

28<sup>th</sup> February 2012

**Moneysupermarket.com Group PLC preliminary results  
 for the year ended 31 December 2011**

**Strong trading results, final dividend increased by 20%**

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 2011.

Financial highlights	2011	2010	Change
Revenue	£181.0m	£148.9m	22%
Adjusted revenue	£178.5m	£148.9m	20%
Adjusted EBITDA (1)	£49.5m	£41.0m	21%
Statutory profit after tax	£16.8m	£7.7m	118%
Cash balance	£35.0m	£36.6m	-4%
Final dividend for the year	3.03p	2.53p	20%
Dividend for the year	4.53p	3.83p	18%
Special dividend for the year	3.93p	-	-
Total dividend for year	8.46p	3.83p	121%

**Financial highlights**

- Adjusted revenue increased by 20% to £178.5m (2010: £148.9m);
- Adjusted EBITDA increased by 21% to £49.5m (2010: £41.0m);
- Adjusted Gross margin increased to 71.9% (2010: 71.3%);
- Excellent cash conversion - 117% of EBITDA converted to cash;
- Cash balance of £35.0m (2010: £36.6m) at the year end; the Group is debt free;
- Dividend increased by 121% including special dividend;
  - Final dividend increased 20% to 3.03p per share (2010: 2.53p);
  - Full year dividend increased 18% to 4.53p per share (2010: 3.83p);
  - Special dividend of 3.93p per share paid with interim dividend;
- £3.4m credit from successful resolution of VAT dispute with HMRC.

**Operational highlights**

- Market-leader in growing market;
- Continued investment in technology;
  - Voted best in class by customers;
  - Launched industry's first iPhone App for motor insurance;
- Marketing investment increased to £77.5m (+24%);
  - Offline (print and broadcast) spend of £27m (+43%) including the launch of "You're So MoneySupermarket";
  - Direct to site revenue proportion maintained at 67% whilst delivering improved gross margin;
- Acquisition of Local Daily Deals and investment in HD Decisions.

**Outlook**

The year has started well. Group revenues and EBITDA are in the region of 15% ahead of the same period last year. Trading in the Money and Insurance verticals has continued to be strong. Travel revenues reflect the tough underlying market. Home Services is broadly flat after a strong 2011.

The Group will continue to invest in its brand and technology in 2012. Offline media spend is approximately 20% ahead year to date and has showcased the Group's depth and breadth of products and services. The investment program, which began last year in our core technology platform, will increase in 2012, enhancing our flexibility and speed to market. In addition, the Group will invest in its customer data and digital marketing capabilities to generate additional value from these assets during 2012 and beyond.

Overall the Board is confident in the Group's prospects for the year.

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

"This is another powerful performance from MoneySupermarket. We saved customers over £900m in 2011, up from £690m in 2010.

"More people are buying a growing number of products via our site. We have continued to invest in the MoneySupermarket brand, in the range of products and tools on the site, and in its ease of use. By giving customers and product providers a better service than they can get elsewhere we have maintained our market leadership, saved households money, built the business, and generated strong returns for shareholders.

"2012 is shaping up to be a really tough year for customers. We expect the opportunity for households to save over £1000 by switching their credit cards, home and motor insurance, loan and energy providers will be very welcome.

"Our systems upgrade programme saw us pioneer the availability of price comparison services on mobile and tablet devices. Existing customers can now renew their cover with just three taps of an iPhone screen. We'll continue to invest in this technology - industry observers predict that over 50% of internet searches will be performed on mobile devices by 2015.

"We are investing more in making MoneySupermarket one of the UK's mainstream household brands, in demonstrating to customers the range of products we offer and the savings they can make, and showing product providers the value of partnering with Moneysupermarket.

"2012 has started well and is shaping up to be another good 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:

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## Financial and Business Review

The Group has presented below an extract of the Consolidated Statement of Comprehensive Income for the years ended 31 December 2011 and 31 December 2010 along with a reconciliation to adjusted EBITDA. Revenue in 2011 was £181.0m (2010: £148.9m) which generated a net profit after tax of £16.8m (2010: £7.7m). 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 2011

	2011 £000	2010 £000
Revenue	181,048	148,892
Cost of sales	(50,156)	(42,763)
Gross profit	130,892	106,129
Distribution expenses	(29,766)	(21,621)
Administrative expenses - excluding Directors' and senior managers' share based compensation	(74,883)	(71,920)
Administrative expenses - Directors' and senior managers' share based compensation and related costs	(2,200)	(1,851)
Administrative expenses	(77,083)	(73,771)
Profit from operating activities	24,043	10,737
<b>Reconciliation to adjusted EBITDA:</b>		
Profit from operating activities	24,043	10,737
VAT recovery relating to prior periods	(3,078)	-
Share based compensation	-	554
Amortisation of intangible assets	24,202	24,194
(Credit)/costs relating to the acquisition of Financial Services Net Limited	(2,222)	668
Impairment of goodwill relating to Financial Services Net Limited	2,199	-
Costs relating to the acquisition of Local Daily Deals Limited	493	-
Depreciation	3,819	4,851
<b>Adjusted EBITDA</b>	<b>49,456</b>	<b>41,004</b>
Adjusted earnings per ordinary share:		
- basic (p)	<b>6.6</b>	<b>5.2</b>
- diluted (p)	<b>6.5</b>	<b>5.0</b>

## Notes

### 1. Basis of Preparation

The results show the trading results for the years ended 31 December 2011 and 31 December 2010. 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.

This note is to be read over a period of 3-10 years with a charge of £23.0m and £24.0m expensed in 2011 and 2010 respectively.

The Group has reported £3.4m in refunds from HMRC after successfully challenging the VAT treatment of the supply of certain of its lead services. Following a ruling received in March 2008 from HMRC the Group had treated the supply of its lead services as a standard rated supply for VAT purposes rather than as an exempt supply that the Group believed to be correct. Consequently the Group has recorded additional revenues of £3.2m in the statutory results for the year together with a credit of £0.2m in administrative expenses. Of these amounts the Group has included a credit of £0.7m to revenue in the year (2010:nil) together with a charge of £0.4m to administrative costs (2010:nil) in adjusted EBITDA.

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 in 2010. A charge for awards made under the Group's Long Term Incentive Plan is included within the adjusted results for 2010 and 2011.

On 14 October 2010 the Group acquired Financial Services Net Limited ('FSN'). 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 £0.7m in the current period (2010: £0.4m), and £2.2m of goodwill. During the period, the Group has reassessed how much of the contingent consideration related to the acquisition of FSN it expects to become payable based on its most recent forecasts. As a result, the Group has recognised a credit in the Consolidated Statement of Comprehensive Income during the period for £2.2m. In light of this, the Group has also performed an impairment review of FSN's assets during the period, which resulted in an impairment charge of £2.2m relating to goodwill also being recognised in the Consolidated Statement of Comprehensive Income during the period.

On 31 August 2011 the Company acquired a 51% shareholding in Local Daily Deals Limited. The Group incurred costs of £0.4m in relation to the acquisition, and a further £0.1m of contingent consideration relating to continued employment of certain individuals, which has been reported within administrative expenses. The acquisition gave rise to £0.6m of goodwill. Consequently there is no amortisation charge in the period.

Reference is made in the Overview section below to adjusted revenue, adjusted distribution and administrative expenses, and adjusted staff costs. These measures represent the costs charged to the Consolidated Statement of Comprehensive Income, less the intangible amortisation, pre-listing share option charges, net credit from the VAT recovery and costs and credits incurred in relation to the acquisitions of Financial Services Net Limited and Local Daily Deals Limited.

## Overview

We present a strong set of financial results for the year ended 31 December 2011. Adjusted revenue for the year increased by 20% to £178.5m (2010: £148.9m), generating adjusted EBITDA which was 21% higher at £49.5m (2010: £41.0m).

During 2011 the Group continued to benefit from the investment it made in its websites during 2010 which helped improve site functionality and the usability of the websites. This helped improve conversion and consequently revenue per visitor (RPV). Investment in technology continued during the year with emphasis on improving and simplifying the underlying site architecture. This programme we will continue into 2012. The Group invested £3.9m during the year in its technology which has been capitalised. This work is designed to allow the Group in the longer term to be able to more rapidly develop and deploy new products or services, make changes to its existing services more efficiently and reduce the overall cost of ownership of its websites.

Consistent with our strategy of driving higher margin direct-to-site revenues, the Group has continued to increase its investment in offline marketing. This included, in the second quarter, the sponsorship of Britain's Got Talent, the ITV primetime entertainment show, which has helped consolidate Moneysupermarket.com's position as a mainstream brand. In the second half of the year the Group launched a new television campaign 'You're So Moneysupermarket' building upon the momentum of the first half. This helped increase revenues in the second half of the year by 16% with momentum building throughout the period as the campaign became established. Consequently, and as previously indicated, offline marketing expenditure in the year was 43% ahead of last year. Overall marketing expenditure including online costs increased by approximately 24%. The Group will continue to invest in its brand in 2012.

## Financial Performance

Adjusted revenue increased by 20% to £178.5m (2010: £148.9m) and adjusted EBITDA increased by 21% to £49.5m (2010: £41.0m). 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 discretionary expenditure.

Group adjusted gross margins increased from 71.3% to 71.9%. The Group maintained its proportion of direct to site revenues at 67% (2010: 67%) whilst paid search represented 22% of revenue in the year (2010: 21%).

Adjusted administrative and distribution costs increased by 18% from £70.0m to £82.7m. Distribution expenses increased by £8.2m (38%) following higher spend on creative costs and media costs, and sponsorship of Britain's Got Talent. Adjusted administrative costs increased by £4.5m (9%) to £52.9m in 2011. The Group has continued to manage its cost base tightly. Adjusted staff costs (including contract resource) were 10% higher at £30.0m. Headcount increased from 420 to 439 from December 2010 to December 2011, principally as a result of the acquisition of Local Daily Deals Limited.

Other administrative costs, including irrecoverable VAT, increased by £2.6m. The VAT rate increased from 17.5% to 20% between 2010 and 2011, which, together with the higher marketing spend, increased the input tax incurred by the business and the amount that was irrecoverable.

There were no costs in 2011 for our German operation, which was closed in the first half of 2010, during which costs of £0.5m were incurred.

Adjusted EBITDA margins increased from 27.5% to 27.7% against the same period last year

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

	31 December 2011		31 December 2010	
	£000	%	£000	%
Money	52,586	30	44,006	30
Insurance	102,655	58	84,520	57
Travel	13,319	7	13,926	9
Home Services	9,181	5	6,206	4
Other - UK	719	0	71	0
Total internet UK	178,460	100	148,729	100
Germany	-	0	130	0
Total internet	178,460	100	148,859	100
Intermediary	69	0	33	0
Total	178,529	100	148,892	100

<sup>1</sup>The above table excludes the £2.5m of additional revenue which the Group has recorded in 2011 in relation to the settlement of the VAT treatment of its leads business and which relates to prior periods.

## 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 (SAS) together with advertising revenue that derives from financial products.

The KPIs for the Money vertical are shown below:

	31 December 2011	31 December 2010	Change
Visitors (000)	35,220	31,761	11%
Transactions (000)	18,773	13,585	38%
Revenue (£000) - click based	48,254	39,196	23%
Revenue (£000) - other	4,332	4,810	-10%
Revenue (£000) - total	52,586	44,006	19%
RPV	£1.49	£1.39	7%
RPT	£2.57	£2.89	-11%

Total revenue increased by 19% from £44.0m to £52.6m and click based revenue by 23% from £39.2m to £48.3m. Visitors to the Money vertical were 11% higher than last year.

The Group saw growth across its credit business and more generally from other banking products particularly savings which performed very strongly. Revenue from credit products defined as secured and unsecured loans, credit cards, pay day loans, debt solutions and mortgages excluding impression based advertising were 20% ahead of last year. Consistent with 2010 credit products accounted for around 70% of revenues in the Money vertical.

Click based revenue benefitted generally from continued improvements in product availability together with on-going site optimisation building upon the work delivered in 2010. These both helped to improve conversion and RPV.

Other revenue, which includes revenue from the sale of leads through PAA, commission based sales through SAS for mortgages and loans, and advertising revenue, declined by approximately £0.5m, or 10%, over the year. The Group has refocused its lead and telephony based selling activities in a number of core areas to improve the quality of service offered to its customers.

## Insurance

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

The KPIs for the Insurance vertical are shown below:

	31 December 2011	31 December 2010	Change
Visitors (000)	28,554	25,492	12%
Transactions (000)	15,687	14,095	11%
Revenue (£000) - click based	92,218	79,040	17%
Revenue (£000) - other	10,437	5,480	90%
Revenue (£000) - total	102,655	84,520	21%
RPV	£3.60	£3.32	8%
RPT	£5.88	£5.61	5%

Revenue in the Insurance vertical increased by 21% from £84.5m to £102.7m. Click based revenue increased by 17% from £79.0m to £92.2m. Visitors increased by 12% to 28.6m, helped in part by the increased media spend and new media campaigns referred to previously.

Revenue increased in each of the major lines of business being motor, home and travel insurance. Motor and home insurance benefitted from the full year impact of site improvements made in 2010. This has been reflected in improved provider conversion and RPV.

Other revenue increased by £4.9m or 90% as a result of the launch of a new telephone based non-advised life insurance offering. It also included for the first time revenue from the sale of a number of data services to providers which were launched in 2011.

## 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 2011	31 December 2010	Change
Visitors (000)	40,708	37,949	7%
Transactions (000)	21,928	22,121	-1%
Revenue (£000) - click based	12,171	12,515	-3%
Revenue (£000) - other	1,148	1,411	-19%
Revenue (£000) - total	13,319	13,926	-4%
RPV	£0.33	£0.37	-11%
RPT	£0.56	£0.57	-2%

Revenue in the Travel vertical declined by 4% from £13.9m to £13.3m and click based revenue declined by 3% from £12.5m to £12.2m. Visitor levels increased by 7% compared to the same period last year.

Revenue in the Travel vertical continues to be impacted by low levels of discretionary expenditure as consumers face difficult economic conditions. Package holiday revenues held up relatively well and were flat year on year helped by a television advertising campaign screened during the first quarter.

Other revenue, representing impression based advertising, fell by 19% due to 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 2011	31 December 2010	Change
Visitors (000)	25,748	24,036	7%
Transactions (000)	8,482	7,473	14%
Revenue (£000) - click based	9,160	5,994	53%
Revenue (£000) - other	21	212	-90%
Revenue (£000) - total	9,181	6,206	48%
RPV	£0.36	£0.26	38%
RPT	£1.08	£0.80	35%

Revenue in the Home Services vertical increased by 48% from £6.2m to £9.2m in the year. Visitors increased by 7%.

Revenue from utilities, which is the largest channel in the vertical, increased strongly throughout the year as interest and awareness of utility prices grew. The increase in utility revenue relative to other sources of revenue in the Home Services vertical increased RPV in the period.

### **Acquisition of Local Daily Deals Limited and Financial Services Net Limited**

On 31 August 2011 the Group completed the acquisition of 51% of Local Daily Deals Limited ("LDD") for an initial consideration of £1m, rising to a total consideration of up to £11m payable on the third anniversary of its acquisition depending on the achievement of certain financial targets. The Group has also supplied a working capital facility of £0.5m repayable on demand.

LDD owns and operates a website and technology platform that features discounted retail offers from local and national companies. The website has been integrated into the MoneySupermarket.com website and will allow the Group to promote these services to its large customer database. The Group expects to be able to partner with national brands to offer customers exclusive deals not available through similar websites.

All consideration payments have been or will be settled in cash.

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 were expensed in 2010.

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.

Trading of the FSN business has been below management expectations. Consequently during the year the Group performed a review of the value of contingent consideration held on its balance sheet that may become payable to the vendors of the business of the earnout period. As a result of this exercise the Group has lowered its estimate of the fair value of contingent consideration that will be payable from £2.4m to £0.2m. Consequently a credit of £2.2m has been included in the Statement of Comprehensive Income in the period.

In light of the trading performance referred to above the Group has separately performed a review of the carrying value of goodwill and intangible assets identified upon the acquisition of FSN. As a result of this review the Group has recognised an impairment loss of £2.2m in the Consolidated Statement of Comprehensive Income in the period.

### **Cash Balance and Dividend**

As at 31 December 2011 the Group had a cash balance of £35.0m. 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 2011 of 3.03p per ordinary share.

Together with the interim dividend of 1.5p per ordinary share and special dividend of 3.93p per ordinary share paid on 16 September 2011, this gives a total dividend for the year of 8.46p per ordinary share, reflecting the Board's confidence in the ability of the business to generate cash on an on-going basis.

The Board is committed to a progressive dividend policy, with on-going monitoring of the appropriate capital structure.

The ex-dividend date for the final dividend is 28 March 2012, with a record date of 30 March 2012 and a payment date of 27 April 2012. Shareholders will 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 £7.5m in the Consolidated Statement of Comprehensive Income represents an effective tax rate of 31% (2010: 30%). This is higher than the prevailing rate of 26.5% due to the tax effect of share based payments, prior year adjustments to current and deferred tax, and other permanent differences mainly arising from professional fees and non-qualifying depreciation. In addition, the current year has been impacted by tax losses from its German operation of £0.2m for which a deferred tax asset has not been recognised. In the 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 2011 was 3.3p (2010: 1.5p). Adjusted basic earnings per ordinary share increased from 5.2p to 6.6p per share. The adjusted earnings per ordinary share is based on profit before tax after adding back intangible amortisation and goodwill impairment, share-based payment charges arising from pre-listing share options, costs incurred in relation to the acquisition of Local Daily Deals Limited, the credit relating to the reassessment of contingent consideration for Financial Services Net Limited and the VAT recovery relating to prior periods. A tax rate of 26.5% (2010: 28%) has been applied to calculate adjusted profit after tax.

### **Outlook**

The year has started well, Group revenues and EBITDA are in the region of 15% ahead of the same period last year. Trading in the Money and Insurance verticals has continued to be strong. Travel revenues reflect the tough underlying market. Home Services is broadly flat after a strong 2011.

The Group will continue to invest in its brand and technology in 2012. Offline media spend is approximately 20% ahead year to date and has showcased the Group's depth and breadth of products and services. The Investment program, which began last year in our

core technology platform, will increase in 2012, enhancing our flexibility and speed to market. In addition, the Group will invest in its customer data and digital marketing capabilities to generate additional value from these assets during 2012 and beyond.

Overall the Board is confident in the Group's prospects for the 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.

<b>Name</b>	<b>Function</b>
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.

##### 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.

#### 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 services 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.

#### **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 reputation

##### **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.

### Consolidated Statement of Comprehensive Income for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Revenue		181,048	148,892
Cost of sales		(50,156)	(42,763)
<b>Gross profit</b>		<b>130,892</b>	<b>106,129</b>
Distribution expenses		(29,766)	(21,621)
Administrative expenses		(77,083)	(73,771)
<b>Results from operating activities</b>		<b>24,043</b>	<b>10,737</b>
Net finance income		239	287
<b>Profit before income tax</b>		<b>24,282</b>	<b>11,024</b>
Income tax charge		(7,494)	(3,323)
<b>Profit for the year</b>		<b>16,788</b>	<b>7,701</b>
<b>Other comprehensive income:</b>			
Foreign currency translation		-	17
Deferred tax on share-based payments		471	165
<b>Other comprehensive income for the year</b>		<b>471</b>	<b>182</b>
<b>Total comprehensive income for the year</b>		<b>17,259</b>	<b>7,883</b>
<b>Earnings per share:</b>			
Basic earnings per ordinary share (p)	2	3.3	1.5
Diluted earnings per ordinary share (p)	2	3.2	1.5

All profit and comprehensive income is attributable to the equity holders of the Company.

### Consolidated Statement of Financial Position at 31 December 2011

	Note	31 December 2011 £000	31 December 2010 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,952	10,701
Intangible assets	4	160,634	182,541
Investments in associates		1,000	-
<b>Total non-current assets</b>		<b>172,586</b>	<b>193,242</b>
<b>Current assets</b>			
Trade and other receivables		15,974	16,320
Prepayments		1,896	2,320
Cash and cash equivalents		35,005	36,593
<b>Total current assets</b>		<b>52,875</b>	<b>55,233</b>
<b>Total assets</b>		<b>225,461</b>	<b>248,475</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability		23,251	32,212
<b>Current liabilities</b>			
Trade and other payables		28,898	25,235
Current tax liabilities		6,750	3,387
<b>Total current liabilities</b>		<b>35,648</b>	<b>28,622</b>
<b>Total liabilities</b>		<b>58,899</b>	<b>60,834</b>
<b>Equity</b>			
Share capital		102	102
Share premium		171,297	171,297
Retained earnings		(78,970)	(68,239)
Other reserves		74,133	84,481
<b>Total equity</b>		<b>166,562</b>	<b>187,641</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 February 2012. They were signed on its behalf by:

**Peter Plumb**

**Paul Doughty**

### Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

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
<b>At 1 January 2010</b>	<b>102</b>	<b>171,207</b>	<b>95,397</b>	<b>(45,920)</b>	-	<b>(118)</b>	<b>220,668</b>
Foreign currency translation <sup>1</sup>	-	-	-	-	-	17	17
Deferred tax recognised on share based payments <sup>1</sup>	-	-	-	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	-	-	-	(42,851)	-	-	(42,851)
Share based payment	-	-	-	1,851	-	-	1,851
Reserves transfer	-	-	(10,815)	10,815	-	-	-
<b>At 31 December 2010</b>	<b>102</b>	<b>171,297</b>	<b>84,582</b>	<b>(68,239)</b>	-	<b>(101)</b>	<b>187,641</b>
Deferred tax recognised on share based payments <sup>1</sup>	-	-	-	471	-	-	471
Profit for the year	-	-	-	16,788	-	-	16,788
Total income and expense for the year	-	-	-	17,259	-	-	17,259
Equity dividends	-	-	-	(40,538)	-	-	(40,538)
Share based payment	-	-	-	2,200	-	-	2,200
Reserves transfer	-	-	(10,348)	10,348	-	-	-
<b>At 31 December 2011</b>	<b>102</b>	<b>171,297</b>	<b>74,234</b>	<b>(78,970)</b>	-	<b>(101)</b>	<b>166,562</b>

<sup>1</sup> Foreign currency translation and deferred tax recognised on share based payments represent the only income or expense for the current or prior year 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 2011, the Group held 723,685 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 2011

		Year ended	Year ended
		31	31
		December	December
		2011	2010
	Note	£000	£000
<b>Operating activities</b>			
Profit for the year		16,788	7,701
Adjustments to reconcile Group net profit to net cash flows:			
Depreciation		3,819	4,851
Amortisation of intangible assets		24,202	24,194
Impairment of goodwill	4	2,199	-
Change in contingent consideration	1	(2,222)	-
Loss on disposal of property, plant and equipment		28	31
Finance income		(239)	(287)
Equity-settled share-based payment transactions		2,200	1,851
Effects of foreign exchange differences		1	22
Income tax charge		7,494	3,323
Change in trade and other receivables		708	(2,398)
Change in trade and other payables		5,751	3,530
Income tax paid		(12,621)	(9,841)
<b>Net cash flow from operating activities</b>		<b>48,108</b>	<b>32,977</b>
<b>Investing activities</b>			
Interest received		304	282
Acquisition of subsidiary, net of cash acquired	1	(508)	(4,262)
Acquisition of non-controlling interest		(1,000)	-
Acquisition of property, plant and equipment		(4,054)	(3,448)
Acquisition of intangible assets		(3,900)	-
<b>Net cash flow from investing activities</b>		<b>(9,158)</b>	<b>(7,428)</b>
<b>Financing activities</b>			
Proceeds from share issue		-	90
Dividends paid	3	(40,538)	(42,851)
<b>Net cash flow from financing activities</b>		<b>(40,538)</b>	<b>(42,761)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,588)</b>	<b>(17,212)</b>
Cash and cash equivalents at start of year		36,593	53,805
<b>Cash and cash equivalents at end of year</b>		<b>35,005</b>	<b>36,593</b>

## 1 Acquisitions

### *Financial Services Net Limited*

On 14 October 2010, the Group acquired all of the shares in Financial Services Net Limited ('FSN') for £4.4 million, satisfied in cash with a further £400,000 payable pending the outcome of certain matters, and a contingent payment of up to £4 million payable up to the third anniversary of handover upon the achievement of specified financial targets by FSN. The company operates a range of websites in the financial services sector aimed at putting consumers in touch with brokers or product providers who will provide them with the product they are looking for.

### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Pre-acquisition carrying amounts £000	Fair value adjustments £000	Recognised values on acquisition £000
FSN's net assets at the acquisition date:			
Property, plant and equipment	7	(7)	-
Intangible assets (see note 4)	-	6,083	6,083
Trade and other receivables	74	-	74
Cash and cash equivalents	68	-	68
Trade and other payables	(59)	(200)	(259)
Deferred tax liabilities	-	(1,145)	(1,145)
<b>Net identifiable assets and liabilities</b>	<b>90</b>	<b>4,731</b>	<b>4,821</b>
Goodwill on acquisition			2,199
<b>Total consideration</b>			<b>7,020</b>

A detailed description of the different intangible assets which were identified within the acquired business, and the methods used to value them, are provided within note 4. The deferred tax liability represents the tax effect which was expected to result from the amortisation of the intangible assets, estimated using the anticipated future tax rate and the fair value of the different classes of asset.

	£000
Consideration:	
Initial consideration, paid in cash	4,412
Contingent consideration	2,608
<b>Total consideration</b>	<b>7,020</b>

The initial consideration included a payment of £4,330,000 which was made during the prior period, and a balancing payment of £82,000 which was expected to be made after 31 December 2010.

The contingent consideration included two elements:

- Up to £400,000 which may become due dependent upon the outcome of ongoing discussions around the indirect tax treatment of certain income streams. Management estimated that there was a 50% probability of this amount becoming due and recognised £200,000 of contingent consideration, which represented its fair value at the acquisition date. This matter was still ongoing at the balance sheet date, and therefore no adjustment has been made to this estimate.
- Up to £4million which may become due upon the achievement of financial performance measures specified in the purchase agreement. Up to one third of this amount will be payable on each of the first three anniversaries of the handover date. Management estimated the amount of this element which will become payable by attributing different probabilities to a range of possible outcomes derived from the most recent forecasts of the business' performance. The Group included £2,408,000 as contingent consideration related to this additional consideration, which represented its fair value at the acquisition date. In line with IFRS 3, during the year the Group updated its estimations of the amount of contingent consideration which will become payable, based on the business' performance since acquisition, and its most recent forecasts. Management now estimate that only £186,000 of the contingent consideration will become payable, and as such have recognised a credit of £2,222,000 in the Consolidated Statement of Comprehensive Income in the period within administrative expenses.

#### *Local Daily Deals Limited*

On 31 August 2011, the Group acquired 51% of the issued share capital of Local Daily Deals Limited ('LDD') for £1.0 million, satisfied in cash, with £0.5 million paid to the existing shareholders for existing shares, and subsequently a further £0.5 million paid to LDD for the issue of new shares. In addition, the Group has a call option over the remaining share capital which it has the right to exercise on the third anniversary of the acquisition date, the consideration for which will be determined by the achievement of specified financial targets by LDD. Should the Group not exercise its call option, the existing shareholders of LDD have the right to exercise a put option on the same terms. The company operates a website which features discounted retail offers, with the aim of introducing businesses to new customers who are looking for a good deal. In the four months to 31 December 2011 the subsidiary contributed revenue of £304,000 and a net loss of £310,000 to the consolidated profit for the year. If the acquisition had occurred on 1 January 2011, Group revenue would have been an estimated £181.2 million and profit would have been an estimated £16.7 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on the first day of the accounting period.

#### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Pre-acquisition carrying amounts £000	Fair value adjustments £000	Recognised values on acquisition £000
LDD's net assets at the acquisition date:			
Property, plant and equipment	45	-	45
Trade and other receivables	3	-	3
Cash and cash equivalents	493	-	493
Trade and other payables	(156)	-	(156)
<b>Net identifiable assets and liabilities</b>	<b>385</b>	<b>-</b>	<b>385</b>
Goodwill on acquisition			615
<b>Total consideration</b>			<b>1,000</b>

A detailed description of the different intangible assets which have been identified within the acquired business, and the methods used to value them, are provided within note 4.

	£000
Consideration:	
<b>Initial consideration, paid in cash</b>	<b>1,000</b>

The initial consideration includes a payment of £500,000 which was made to the existing shareholders for the purchase of existing shares, and the subsequent payment of £500,000 to LDD for the issue of new shares in the company.

Additional consideration of up to £10 million may become due on the third anniversary of the acquisition date upon the achievement of financial performance measures specified in the purchase agreement, and either the exercise by the Group of its call option, or the exercise by the existing shareholders of their put option. Management have estimated the amount of this element which will become payable by attributing different probabilities to a range of possible outcomes derived from the most recent forecasts of the business' performance. Since this element of consideration is dependent upon the continued employment of the individuals concerned, the fair value of the amount of deferred consideration that management expect to become payable will be charged to the Consolidated

Statement of Comprehensive Income over the combined life of the earnout period and the related call and put options. At the balance sheet date the fair value of the deferred consideration was £1,029,000, and £96,000 has been charged to the Consolidated Statement of Comprehensive Income during the period, included within administrative expenses.

The Group incurred acquisition-related costs of £0.5m relating to legal and advisory fees, and costs related to the integration of the business into the Group, which have been expensed in administrative expenses. The impact on both basic and diluted earnings per share is a decrease of 0.06 per share.

The Group has accounted for the acquisition using the anticipated acquisition method, whereby 100% of LDD's results since acquisition have been consolidated into the results of the Group, as a result of the call and put options which exist over the non-controlling interest.

## 2 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:

	2011	2010
Profit after taxation attributable to ordinary equity holders (£000)	16,788	7,701
Basic weighted average ordinary shares in issue (millions)	509.3	509.0
Dilutive effect of share based instruments (millions)	11.9	12.5
Diluted weighted average ordinary shares in issue (millions)	521.2	521.5
Basic earnings per ordinary share (p)	3.3	1.5
Diluted earnings per ordinary share (p)	3.2	1.5

## 3 Dividends

	2011	2010
	£000	£000
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
Final Dividend for 2010: 2.53p per share	12,884	-
Interim Dividend for 2011: 1.5p per share	7,654	-
Special Dividend for 2011: 3.93p per share	20,000	-
Proposed for approval (not recognised as a liability at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2011: 3.03p per share	15,431	-

## 4 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 2011 the market capitalisation exceeded the carrying value of the goodwill, intangible and other non-current assets and net current assets, by more than 100% (2010: more than 100%).

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. In addition, the two recently acquired businesses, FSN and LDD, are separate CGUs for the purposes of monitoring goodwill. The Group has performed impairment testing at a CGU 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 2011 are in line with those at 1 January 2009. Goodwill impairment for FSN and LDD has been considered separately from the four verticals and the Group.

## IMPAIRMENT REVIEW BY VERTICAL AND GROUP

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 2011, and are based upon the Group's approved budget for 2012 incorporating where possible an allocation of cost of sales and advertising costs. The main assumptions underlying the 2012 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 2012 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. 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.
- 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. The same discount rate has been used compared with the rate used to test the Internet segment last year to reflect the current stagnation in the wider UK economy, despite 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 60% 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 previous years. 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 £264m (2010: £152.0m), and as such, no impairment was identified.

With regard to the Group level impairment testing, the level of the increase in the discount rate, with all the other assumptions held constant, required to give a value in use for the Group's assets equal to their carrying value, would be in excess of what can reasonably be expected to happen (2010: 10% increase). Similarly, a decrease in the annual cash flows of £35.0m (2010: £20.0m), 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 asset category 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') was calculated as set out below:

- **Market related**

Within FSN, the main market related intangible assets are the domain names which FSN owns. These assets were 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% was applied based on available industry data. A discount rate of 15.8% was used to calculate the present value of the future royalty savings.

- **Customer relationships**

This asset represented the value present within the existing relationships which FSN had with product providers and brokers. The valuation was based on the cash flows which were 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 based the estimate on the most recent 3 year forecasts, and for later periods 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% was used to calculate the present value of the future benefit resulting from the relationships.

- **Customer lists**

This asset represented the value of the customer data held by FSN at the date of acquisition, and was 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 represented the anticipated incremental value which the Group expected to generate by applying the existing skills and expertise within the Group's workforce to the acquired business and assets.

During the period, the Group reassessed the amount of contingent consideration that it expected to become payable with reference to FSN's actual performance since acquisition, and its most recent forecasts. This exercise resulted in a reduction in the amount of contingent consideration expected to become payable from £2,408,000 to £186,000, which acts as an indicator of impairment, and in light of this, the Group performed a thorough review of the intangible assets and goodwill relating to FSN.

The recoverable amount of the assets was taken to be their value in use, and was calculated by reference to FSN's forecast cash flows. For the purposes of IFRS8, FSN is taken to be one cash generating unit (CGU). The present value of the forecast cash flows was calculated with the following key assumptions:

- Cash flows for year 1 represent management's best estimate of future cash flows as at 31 December 2011, and are based upon the Group's approved budget for 2012. The main assumptions underlying the budget relate to visitor numbers, the amount of revenue generated per visitor, and the staff resource required to run the business. The forecast assumes an improvement over 2011, driven by investments in technology and search engine optimisation.

- Cash flows for the first five years assume an average 9% per annum increase in the number of visitors, and an average 8% per annum increase in the revenue generated per visitor, whilst payroll costs have been forecast to increase by 5% per annum, with all other costs expected to grow at 3% per annum. Cash flows after five years assume only market growth.
- Cash flows into perpetuity have been built into the model.
- A pre-tax discount rate of 16.5% has been used in the forecast.

The analysis performed calculates the value in use of FSN as £5.2m, which corresponds with the carrying value of the business' identified intangible assets. Therefore, an impairment loss of £2.2m has been recognised in the year, against a brought forward goodwill balance of £2.2m. As a result, there is no difference between the carrying value and the recoverable amount of the business' intangible assets as at the balance sheet date. An increase in the discount rate of 1% with all other assumptions held constant would give rise to an additional impairment charge of £0.4m, whilst a decrease in the annual cash flows of 10%, with all other assumptions held constant, would give rise to an additional impairment charge of £0.5m.

## ACQUISITION OF LOCAL DAILY DEALS LIMITED

The Group recognises its intangible assets in the following asset classes. No tangible assets were recognised upon the acquisition of LDD for the following reasons:

- **Market related**

At acquisition the main market related intangible asset was the domain name which LDD owned. Assets such as this are typically valued using an income-based approach, based on estimated revenue in the company's most recent forecasts, and the savings which the Group or an equivalent third party would expect to make by now owning the domain name. Prior to acquisition the company's website attracted low volumes of visitors, and since acquisition the website has been relocated within the Group's main website. In light of this, the Group have not assigned any value to the domain name or any other market related intangible assets.

- **Customer relations**

This asset class represents the value within the existing relationships which LDD has with its business partners. Given the nature of LDD's business and the short life-time of the relationships, the Group has not identified any value within this asset.

- **Customer lists**

This asset class represents the value of the customer data held by LDD at the date of acquisition. The volume of customer data held by the business has been assessed by management as immaterial. As such no value has been identified within this asset.

- **Technology**

This asset class relates to technical innovations and advances such as databases, software and trade secrets. Whilst the business did own the website on which its business operates, the cost of replicating such a website has been estimated by management as immaterial to the Group's operations.

The goodwill balance recognised upon the acquisition of LDD represents the anticipated incremental value which the Group expects to generate by applying its existing customer database and expertise to the LDD business. The Group does not expect any of the goodwill to be deductible for tax purposes.

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.

## 5 Related party transactions

The Group has the following investments in subsidiaries and associates:

	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
Local Daily Deals Limited	UK	51	Discounted deals website
HD Decisions Limited	UK	25	Credit scoring technology

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.

The aggregate value of transactions and outstanding balances relating to entities which were not wholly-owned subsidiaries at the balance sheet date were as follows:

	Transaction value	Transaction value	Balance outstanding	Balance outstanding

Company	Year ended	Year ended	as at	as at
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	£000	£000	£000	£000
Local Daily Deals Limited	99	-	(99)	-
HD Decisions Limited	-	-	-	-

#### Transactions with key management personnel

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 £22,714,964 in 2010 and £ 21,440,050 in 2011.

During the year, short term funding was made to Paul Doughty, a Director of the Company. The amount advanced was £800,000 for a period of 5 days. Fixed interest of 7% per annum was charged along with an arrangement fee of 1% of the value of the advance. There were no amounts outstanding to the Company or any future commitments of the Company as at 31 December 2011.

At 31 December 2011, an amount of £21,971 was payable to the Directors of Local Daily Deals Limited, consistent with the amount payable at acquisition.

#### Key management personnel compensation

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

	31 December	31 December
	2011	2010
	£000	£000
Short-term employee benefits	2,465	1,764
Share-based payments	1,581	1,111
Post employment benefits	162	162
	4,208	3,037

In addition to the above, the executive management team received a bonus of £1,815,000 (2010: £1,745,000) in relation to the reporting period.

#### Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the registrar of companies, and those for 2011 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 2011 will be posted to shareholders in March 2012. The results for the year ended 31 December 2011 were approved by the Board of Directors on 27 February 2012 and are audited. The Annual General Meeting will take place on 18 April 2012. The final dividend will be payable on 27 April 2012 to shareholders on the register at the close of business on 30 March 2012.

#### 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.

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