RNS Number : 0345C
Moneysupermarket.com Group PLC
01 March 2011

1 March 2011

Moneysupermarket.com Group PLC preliminary results
for the year ended 31 December 2010

Strong and improving trading results, final dividend increased by 15%

Moneysupermarket.com Group PLC ("Moneysupermarket.com" or the "Company"), the UK's leading price comparison website, is pleased to announce its preliminary results for the 12 months to 31 December 2010.

Financial highlights	2010	2009	Change
Revenue	£148.9m	£136.9m	9%
Adjusted EBITDA (1)	£41.0m	£36.0m	14%
Statutory profit after tax	£7.7m	£1.9m	302%
Cash balance	£36.6m	£53.8m	(32%)
Dividend for the year	3.83p	3.5p	9%
Special dividend for the year	-	9.84p	N/A
Total dividend for year	3.83p	13.34p	(71%)

Financial highlights

- Strong financial results in a challenging consumer environment, driven by focused investment in product and brand.
- Improving trends through 2010 with all verticals delivering stronger second half revenue performance
  - Insurance: H1 growth 10%, H2 growth 13%
  - Money: H1 growth 11%, H2 growth 20%
  - Travel: H1 growth -21%, H2 growth -5%
  - Home Services: H1 growth 10%, H2 growth 14%
- Total revenue of £148.9m (2009: £136.9m).
- Adjusted EBITDA of £41.0m (2009: £36.0m), with profitability improving throughout the year.
- Gross margin increased to 71.3% (2009: 68.9%).
- Cash balance of £36.6m (2009: £53.8m) at the year end. The Group remains highly cash generative, converting 107% of EBITDA to cash. The Group is debt free.
- Final dividend increased to 2.53p per share (2009: 2.2p per share). Full year dividend of 3.83p per share (2009: 3.5p). Commitment to adopting a progressive dividend policy.

Operational highlights

- Market-leading position and market share maintained.
- Investment in product and brand has delivered good results:
  - Direct-to-site revenues now increased to 67% (62%)
  - Significant improvements to the website offering , with six new channels launched
  - Brand further strengthened with successful offline advertising campaign. Sponsorship of Britain's Got Talent contracted for 2011
  - Acquisition of FSN provides a strong foundation for further brand extension
- Growing customer database driving CRM revenues.
- Relaunch of travelsupermarket.com on track: investment programme in place for 2011.

Outlook

The Group has made a good start to the year, with trading in line with management expectations. Group revenues and EBITDA are ahead of the same period last year where trading was relatively weak. Revenues in Money, Insurance and Home Services are all ahead by around 20% whilst Travel has returned to growth reversing the declines seen over the course of last year.

The Group continues to invest in growth. Offline media spend to date is approximately 20% ahead of the same period last year and includes a travelsupermarket.com campaign for the first time in two years supporting the newly launched Package Holidays channel. The Group recently announced its first major TV sponsorship of Britain's Got Talent which will air over the course of the second quarter consistent with the strategy of driving more direct to site revenue. This will see offline media expenditure increase over last year. The Group is investing in core technology during 2011 to increase flexibility, further enhance speed to market and lower operating costs in 2012 and beyond.

Overall, the Board remains confident in the Group's prospects for the full year.

Peter Plumb, moneysupermarket.com Chief Executive Officer, said:

"2010 was clearly a good year for moneysupermarket.com. We saved our customers £750m as more and more people bought their car insurance, savings accounts and credit cards through our market leading site. Our success is driven by our strategy of focused investment in brand and product and our strong relationships with providers and customers. These results show that we continue to lead a competitive market at the same time as delivering good revenue growth and increased profit margins.

"Looking ahead 2011 has started well. We have the right strategy and a clear programme of continued investment for our technology and brand. Our business is well placed to continue to benefit from consumers' growing use of price comparison sites, in a time when there has never been a bigger need to watch the pennies. We are confident that moneysupermarket.com will continue to make good progress through the year. "

- ends -

Results presentation

There will be a presentation for investors and analysts at 1 Finsbury Avenue, London, EC2M 2PP at 9.30am this morning. The presentation will be streamed live: visit http://corporate.moneysupermarket.com/ to register and listen.

For further information, contact:

Paul Doughty, Chief Financial Officer, moneysupermarket.com
Tel: 0207 353 4200

Susanna Voyle or Tom Murray, Tulchan Group
Tel: 0207 353 4200

Financial and Business Review

The Group has presented below an extract of the Consolidated Statement of Comprehensive Income for the years ended 31 December 2010 and 31 December 2009 along with a reconciliation to adjusted EBITDA. Revenue in 2010 was £148.9m (2009: £136.9m) which generated a net profit after tax of £7.7m (2009: £1.9m). The Directors believe that the presentation of an adjusted EBITDA measure will allow users of the financial information to gain a better understanding of the underlying performance of the business.

Extract of Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

	2010 £000	2009 £000
Revenue	148,892	136,874
Cost of sales	(42,763)	(42,627)
Gross profit	106,129	94,247
Distribution expenses	(21,621)	(18,446)
Administrative expenses - excluding Directors' and senior managers' share based compensation	(71,920)	(69,140)
Administrative expenses - Directors' and senior managers' share based compensation and related costs	(1,851)	(4,355)
Administrative expenses	(73,771)	(73,495)
Profit from operating activities	10,737	2,306
Reconciliation to adjusted EBITDA:		
Profit from operating activities	10,737	2,306
Share based compensation	554	4,067
Amortisation of intangible assets	24,194	25,200
Costs relating to the acquisition of Financial Services Net Limited	668	-
Depreciation	4,851	4,436
Adjusted EBITDA	**41,004**	**36,009**
Adjusted earnings per ordinary share:		
- basic (p)	**5.2**	**4.6**
- diluted (p)	**5.0**	**4.5**

Notes

1. Basis of Preparation

The results show the trading results for the years ended 31 December 2010 and 31 December 2009. The following adjustments have been made to arrive at adjusted EBITDA:

- The acquisition of Moneysupermarket.com Financial Group Limited by the Company gave rise to £207.2m of intangible assets. These are to be written off over a period of 3-10 years with a charge of £24.0m and £25.2m expensed in 2010 and 2009 respectively.
- Certain share option charges relating to Directors, senior management and other employees of the Group arising from the time the Group listed or when it was privately owned have been added back to calculate adjusted EBITDA. A charge for awards made under the Group's Long Term Incentive Plan is included within the adjusted results for 2009 and 2010.
- On 14 October 2010 the Group acquired Financial Services Net Limited. The Group incurred costs of £0.7m in relation to the acquisition including settling both its own and the sellers' professional fees associated with the acquisition. The acquisition also gave rise to £6.1m of intangible assets which are to be written off over a period of 3-10 years, and which gave rise to an amortisation charge of £0.2m in the current period.

Reference is made in the Overview section below to adjusted distribution and administration expenses, and adjusted staff costs. These measures represent the costs charged to the Statement of Comprehensive Income, less the intangible amortisation, pre-listing share option charges and costs incurred in relation to the acquisition of Financial Services Net Limited. The basis for calculating adjusted earnings per share is described on page 21.

Overview

Revenue for the year was £148.9m (2009: £136.9m) generating adjusted EBITDA of £41.0m (2009: £36.0m) with trading improving throughout the course of the year.

During 2010 the Group has continued to focus on developing and enhancing its existing product portfolio, while continuing to develop its brand, building on the momentum of the second half of 2009.

This investment has delivered significant improvements to our website during the year, including new credit cards and savings channels in the Money vertical, new motor and home insurance channels in the Insurance vertical, a new package holidays channel in the Travel vertical, the launch of a new mobile application for vouchers and a new energy channel in the Home Services vertical.

The Group continued to develop its brand proposition, launching a new television advertising campaign featuring comedian Omid Djalili in the first quarter of 2010. This has helped the Group to grow gross margins as the proportion of direct to site revenue has increased, as detailed below. The Group invested an additional £3.3m in its media campaign in 2010. Offline advertising spend increased to approximately one third of total spend, from around 25% historically. Moving forward, offline marketing is likely to represent a greater part of the total marketing mix.

Financial Performance

Revenue increased by 9% to £148.9m (2009: £136.9m) and adjusted EBITDA increased by 14% to £41.0m (2009: £36.0m). The Group saw solid revenue growth in its Insurance, Money and Home Services verticals, whilst Travel revenue declined in what remains a challenging economic environment for consumers. Revenue improved throughout the course of the year, with fourth quarter UK internet revenue 15% ahead of the same period last year. EBITDA in the second half of the year was 32% ahead of the same period last year.

Group gross margin, at 71.3%, improved by more than two percentage points compared to last year. The Group improved its proportion of direct to site revenue in the year from 62% of revenue to 67% of total revenue.

The adjusted administrative and distribution cost base increased by 11% to £69.9m from £62.7m in the year. Adjusted administrative costs increased by 9% over the prior year to £48.4m. Adjusted staff costs (including contract resource) increased marginally from £26.7m to £27.1m. Headcount decreased from 442 to 420. Distribution expenses increased by £3.2m over the prior year (including an increase of £3.3m in media-related costs) as the Group increased the proportion of its marketing budget allocated to offline media.

The Group invested approximately £2.4m in third party resource to improve its core technology and product in 2010, making a number of significant releases to its product set as referred to above.

Other costs increased by £4.0m over last year as expenditure on, inter alia, television advertising and professional fees increased, together with the increase in the VAT rate to 17.5% which was effective from the beginning of the year. The Group incurred a loss of £0.6m in Germany in 2010 (2009: loss of £1.8m). Following a review of its German business, the Group took the decision in early 2010 to wind down its operations and the costs incurred in 2010 largely reflect closure costs.

Adjusted EBITDA margin increased to 27.5% from 26.3% against the same period last year.

The Group operates its internet business across four vertical markets. These are discussed below:

	Revenue			
	31 December 2010		31 December 2009	
	£000	%	£000	%
Money	44,006	30	38,132	28
Insurance	84,520	57	75,669	55
Travel	13,926	9	16,305	12
Home Services	6,206	4	5,539	4
Other - UK	71	0	-	0
Total internet UK	148,729	100	135,645	99
Germany	130	0	361	0
Total internet	148,859	100	136,006	99
Intermediary	33	0	868	1
Total	148,892	100	136,874	100

Internet business

The Directors use key performance indicators ('KPIs') to assess the performance of the internet business against the Group's strategy. These are reviewed on a regular basis. The principal KPIs for the internet business are as follows:

Visitors

The Group measures the number of visitors to its websites as the number of unique visitors per day per channel, measured on a cumulative basis using cookie-based tracking methodologies.

Transactions

The Group measures transactions at the point in time that the customer leaves the Group's websites having clicked through to a third party website, or in some cases having completed an application form hosted on the Group's websites.

Revenue per visitor ('RPV')

The Group measures the total revenue (including click and other internet revenue) divided by the number of visitors defined above.

Revenue per transaction ('RPT')

The Group measures the click based revenue divided by the total number of transactions defined above.

The relative performance of each of the internet verticals is discussed below:

Money

The Money vertical offers customers the ability to search for and compare products such as credit cards, current accounts, mortgages, loans, debt solutions, savings accounts and business finance, amongst other things. It also includes elements of the Group's lead business (PAA) and advisory business (MCAT) together with advertising revenue that derives from financial products.

The KPIs for the Money vertical are shown below:

	31 December 2010	31 December 2009	Change
Visitors (000)	31,761	35,178	-10%
Transactions (000)	13,585	11,650	17%
Revenue (£000) - click based	39,196	32,812	19%
Revenue (£000) - other	4,810	5,320	-10%
Revenue (£000) - total	44,006	38,132	15%
RPV	£1.39	£1.08	
RPT	£2.89	£2.82	

Total revenue in the Money vertical increased by 15% from £38.1m to £44.0m and click based revenue by 19% from £32.8m to £39.2m. Visitors to the Money vertical were 10% lower than last year. This in part reflects deliberate actions taken by the Group to step away from a number of unprofitable portal partner relationships together with lower levels of consumer confidence, particularly impacting visitors to the Group's credit-related channels.

Despite fewer visitors, the transaction count in the Money vertical increased by 17%, helped in part by the product developments referred to above. In particular the improvements made to the credit cards and savings channels in the first half of the year helped drive improved revenue in these channels as consumer conversion increased on both the Group's and providers' websites.

Conditions in the credit markets improved in 2010. Trading during 2009 was characterised by limited provider budgets for the acquisition of credit customers and by very tight credit underwriting criteria. Although underwriting criteria continued to remain challenging for consumers, providers set either much higher or uncapped acquisition budgets, particularly in relation to credit cards customers where revenue grew significantly in 2010 over 2009. In addition, the Group continued to improve its contracted coverage of the money market, with particular focus on the most competitive providers in its key channels. Trading in credit products, defined as total revenue from secured and unsecured loans, credit cards, debt solutions and mortgages excluding impression based advertising revenue, was approximately 18% ahead of the same period last year.

Revenue from other banking products, particularly savings and current accounts, was also ahead of the same period last year with strong trading in the second half of the year.

Other revenue, which includes revenue from the sale of leads through PAA, commission based sales through MCAT for mortgages and loans, and advertising revenue, declined by approximately £0.5m, or 10%, over the year. Trading was broadly flat in most categories but in a number of minor areas the Group scaled back lead-based activities towards click based revenues or more generally reduced its volumes in certain areas where the business was transacted at lower margins.

Insurance

The Insurance vertical offers customers the ability to search for and compare insurance products such as breakdown, dental, home, life, medical, mortgage payment protection, motor, payment protection, pet and travel insurance, amongst other things. It also includes elements of the Group's lead business (PAA) and advisory business (MCAT) together with advertising revenue that derives from insurance products.

The KPIs for the Insurance vertical are shown below:

	31 December 2010	31 December 2009	Change
Visitors (000)	25,492	24,143	6%
Transactions (000)	14,095	13,189	7%
Revenue (£000) - click based	79,040	68,599	15%
Revenue (£000) - other	5,480	7,070	-22%
Revenue (£000) - total	84,520	75,669	12%
RPV	£3.32	£3.13	
RPT	£5.61	£5.20	

Revenue in the Insurance vertical increased by 12% from £75.7m to £84.5m. Click based revenue increased by 15% from £68.6m to £79.0m. Visitors increased by 6% to 25.5m, helped in part by the increased media spend and new media campaign referred to previously.

Revenue grew across most of the vertical's major channels, with solid growth delivered in motor, home and life insurance whilst travel insurance revenue remained flat despite a turbulent travel market. Motor insurance is the largest channel within the Insurance vertical and was the fastest growing of the Group's major channels.

As in the Money vertical, both the motor and home insurance channels benefited from investment made in site design and usability, which has helped to improve conversion and the average RPV in the Insurance vertical.

Other revenue, which includes revenue from the sale of leads through PAA, commission based sales through MCAT for insurance products, and advertising revenue, declined approximately £1.6m or 22% over the year. This was largely due to changes made to the website as part of the redesign referred to above which reduced the volume of real estate made available for banner advertising delivering an improved consumer experience.

Travel

The Travel vertical offers customers the ability to search for and compare airport parking, car hire, flights, hotels and package holidays, amongst other things.

The KPIs for the Travel vertical are shown below:

	31 December 2010	31 December 2009	Change
Visitors (000)	37,949	42,970	-12%
Transactions (000)	22,121	28,904	-23%
Revenue (£000) - click based	12,515	14,768	-15%
Revenue (£000) - other	1,411	1,537	-8%
Revenue (£000) - total	13,926	16,305	-14%
RPV	£0.37	£0.38	
RPT	£0.57	£0.51	

Revenue in the Travel vertical declined by 14% from £16.3m to £13.9m and click based revenue declined by 15% from £14.8m to £12.5m. Visitor levels declined by 12% compared to the same period last year, whilst RPV remained broadly flat.

Revenue in the Travel vertical was impacted as customers continued to reduce discretionary expenditure in response to economic uncertainty. Package holidays revenue did, however, grow fractionally over the same period last year.

Accordingly, the Group continued to manage the Travel vertical for margin, particularly in the first half of the year. Trading improved in the second half relative to the same period last year and the Group has begun to refresh its travel offering commencing with the launch of a new package holidays channel early in the first quarter of 2011, supported by a new media campaign.

Other revenue, representing impression based advertising, fell by 8% due to reduced numbers of visitors compared to the same period last year, together with weaker demand from providers for advertising real estate.

Home Services

The Home Services vertical offers customers the ability to search for and compare products such as broadband, mobile telephones, vouchers, shopping and utilities.

The KPIs for the Home Services vertical are shown below:

	31 December 2010	31 December 2009	Change
Visitors (000)	24,036	18,216	32%
Transactions (000)	7,473	5,177	44%
Revenue (£000) - click based	5,994	5,322	13%
Revenue (£000) - other	212	217	-2%
Revenue (£000) - total	6,206	5,539	12%
RPV	£0.26	£0.30	
RPT	£0.80	£1.03	

Revenue in the Home Services vertical increased by 12% from £5.5m to £6.2m in the year. Visitors increased by 32% largely from visitors to the shopping and vouchers channels. Revenue from utilities, which represents the largest channel in the vertical, increased particularly in the second half of the year as utility prices began to increase.

The increase in visitors to the shopping and vouchers channels, which are lower revenue generating channels, reduced the vertical's RPV against the prior period.

Acquisition of Financial Services Net Limited

On 14 October 2010 the Group completed the acquisition of Financial Services Net Limited ('FSN') for an initial consideration of £4.4m, rising to a total consideration of up to £8.8m payable over 3 years depending on the achievement of certain financial targets and the conclusion of outstanding tax matters. Related costs of approximately £0.7m have been expensed in the year.

FSN owns and operates a number of website domains which will provide a platform for the Group to broaden its brand offering to a wider range of customer segments in the Money and Insurance verticals.

All consideration payments have been or will be settled in cash out of existing resources.

Cash Balance and Dividend

As at 31 December 2010 the Group had a cash balance of £36.6m. The Group continued to strengthen its cash position throughout the year after payment of dividends.

Having reviewed the cash required by the business, the Board is recommending a final dividend, subject to shareholder approval, in respect of the year ended 31 December 2010 of 2.53p per ordinary share.

Together with the interim dividend of 1.3p per ordinary share paid on 17 September 2010, this gives a total dividend for the year of 3.83p per ordinary share, reflecting the Board's confidence in the ability of the business to generate cash on an ongoing basis.

The Board is committed to adopting a progressive dividend policy, with ongoing monitoring of the appropriate capital structure.

The ex-dividend date for the final dividend is 6 April 2011, with a record date of 8 April 2011 and a payment date of 13 May 2011. Shareholders have the opportunity to elect to reinvest their cash dividend and purchase existing shares in the Company through a Dividend Reinvestment Plan.

Tax

The Group tax charge of £3.3m in the Consolidated Statement of Comprehensive Income represents an effective tax rate of 30%

(2009: 40%). This is higher than the prevailing rate of 28% due to the tax effect of share based payments, a prior year adjustment arising on deferred tax, and other permanent differences mainly arising from professional fees and non-qualifying depreciation. In addition, the current year has been impacted by losses from its German operation of £0.6m for which a deferred tax asset has not been recognised. In future, the Group expects the underlying effective rate of tax to be close to the standard UK corporation tax rate.

Earnings per ordinary share

Basic statutory earnings per ordinary share for the year to 31 December 2010 was 1.5p (2009: 0.4p). Adjusted basic earnings per ordinary share increased from 4.6p to 5.2p per share. The adjusted earnings per ordinary share is based on profit before tax after adding back intangible amortisation, share-based payment charges arising from pre-listing share options and costs incurred in relation to the acquisition of Financial Services Net Limited. A tax rate of 28% (2009: 28%) has been applied to calculate adjusted profit after tax.

Outlook

The Group has made a good start to the year, with trading in line with management expectations. Group revenues and EBITDA are ahead of the same period last year where trading was relatively weak. Revenues in Money, Insurance and Home Services are all ahead by around 20% whilst Travel has returned to growth reversing the declines seen over the course of last year.

The Group continues to invest in growth. Offline media spend to date is approximately 20% ahead of the same period last year and includes a travelsupermarket.com campaign for the first time in two years supporting the newly launched Package Holidays channel. The Group recently announced its first major TV sponsorship of Britain's Got Talent which will air over the course of the second quarter consistent with the strategy of driving more direct to site revenue. This will see offline media expenditure increase over last year. The Group is investing in core technology during 2011 to increase flexibility, further enhance speed to market and lower operating costs in 2012 and beyond.

Overall, the Board remains confident in the Group's prospects for the full year.

Statement of Directors' responsibilities pursuant to Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed below, confirms that, to the best of his or her knowledge:

- The financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

- The business review includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Name	Function
Gerald Corbett	Chairman
Simon Nixon	Deputy Chairman
Peter Plumb	Chief Executive Officer
Paul Doughty	Chief Financial Officer
David Osborne	Marketing Director
Graham Donoghue	Managing Director, Financial Services
Michael Wemms	Senior Independent Non-Executive Director
Rob Rowley	Non-Executive Director
Bruce Carnegie-Brown	Non-Executive Director

Principal Risks and Uncertainties

Below is a summary of the material financial and operational risks to the Group and how the Group seeks to mitigate them in the day-to-day running of the business.

Financial risks

Significant worsening in credit markets

Potential impact

Financial institutions may reduce the quantum of lending and tighten their acceptance criteria for customers seeking to obtain credit. This may reduce Group revenue. Providers may increase their focus on customer retention rather than acquisition. This may reduce commissions available to price comparison websites.

Mitigation

The Group continues to focus on building strong relationships with providers to ensure the Group is able to provide solutions to the needs of providers and to maximise the opportunities for providers to acquire customers in a cost effective manner.

Reduction of providers

Potential impact

Providers may consolidate, withdraw their products from price comparison websites or reduce their customer acquisition activity via price comparison websites. This may reduce competition for business, customer choice, Group revenue and the customer proposition of price comparison websites.

Mitigation

The Group continues to focus on building strong relationships with providers to ensure the Group is able to provide solutions to the needs of providers and to maximise the opportunities for providers to acquire customers in a cost effective manner.

Revenue assurance

Potential impact

Significant reduction of or a failure to recognise revenue from contracted providers where the Group is remunerated on a cost per action basis.

Mitigation

The Group will continue to perform independent reviews using third parties to gain assurance that the Group is being correctly remunerated for the sales it introduces to contracted providers.

Investment in new areas

Potential impact

Significant investments in new products and services or new geographies fails to make a return.

Mitigation

Investments in new areas typically leverage existing expertise and experience built up over many years. Capital requirements are relatively low and investment is managed in stages such that it is not finally committed until there is good visibility of a return.

Financial services and other markets regulation

Potential impact

The business model in financial services or other lines of business may be compromised by changes to existing regulation or the introduction of new regulation.

Mitigation

The Group has a team of regulatory specialists who work with the business to ensure that it remains compliant with existing regulation and informed of impending regulation. The Group has embraced regulation to date and shares the vision of the regulators generally to make the market more transparent to the end customer.

Operational risks

Competitive environment

Potential impact

Loss of market share and erosion of margins from increased competition.

Mitigation

The Group continues to focus on building market leading products to improve its proposition to customers. This includes investment in customer retention tools and technology including CRM initiatives which deliver additional features and functionality to customers.

Brand perception and reception

Potential impact

Reduction in customer loyalty with existing customers and an inability to attract new customers if the business fails to maintain its position as a leading price comparison website or if its reputation is negatively impacted by any event, such as the loss or misuse of customer personal data.

Mitigation

Continued investment in television advertising reinforced through press activity will maintain the Group in customers' minds. Rigorous checking of the website through audit and review will maintain the accuracy of the information displayed. Rigorous use of internal controls and testing of the Group's systems will ensure the integrity and robustness of the Group's systems. Additional investment in initiatives increases transparency to the customer helping to protect brand values.

Business continuity, capacity and functionality of IT and systems

Potential impact

Failure to provide adequate service levels to customers or maintain revenue generating services.

Mitigation

The Group maintains two separate data centres with n+1 redundancy in relation to its core infrastructure to ensure that service is maintained in the event of a disaster at the primary data centre. Developed software is rigorously tested and the Group operates a robust release process which mitigates the likelihood of software being released into a live environment without being fully tested.

Loss of key management

Potential impact

Loss of key management resulting in a lack of necessary expertise or continuity to execute strategy.

Mitigation

Existing key management and new hires are tied in through attractive equity incentive packages and rewarding career structures. In addition, succession plans have been developed for key members of the management team which are regularly reviewed.

Reliance on search engine natural listings

Potential impact

Reduction in gross margin through reduction in revenue derived from search engine optimisation activities.

Mitigation

The Group will continue to invest in sustainable search engine optimisation activities which adhere to search engine guidelines.

Economic environment

Potential impact

Reduction in visitors and revenue from a recession as customers seek to reduce levels of discretionary expenditure.

Mitigation

The Group continues to focus on building a wide range of market leading products to meet customers needs. Customers seeking to reduce levels of discretionary expenditure will also be looking to obtain 'best' value from compulsory products and services. The diversification of the Group both in the number of verticals that it operates in and the range of products and services it provides in each vertical should lessen the impact of a recession upon the Group although it cannot entirely mitigate against it.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Revenue		148,892	136,874
Cost of sales		(42,763)	(42,627)
Gross profit		106,129	94,247
Distribution expenses		(21,621)	(18,446)
Administrative expenses		(73,771)	(73,495)
Results from operating activities		10,737	2,306
Finance income		287	877
Profit before income tax		11,024	3,183
Income tax charge		(3,323)	(1,267)
Profit for the year		7,701	1,916
Other comprehensive income:			
Foreign currency translation		17	(121)
Deferred tax on share-based payments		165	(49)
Other comprehensive income for the year		182	(170)
Total comprehensive income for the year		7,883	1,746
Profit attributable to:			
Equity holders of the Company		7,701	2,068
Non-controlling interest		-	(152)
Profit for the year		7,701	1,916
Total comprehensive income attributable to:			
Equity holders of the Company		7,883	1,907
Non-controlling interest		-	(161)
Total comprehensive income for the year		7,883	1,746
Earnings per share:			
Basic earnings per ordinary share (p)	1	1.5	0.4
Diluted earnings per ordinary share (p)	1	1.5	0.4

Consolidated Statement of Financial Position
at 31 December 2010

	Note	31 December 2010 £000	31 December 2009 £000
Assets			
Non-current assets			
Property, plant and equipment		10,701	12,135
Intangible assets	3	182,541	198,453
Total non-current assets		193,242	210,588
Current assets			
Trade and other receivables		16,320	14,375
Prepayments		2,320	1,793
Cash and cash equivalents		36,593	53,805

Total current assets	55,233	69,973
Total assets	248,475	280,561
Liabilities		
Non-current liabilities		
Deferred tax liability	32,212	39,011
Current liabilities		
Trade and other payables	25,235	18,756
Current tax liabilities	3,387	2,126
Total current liabilities	28,622	20,882
Total liabilities	60,834	59,893
Equity		
Share capital	102	102
Share premium	171,297	171,207
Retained earnings	(68,239)	(45,920)
Other reserves	84,481	95,279
Total equity attributable to equity holders of the Company	187,641	220,668
Non-controlling interest	-	-
Total equity	187,641	220,668
Total equity and liabilities	248,475	280,561

The Financial Statements were approved by the Board of Directors and authorised for issue on 28 February 2011. They were signed on its behalf by:

Peter Plumb

Paul Doughty

Consolidated Statement of Changes in Equity
for the year ended 31 December 2010

	Note	Issued share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Reserve for own shares £000	Foreign currency translation reserve £000	Total £000
At 1 January 2009		**101**	**171,047**	**106,737**	**(20,042)**	**-**	**3**	**257,846**
Foreign currency translation*		-	-	-	-	-	(121)	(121)
Deferred tax recognised on share based payments*		-	-	-	(49)	-	-	(49)
Profit for the year		-	-	-	1,916	-	-	1,916
Total income and expense for the year		-	-	-	1,867	-	(121)	1,746
Share options exercised		1	160	-	-	-	-	161
Equity dividends	2	-	-	-	(42,730)	-	-	(42,730)
Share based payment		-	-	-	3,645	-	-	3,645
Reserves transfer		-	-	(11,340)	11,340	-	-	-
At 31 December 2009		**102**	**171,207**	**95,397**	**(45,920)**	**-**	**(118)**	**220,668**
Foreign currency translation*		-	-	-	-	-	17	17
Deferred tax recognised on share based payments*		-	-	-	165	-	-	165
Profit for the year		-	-	-	7,701	-	-	7,701
Total income and expense for the year		-	-	-	7,866	-	17	7,883
Share options exercised		-	90	-	-	-	-	90
Equity dividends	2	-	-	-	(42,851)	-	-	(42,851)
Share based payment		-	-	-	1,851	-	-	1,851
Reserves transfer		-	-	(10,815)	10,815	-	-	-
At 31 December 2010		**102**	**171,297**	**84,582**	**(68,239)**	**-**	**(101)**	**187,641**

* Foreign currency translation and deferred tax recognised on share based payments represent the only income or expense for the current and prior years recognised directly in equity.

Other reserves

The other reserves balance represents the merger and revaluation reserves generated upon the acquisition of Moneysupermarket.com Financial Group Limited by the Company, as discussed below, and a capital redemption reserve for £19,000 arising from the acquisition of 95,294,118 deferred shares of 0.02p by the Company from Simon Nixon.

Upon the acquisition of Moneysupermarket.com Financial Group Limited, a merger reserve of £60,750,000 for 15% of the fair value of assets acquired, a merger reserve of £16,923,000 for 45% of the book value transferred from a company under common control, and a revaluation reserve of £65,345,000 representing 45% of the fair value of the intangible assets transferred from a company under common control, were recognised. Amounts are transferred from these reserves to retained earnings as the goodwill and other intangibles balances are impaired and amortised.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserve for own shares

The reserve for the Company's own ordinary shares comprises the cost of the Company's ordinary shares held by the Group. At 31 December 2010, the Group held 536,592 ordinary shares at a cost of 0.02p per share through a trust for the benefit of the Group's employees.

Consolidated Statement of Cash Flows
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Operating activities			
Profit for the year		7,701	1,916
Adjustments to reconcile Group net profit to net cash flows:			
Depreciation		4,851	4,436
Amortisation of intangible assets		24,194	25,200
Loss on disposal of property, plant and equipment		31	-
Finance income		(287)	(877)
Equity-settled share-based payment transactions		1,851	3,645
Effects of foreign exchange differences		22	(116)
Income tax charge		3,323	1,267
Change in trade and other receivables		(2,398)	1,920
Change in trade and other payables		3,530	(1,954)
Income tax paid		(9,841)	(10,467)
Net cash flow from operating activities		32,977	24,970
Investing activities			
Acquisition of minority interest in icero GmbH		-	(2)
Interest received		282	922
Acquisition of subsidiary, net of cash acquired		(4,330)	-
Cash acquired with subsidiary		68	-
Acquisition of property, plant and equipment		(3,448)	(2,982)
Net cash flow from investing activities		(7,428)	(2,062)
Financing activities			
Proceeds from share issue		90	161
Dividends paid		(42,851)	(42,730)
Net cash flow from financing activities		(42,761)	(42,569)
Net decrease in cash and cash equivalents		(17,212)	(19,661)
Cash and cash equivalents at start of year		53,805	73,465
Effect of exchange rate fluctuations on cash held		-	1
Cash and cash equivalents at end of year		36,593	53,805

1 Earnings per share
Basic earnings per share

Basic earnings per share amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share

Basic and diluted earnings per share has been calculated on the following basis:

	2010 £000	2009 £000
Profit after taxation attributable to ordinary equity holders	7,701	2,068
Basic weighted average ordinary shares in issue (millions)	509.0	506.2
Dilutive effect of share based instruments (millions)	12.5	9.5
Diluted weighted average ordinary shares in issue (millions)	521.5	515.7
Basic earnings per ordinary share (pence)	1.5	0.4
Diluted earnings per ordinary share (pence)	1.5	0.4

2 Dividends

	2010 £000	2009 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2008: 2.2p per share		11,110
Interim dividend for 2009: 1.3p per share		6,598
Special dividend for 2009: 4.93p per share		25,022
Final dividend for 2009: 2.2p per share	11,201	-
Special dividend for 2009: 4.91p per share	25,000	-
Interim dividend for 2010: 1.3p per share	6,621	-
Proposed for approval (not recognised as a liability at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2010: 2.53p per share	12,885	-

3 Intangible assets

On an annual basis, or where an indication exists, the Group is required to assess its goodwill and intangible assets for impairment.

During 2007 the Group employed the services of an appropriately qualified and experienced independent third party to value the intangible assets acquired from Moneysupermarket.com Financial Group Limited. This valuation was used as the initial carrying value for these assets. Following the impairment provision in 2008, the market capitalisation of the Group approximated to the total carrying value of the goodwill, intangible and other non-current assets of the Group. At 31 December 2010 the market capitalisation exceeded the carrying value of the goodwill, intangible and other non-current assets by more than 100% (2009:78%).

On adoption of IFRS 8 the Group was required to allocate goodwill between its cash generating units (CGU) that represent the lowest level within the Group at which goodwill is monitored for internal management purposes, but are not larger than an operating segment as defined by IFRS 8. These CGUs are the four operating segments Insurance, Money, Travel and Home Services, and the Group has therefore performed impairment testing at this level. The goodwill was allocated on 1 January 2009 based on estimates of the relative values of the operating segments at that date with £30.7m allocated to Insurance, £15.5m to Money, £6.6m to Travel and £2.2m to Home Services. The balances at 31 December 2010 are in line with those at 1 January 2009.

For the current year, the recoverable amount of the assets was taken to be their value in use and was calculated by reference to the forecast cash flows.

The present value of the future cash flows has been calculated with the following key assumptions:

- Cash flows for year 1 for each CGU represent management's best estimate of future cash flows as at 31 December 2010, and are based upon the Group's approved budget for 2011 incorporating where possible an allocation of cost of sales and advertising costs. The main assumptions underlying the 2011 budget relate to visitor numbers, source of visitors, revenue per transaction/visitor and marketing spend which incorporate past experience. The forecast assumes continued improvement during the course of 2011 driven by new media campaigns, utilisation of the Group's data asset and investments made in the core technology for the Group's key channels, as well as the more settled outlook in the wider economy. The Insurance and Money segments have been assumed to have similar rates of growth, and the Travel and Home Services segments have been assumed to return to close to the revenue levels achieved in 2008.
- Cash flows for subsequent years for all segments are consistent with those in year 1 and assume no further growth. No reliable third party estimates of long term growth rates exist for the price comparison industry given it is a relatively new business model.
- Cash flows into perpetuity have been incorporated into the calculations.
- A pre-tax discount rate of 13.5% (2009:15%) has been used in the forecast for all segments. A lower discount rate has been used compared with the rate used to test the Internet segment last year to reflect the reduction in the uncertainty in the economic climate observed through the year, and the return to growth which the Group has reported.

When there are clear indications that the economy has fully emerged from recession a different set of assumptions may be more appropriate.

The analysis performed calculates that the recoverable amount of the assets allocated to the Insurance, Money, Travel and Home Services segments exceeds their carrying value by in excess of 100%, and as such, no impairment was identified. No reasonably possible change to a key assumption would result in an impairment.

Whilst the Group is able to allocate revenue between the four operating segments, its cost base is reviewed by the Group's Chief Operating Decision Maker at a Group rather than segmental level, and a number of the significant costs which the Group incurs cannot be allocated either directly or on a reasonable and consistent basis to the CGUs that are each operating segment. Therefore the cash flows estimated above include all of the Group's forecast revenues, but only approximately 57% of the Group's cost base.

The Group has therefore also performed a further impairment test for the Group as a whole, in a manner consistent with that in 2009. In these calculations the Group is treated as one group of CGUs, and the test compared the carrying amount, including goodwill and other corporate assets, to the recoverable amount.

The recoverable amount has been estimated based on the present value of its future cash flows which has been calculated with a set of assumptions consistent with those set out above in relation to the individual operating segment calculations.

The analysis performed calculates that the recoverable amount of the Group's assets exceeds their carrying value by £152m (2009: £49m), and as such, no impairment was identified.

With regard to the Group level impairment testing, an increase of 10% (2009:3%) in the discount rate, with all other assumptions held constant, would give a value in use for the Group's assets equal to their carrying value. Similarly, a decrease in the annual cash flows of £20.0m (2009:£6.0m), with all other assumptions held constant, would also give a value in use for the Group's assets equal to their carrying value.

At an individual level, management believe that the assumptions relating to each intangible asset remain applicable, and that no adjustment is required to their valuation, nor their useful economic lives.

ACQUISITION OF FINANCIAL SERVICES NET LIMITED

The fair value of the intangible assets recognised upon the acquisition of Financial Services Net Limited ('FSN') have been calculated as set out below:

- **Market related**

  Within FSN, the main market related intangible assets are the domain names which FSN owns. These assets have been valued using an income-based approach, namely, the royalty savings method, which estimates the royalty which the Group would have to pay a third party to use the domain names if it did not own them, typically as a percentage of the revenue earned from the domain names during their useful economic life of 10 years. The Group has estimated revenue based on the most recent 3 year forecasts, and for later periods has assumed inflationary increases of 5%. A royalty rate of 15% has been applied based on available industry data. A discount rate of 15.8% has been used to calculate the present value of the future royalty savings.

- **Customer relationships**

  This asset represents the value present within the existing relationships which FSN has with product providers and brokers. The valuation is based on the cash flows which are expected to result from these relationships during the 7 year useful economic life of the asset, adjusted for estimated future attrition of the providers and relationships following the date of acquisition. Again, the Group has based the estimate on the most recent 3 year forecasts, and for later periods has assumed inflationary increases of 5%, with an assumed attrition rate of the provider relationships of 50% per annum, based on management's expectations. A discount rate of 15.8% has been used to calculate the present value of the future benefit resulting from the relationships.

- **Customer lists**

  This asset represents the value of the customer data held by FSN at the date of acquisition, and is valued based on the cost of recreating such a database in the open market, using in-house estimates of the cost of each data element.

The goodwill balance recognised upon the acquisition of FSN represents the anticipated incremental value which the Group expects to generate by applying the existing skills and expertise within the Group's workforce to the acquired business and assets.

Given the proximity of the acquisition of the above assets to the year end date no impairment review has been completed to date, and no indication of impairment has been identified.

4 Related party transactions

The Group has the following investments in subsidiaries:

	Country of incorporation	Ownership interest	Principal activity
Moneysupermarket.com Financial Group Limited	UK	100	Holding company
Moneysupermarket.com Limited	UK	100	Internet price comparison
Travelsupermarket.com Limited	UK	100	Dormant
Insuresupermarket.com Limited	UK	100	Dormant
Mortgage 2000 Limited	UK	100	Financial intermediary services
Making Millionaires Limited	UK	100	Holding company
Moneysupermarket Limited	UK	100	Dormant
icero GmbH	Germany	100	Dormant
Betcompare.com Limited	UK	100	Dormant
Financial Services Net Limited	UK	100	Financial intermediary Services

The Company is the ultimate parent entity of the Group. Intercompany transactions with wholly owned subsidiaries have been excluded from this note, as per the exemption offered in IAS 24.

Transactions with key management personnel

There were no outstanding amounts loaned to Directors by the Company at 31 December 2010.

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers. Directors and executive officers also participate in the Group's Long Term Incentive Plan scheme.

Gerald Corbett, Michael Wemms, Bruce Carnegie-Brown, Simon Nixon and Paul Doughty received dividends from the Group totalling £22,760,906 in 2009 and £22,714,964 in 2010.

Key management personnel compensation

Key management, defined as the executive management team, received the following compensation during the year:

	31 December 2010 £000	31 December 2009 £000
Short-term employee benefits	1,764	1,787
Share-based payments	1,111	1,984
Post employment benefits	162	102
	3,037	3,873

In addition to the above, the executive management team received a bonus of £1,745,000 (2009: £1,016,000) in relation to the reporting period.

Other related party transactions

A number of Directors and key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the prior period.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Transaction value	Transaction value	Balance outstanding	Balance outstanding
		Year ended 31 December 2010	Year ended 31 December 2009	as at 31 December 2010	as at 31 December 2009
Director	Company	£000	£000	£000	£000
S J Nixon	Abacus Permanent Limited	-	(221)	-	-
S J Nixon	Virtual Processing Limited	-	216	-	-

The Group provided office space and services to Abacus Permanent Limited and Virtual Processing Limited, companies in which Simon Nixon controlled over 90% of the voting shares, during the prior year. The Group recharged these two companies rent and associated services at the same levels as it recharged wholly owned subsidiary companies. These rates were based on notional open market rents for similar offices in the locality. In addition the Group provided payroll services for these related companies, fully recovering salaries paid. In the normal course of trade with these related companies the Group both charged and was charged for mortgage procuration fees. The level of these fees were at arm's length and mirrored the going rates in the open market.

Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2010 or 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the registrar of companies, and those for 2010 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.The annual report and accounts for the year ended 31 December 2010 will be posted to shareholders in March 2011. The results for the year ended 31 December 2010 were approved by the Board of Directors on 28 February 2011 and are audited. The Annual General Meeting will take place on 4 May 2011. The final dividend will be payable on 13 May 2011 to shareholders on the register at the close of business on 8 April 2011.

Cautionary note regarding forward looking statements

This announcement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules, Disclosure and Transparency Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring on or after the date such statements are published.

END

FR SEMFAAFFSELE