform and the motors.co.uk website

Other areas of operation

AND's dating business, Allegran signed an agreement on October 2008 to outsource its technology and customer service functions to a third party. Migration to the outsource technology platform occurred during the year and resulted in redundancies for staff from the outsourced functions. The trade and assets of the business were sold on 31st March 2010. AND's online lead generation business, Data Media & Research, was sold on 9th March 2010.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties the company faces are identified in a Risk register, which is compiled by senior management and reviewed periodically by the DMGT Risk Committee. The materiality of each risk is assessed against a framework to determine its significance and likelihood of occurrence. The Risk register is used to determine the agenda and activity of the Risk Committee. The most material risks identified in the Risk register, together with the steps taken to mitigate them, are described below.

Exposure to changes in the economy and customer spending patterns

General economic conditions and the financial health of our customers can positively or negatively affect the performance of all of our businesses to some degree. The current economic climate represents a significant risk to the Group. A significant proportion of our revenue is derived from advertising, which has historically been cyclical, and had reduced as a result of the downturn in the global economy. Our commitment to invest in our core brands and products puts us in a strong position both now and when growth returns.

The impact of technological and market changes on our competitive advantage

Our businesses operate in highly competitive environments that can be subject to rapid change. Our products and services, and their means of delivery, are affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. We have developed an internet strategy for each of our main segments of advertising revenue. We have a decentralised autonomous culture that encourages an entrepreneurial approach to the development of new opportunities in response to these threats and we must continue to invest and adapt to remain competitive. Our strategy of diversification and willingness to take a long-term view helps us to react to these challenges and opportunities.

Impact of a major disaster or outbreak of disease

The first wave of the H1N1 influenza pandemic was not as severe as first predicted and had only a limited impact on the Group. It is however, possible that there will be a further wave in the northern hemisphere coinciding with the 2009/10 winter flu season. At present the virus is at the low end of the virulence spectrum, however it is impossible to predict whether the virus will mutate into a more virulent and severe form. A second wave could affect the Group's ability to produce and deliver its products, reduce the demand for them, or affect our cost base.

Business continuity plans including specific pandemic planning measures have been implemented across the Group. Our planning in advance of the recent events and since have allowed our businesses to be well prepared and to respond quickly as new information becomes available to protect our staff, brands and reputation.

Reliance on key management and staff

In order to pursue our strategy, we are reliant on key management and staff across all our businesses. We cannot predict with certainty that we will enjoy continued success in our recruitment and retention of high quality management and creative talent. The Group Human Resources Director has worked with divisional and executive management across the DMGT divisions to implement a formal approach to talent management and succession planning. This includes the payment of competitive rewards, employee performance and turnover monitoring and variety of approaches to staff communication.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Acquisition and disposal risk

There are risks to our ability to achieve optimal value from disposals including the incorrect timing of any sale, the inability to identify and agree a deal with a purchaser, the unsuccessful separation of a business and management of any related costs, as well as the failure to realise any other anticipated benefits of a disposal. This risk is particularly pertinent, given the current economic climate.

As well as launching and building new businesses, an integral part of our success has, and will continue to be, the acquisition of businesses that complement our existing products or expand the scope of our expertise into new markets. A number of risks are inherent within any strategy to acquire. The Group generally acquires businesses with a high potential for growth in related markets. This results in the majority of acquisitions considered being smaller add-on acquisitions, which reduces the size of the risk of each acquisition to the Group.

Reliance on IT infrastructure

All of our businesses are dependent on technology to some degree. Information systems are critical for the effective management and provision of services around the Group. Disruption to our information technology infrastructure could adversely affect our business and damage our reputation. Business continuity plans are in place, which include comprehensive back up plans for our IT infrastructure.

Information security

Information security has also become an important issue in recent years as a result of several high profile losses of data. Any future breach in our data security systems could have a harmful impact on our business and reputation. A Group-wide policy has been set and the Risk Committee have overseen the implementation of this policy in all divisions.

Treasury risk

There are a number of risks arising from the Group's Treasury operations including currency exchange rate fluctuations impacting on the Group's reported earnings, liquidity risk, interest rate risk and debt levels. The current level of uncertainty in global financial markets as a result of the credit crunch and banking crisis also heightens the risk in this area. In addition the treasury function within DMGT undertakes high value transactions and therefore there is inherently a risk of treasury fraud or error.

Reliance on key suppliers

The loss of a key supplier to disaster or economic downturn or a significant worsening of commercial terms with key suppliers could adversely affect the Group's results and the Group's ability to produce key products and services. DMGT has disaster recovery plans in place and resources are also devoted to ensuring the relationships with key suppliers are maintained and upheld.

Climate change

The risks associated with the climate change include the introduction in legislation and regulation of the environmental impact of our operations. In the longer term, the physical impact of climate change could affect our business locations, distribution routes or third party suppliers. A DMGT Group wide review of the impact of climate change was performed in 2008 to identify the key risks and opportunities for the group presented by future climate change.

EMPLOYEES

Applications for employment within the Associated Northcliffe Digital Group by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

DIRECTORS' REPORT

EMPLOYEES (continued)

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

DIVIDENDS

The directors do not recommend a dividend for the year ended 30 September 2009 (2008 - £nil)

DIRECTORS

The directors, who served during the year were as follows

The Fourth Viscount Rothermere

Kevin Beatty

David Dutton

Leif Mahon-Daly

Michael Pelosi

Michael Perch

(resigned 28 September 2009)

Richard Titus

(appointed 1 July 2009)

David Verrey

(resigned 2 February 2009)

Peter Wright

AUDITORS

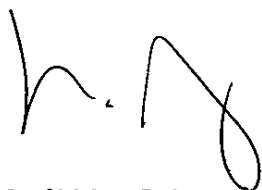
Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



Leif Mahon-Daly

Secretary

Date

30 June 2010

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

We have audited the financial statements of Associated Northcliffe Digital Group Limited for the year ended 30 September 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 13 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED
(continued)**

Matters on which we are required to report by exception

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

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

M. R. Lee-Amies .

Mark Lee-Amies (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

30 June 2010 .

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 September 2009

	Note	2009 £	2008 £
Amounts written off investments		(31,509,681)	(18,272,892)
OPERATING LOSS	3	(31,509,681)	(18,272,892)
Interest receivable	4	2,323	220,224
Interest payable and similar charges	5	(740,854)	(1,280,637)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(32,248,212)	(19,333,305)
Tax on loss on ordinary activities	6	10,729	(56,327)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	13	(32,237,483)	(19,389,632)

All activities derive from continuing operations

There are no recognised gains or losses for the current and preceding financial years other than stated above
Accordingly no statement of total recognised gains and losses is given

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED


BALANCE SHEET

30 September 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Investments	7	<u>154,380,846</u>	<u>176,897,203</u>
CURRENT ASSETS			
Debtors	8	70,332,838	70,178,929
CREDITORS: amounts falling due within one year	9	<u>(72,627,403)</u>	<u>(63,094,456)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(2,294,565)</u>	<u>7,084,473</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		152,086,281	183,981,676
CREDITORS: amounts falling due after more than one year	10	<u>(3,660,716)</u>	<u>(3,318,628)</u>
NET ASSETS		<u>148,425,565</u>	<u>180,663,048</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,000,000	1,000,000
Share premium account	13	159,750,874	159,750,874
Other reserve	13	37,226,783	37,226,783
Profit and loss account	13	<u>(49,552,092)</u>	<u>(17,314,609)</u>
SHAREHOLDERS' FUNDS	13	<u>148,425,565</u>	<u>180,663,048</u>

The financial statements of Associated Northcliffe Digital Group Limited, registered number 5830195, were approved by the Board of Directors and authorised for issue on 30 JUNE 2010

Signed on behalf of the Board of Directors


Leif Mahon-Daly
Director

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

I. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below and have been applied consistently throughout the year and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemptions available within Financial Reporting Standards Nos 1 and 8 respectively not to prepare a cash flow statement and not to disclose transactions entered into between two or more members of the group, on the basis that all subsidiary undertakings party to the transactions are wholly owned by a member of the group.

Going concern

The financial statements demonstrate positive net assets. The directors believe that the company is well placed to manage its business risks successfully and therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Consolidation

The company has taken advantage of the exemptions granted by virtue of Section 400 of the Companies Act 2006 and within Financial Reporting Standards No 8 from the requirement to prepare group accounts. The results of the company are included in the consolidated financial statements of Daily Mail and General Trust Plc, a company registered in England and Wales. Therefore these financial statements apply to the company only.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred consideration

Where the deferred consideration is payable in cash, the liability is discounted to its present value. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent deferred consideration is re-assessed annually and corresponding adjustment is made to the goodwill arising on acquisition. The difference between the present value and the total amount payable at a future date gives rise to a finance charge which is charged to the profit and loss account and credited to the liability over the period in which the consideration is deferred. The discount used approximates to market rates.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors, who were the company's only employees, did not receive any remuneration in the year or preceding year

3 OPERATING LOSS

	2009 £	2008 £
Operating loss is after charging		
Auditors' remuneration	-	-

Audit fees of £27,500 (2008 - £35,100) relating to the audit of Associated Northcliffe Digital Group Limited have been borne by a wholly owned subsidiary, Associated Northcliffe Digital Limited

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Interest receivable from group companies	-	220,224
Interest on loan	2,323	-
	<u>2,323</u>	<u>220,224</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Interest payable to group companies	-	25,988
Finance charge on discounting of deferred consideration (note 11)	700,213	1,254,649
Interest payable on other loans	40,641	-
	<u>740,854</u>	<u>1,280,637</u>

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2009 £	2008 £
Current tax		
United Kingdom corporation tax at 28% (2008 - 29%) based on the result for the year	(10,729)	56,327
Tax on loss on ordinary activities	(10,729)	56,327
The differences between the total current tax shown and the amount calculated by applying UK corporation tax at 28% (2008 - 29%) is as follows		
	2009 £	2008 £
Loss on ordinary activities before tax	(32,248,212)	(19,333,305)
Tax credit at 28% (2008 - 29%) thereon	(9,029,499)	(5,606,658)
Effects of		
Amounts not deductible for tax purposes	196,060	5,662,985
Amounts written off on investments	8,822,710	-
Current tax / (credit) charge for year	(10,729)	56,327

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

7. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £
Cost	
At 1 October 2008	258,958,687
Additions	13,663,722
Transfer	(2,028,992)
Adjustment to deferred consideration	(2,641,405)
	<hr/>
At 30 September 2009	267,952,012
Amounts written off	
At 1 October 2008	(82,061,484)
Write off in the year	
- through profit and loss	(31,509,682)
	<hr/>
At 30 September 2009	(113,571,166)
	<hr/>
Net book value	
At 30 September 2009	154,380,846
	<hr/>
At 30 September 2008	176,897,203
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Interests in subsidiaries

The company has interests in the following subsidiaries, which are all 100% owned unless specified otherwise

Company	Principal activity
Jobsite UK (Worldwide) Limited	Recruitment Internet Site
The Digital Property Group Limited	Property Internet Site
Hallmark Projects Limited	Investment Holding Company
Office Recruit Limited	Recruitment Internet Site
Zambeasy com Limited	Recruitment Internet Site
Top Executive Publications Limited	Recruitment Internet Site
Jopit Limited	Recruitment Internet Site
Fastcrop Plc (99.2% Owned)	Dormant Company
Allegran Limited	Dating Internet Site
The Appointment Limited	Recruitment Internet Site
Interbase UK Limited	Recruitment Internet Site
Simply Energy Limited	Consumer Assistance Internet Site
Data, Media and Research Limited	Motorring Internet Site
Associated Northcliffe Digital Limited	Internet Advertising, Website Hosting and Development
This is Classifieds Limited	Dormant Company
This is Financial Services Limited	Dormant Company
This is Money Sharedealing Limited	Dormant Company
Complete Automotive Solutions Limited	Inventory Management Software
Motors co uk Limited	Motorring Internet Site
Jobs Group net Limited	Recruitment Internet Site
LetjoKnow Limited	Recruitment Internet Site
OilCareers Limited	Recruitment Internet Site
Top Appointments Limited (75.1%)	Recruitment Internet Site
Broadbean Technology Limited	Online Advert Distribution
Auto Exposure Limited	Automotive Web Design Management
Motorring Opportunities Limited	Automotive Internet Marketing

In the opinion of the directors, the value of investments is not less than their book values. All subsidiaries operate principally within the United Kingdom and are registered in England and Wales. The investment in Data Media & Research Ltd was disposed of on 9th March 2010.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

8. DEBTORS

	2009 £	2008 £
Amounts owed by group undertakings	70,332,838	70,092,461
Group relief receivable	-	27,812
Other debtors	-	58,656
	<u>70,332,838</u>	<u>70,178,929</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Amounts owed to group undertakings		
Subsidiaries	1,563,995	2,196,918
Parent	68,197,580	47,945,621
Corporation tax	45,600	-
Other creditors	400,000	2,434,016
Deferred consideration	2,420,228	10,517,901
	<u>72,627,403</u>	<u>63,094,456</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £	2008 £
Deferred consideration	<u>3,660,716</u>	<u>3,318,628</u>
Amounts falling due after more than one year include		
Between 1 and 2 years	-	3,318,628
Between 2 and 5 years	<u>3,660,716</u>	<u>-</u>
	<u>3,660,716</u>	<u>3,318,628</u>

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

11. PROVISIONS FOR LIABILITIES

	Deferred consideration £
At 1 October 2008	13,836,529
Unwinding of discount (note 5)	700,213
Utilisation of provision	(9,475,109)
Adjustments to estimated deferred consideration	(2,641,405)
Addition on acquisition	3,660,716
At 30 September 2009	<u>6,080,944</u>

12. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Called up, allotted and fully paid 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

13. COMBINED STATEMENT OF MOVEMENT IN RESERVES AND STATEMENT OF RECONCILIATION OF SHAREHOLDERS' FUNDS

	Issued share capital £	Share premium account £	Other reserve £	Profit and loss account £	2009 Total £	2008 Total £
At 1 October 2008	1,000,000	159,750,874	37,226,783	(17,314,609)	180,663,048	162,825,897
Created in the year	-	-	-	-	-	83,700,954
Write off in the year	-	-	-	-	-	(46,474,171)
Loss for the financial year	-	-	-	(32,237,483)	(32,237,473)	(19,389,632)
At 30 September 2009	<u>1,000,000</u>	<u>159,750,874</u>	<u>37,226,783</u>	<u>(49,552,092)</u>	<u>148,425,565</u>	<u>180,663,048</u>

The other reserve is non-distributable and represents inter-company balances waived following a restructure of the Associated Northcliffe Digital property division. This is offset by the investment in a subsidiary which was written off due to the transaction.

ASSOCIATED NORTHCLIFFE DIGITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard the ultimate parent company as Rothermere Continuation Limited, which is incorporated in Bermuda

The ultimate controlling party is the Viscount Rothermere, Chairman of the ultimate parent company

The largest and smallest group of which the company is a member and for which consolidated financial statements are drawn up is that of Daily Mail and General Trust plc, incorporated in Great Britain and registered in England and Wales. Copies of the Report and financial statements are available from

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House
2 Derry Street
London
W8 5TT

15. POST BALANCE SHEET EVENTS

The shares of Data Media & Research Ltd were sold on 9th March 2010 and the Trade and Assets of Allegran Ltd were sold on 31st March 2010