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Moneysupermarket.com Group PLC
05 March 2013

5th March 2013

Moneysupermarket.com Group PLC preliminary results
for the year ended 31 December 2012

Strong trading results; Final dividend increased by 30%

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 2012.

Financial highlights	2012	2011	Change
Revenue	£204.8m	£181.0m	13%
Adjusted revenue	£204.8m	£178.5m	15%
Adjusted EBITDA	£66.5m	£52.5m	26%
Statutory profit after tax	£24.8m	£16.8m	48%
Cash balance	£18.7m	£35.0m	(47%)
Final dividend for the year	3.94p	3.03p	30%
Ordinary dividend for the year	5.74p	4.53p	27%
Special dividend	-	3.93p	-

Financial highlights

- Adjusted revenue increased by 15% to £204.8m (2011: £178.5m);
- Adjusted EBITDA increased by 26% to £66.5m (2011: £52.5m);
  - Adjusted EBITDA margins increased by 3% to 32%;
- Adjusted gross margin increased to 74.1% (2011: 71.9%);
- Excellent cash conversion - 97% of EBITDA converted to cash;
- Cash balance of £18.7m (2011: £35.0m) at the year-end reflecting the acquisition of MoneySavingExpert.com; the Group is debt free;
- Dividend increased by 27% to 5.74p;
  - Final dividend increased 30% to 3.94p per share (2011: 3.03p);
- £10.6m (2011: £nil) net credit in statutory profit following agreement of new VAT recovery method with HMRC;
  - Credits of £4.5m and £1.9m recognised for 2012 and 2011 respectively, in lower irrecoverable VAT charge.

Operational highlights

- Market leading position and share maintained in competitive market place;
- Continued structural growth in our online markets and targeted investment in technology and brand building helping to improve conversion rates;
- Marketing investment (offline and online) up 4% with adjusted revenue up 15%;
  - Digital investments made benefitting the business.
  - New TV campaign launched introducing £1,000 household savings message.
- Acquisition of MoneySavingExpert.com (MSE) for up to £92.5m completed on 21 September 2012;
  - Initial payment of £65.5m; deferred consideration up to £27.0m;
  - Strong trading since acquisition.

Outlook

Group trading including MoneySavingExpert.com has been solid in the first two months of the year. Revenue was up 11% and EBITDA up more than 30% against the same period last year.

Within MoneySupermarket most areas of the business continue to make good progress, with the exception of our Savings channel which continues to be significantly impacted by the Government's Funding For Lending scheme. MoneySupermarket's EBITDA to date is ahead of last year and in line with management's expectations, with margins continuing to be healthy, albeit reflecting a number of investments we are making in the business. MSE trading has broadly reflected that seen within MoneySupermarket.

Despite the slowdown in Savings, the buoyancy of the Group's other revenue streams mean that our expectations for the Group for the year remain unchanged.

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

"The UK has caught the money saving bug. We helped customers save over £1 billion in 2012 as households, faced with the uncertain outlook, sought savings on their bills.

"The 15% rise in revenues, 26% increase in profits and 30% higher dividend to shareholders were only possible because of our continuing investment in the MoneySupermarket brand, in digital marketing and technology, and in making sure customers find us the best shop for comparing prices.

"While the Government's Funding For Lending scheme has affected demand for comparing savings products, we remain in a structurally growing market. We'll continue to succeed by carrying on giving customers and product providers a better and broader service than others. That way we can save more people more money and continue to build our business.

"MoneySavingExpert.com has added to what we offer consumers. Our brands - while continuing to operate independently - give us a greater ability to help more customers and will accelerate progress towards our goal of helping every consumer make the most of their money.

"January and February have been good months for us and we expect another record 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.

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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 2012 and 31 December 2011 along with reconciliation to adjusted EBITDA. Revenue in 2012 was £204.8m (2011: £181.0m) which generated a net profit after tax of £24.8m (2011: £16.8m). 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.

The Group has restated its previously reported adjusted EBITDA in 2011 increasing it by £3.0m to show the results on a consistent basis with those presented in 2012. Details of the adjustments are shown below and described in the basis of preparation.

Extract of Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Revenue		204,752	181,048
Cost of sales		(53,046)	(50,156)
Gross profit		151,706	130,892
Distribution expenses		(30,471)	(29,766)
Administrative expenses		(89,710)	(77,083)
Profit from operating activities		31,525	24,043

Reconciliation to adjusted EBITDA:			
Profit from operating activities		31,525	24,043
Depreciation		3,581	3,819
Amortisation of Intangible Assets	1	26,148	24,202
Impairment of Intangible Assets	2	5,945	2,199
Deferred consideration credit related to acquisitions in prior periods	2	(281)	(2,126)
VAT recovery	3	(6,148)	(1,138)*
Costs relating to acquisitions	4	3,359	1,537*
Contingent payable in relation to the acquisition of MoneySavingExpert.com	5	2,325	-
Adjusted EBITDA		**66,454**	**52,536**
Adjusted earnings per ordinary share:			
- basic (p)		**9.1**	7.1
- diluted (p)		**9.0**	6.9

*Indicates amendments made to 2011 reported adjusted EBITDA to present the results on a consistent basis with 2012.

Notes

Basis of Preparation

The results show the trading results for the years ended 31 December 2012 and 31 December 2011. The following adjustments have been made in arriving at adjusted EBITDA:

1 Amortisation of Intangible Assets

- The acquisition of Moneysupermarket.com Financial Group Limited by the Company prior to Listing gave rise to £207.2m of intangible assets. These will be written off over a period of 3-10 years with a charge of £23.0m expensed in both 2012 and 2011.
- The acquisition of the trade and certain assets of MoneySavingExpert.com and a sole trader business from Martin Lewis (together 'MSE') on 21 September 2012 by the Group gave rise to £12.9m of intangible assets. These will be written off over a period of between 3-10 years with a charge of £0.5m included within 2012 (2011: nil).
- The acquisition of Financial Services Net Limited by the Group in October 2010 gave rise to £6.1m of intangible assets. These were to be written off over a period of 3-10 years with a charge of £0.7m in both 2012 and 2011.
- A charge of £1.9m (2011: £0.5m) relating to the amortisation of technology related intangible assets

2 Impairment of Intangible Assets, and adjustments to deferred consideration, related to acquisitions in prior periods

- On 14 October 2010 the Group acquired Financial Services Net Limited which comprised a number of direct match domain names. The acquisition gave rise to £6.1m of intangible assets which were to be written off over a period of 3-10 years and £2.2m of goodwill. During 2011, the Group reassessed how much of the contingent consideration related to the FSN acquisition it expected to become payable based on the then current forecast. As a result the Group recognised a credit in the Consolidated Statement of Comprehensive Income in 2011 of £2.2m. In light of this, the Group also performed an impairment review of FSN's assets and identified an impairment charge of £2.2m relating to goodwill which was also recognised in the Consolidated Statement of Comprehensive Income in 2011.

  At the end of 2012, the Group has again assessed the expected trading performance of FSN, taking into account the impact of the lower importance that direct match domain names now have in natural search algorithms. Consequently the Group has recognised an impairment charge of £4.4m in the Consolidated Statement of Comprehensive Income in relation to its intangible assets, being the net book value of those assets as at the end of 2012. In addition, in light of the trading performance referred to above, the Group has also reassessed the amount of contingent consideration that it expects to become payable, and as a result, has recognised a credit of £0.2m in the Consolidated Statement of Comprehensive Income.

- On 31 August 2011 the Group completed the acquisition of 51% of Local Daily Deals Limited 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 business has not performed in line with management expectations. In light of the trading performance the Group has performed a review of the carrying value of goodwill (£0.6m) identified upon the acquisition of LDD. As a result of this review the Group has recognised an impairment charge of £0.6m (2011: nil) in the Consolidated Statement of Comprehensive Income in the period. The Group has also performed a review of the value of contingent remuneration held on its balance sheet that may have become payable to the vendors of the business at the end 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 to nil. Consequently, having recognised a charge for £0.1m in the prior period, a credit of £0.1m (2011: nil) has been included in the Consolidated Statement of Comprehensive Income for the current period.
- Management identified an impairment charge of £0.9m (2011: £nil) in relation to a portion of the technology related intangible assets.

3 VAT recovery

- **Change in taxable nature of supplies**

  The Group received written notification in June 2011 that it had been successful in 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. £3.1m is deducted from statutory profit in 2011 representing the amount of the total credit received that related to periods prior to 2011.

- **Change in VAT recovery method**

  In July 2012 the Group reached agreement with HMRC that enabled it to apply a new method to determine the proportion of VAT it was able to recover on expenses it incurred. The Group recognised a net credit of £10.6m in its Consolidated Statement of Comprehensive Income representing the total value of the benefit to the Group from 1 April 2008 to 31 December 2012. All amounts owing by HMRC relating to the claim had been received by the Group by the year end.

  The Group has included within adjusted EBITDA in 2012 and 2011 that proportion of the credit received that relates to 2012 and 2011 being £4.5m and £1.9m respectively to present the results on a consistent basis. As a result of this adjustment the previously reported adjusted EBITDA for 2011 has been increased by £1.9m.

4 Costs incurred relating to acquisitions made in 2011 and 2012

- On 31 August 2011 the Group acquired a 51% shareholding in Local Daily Deals Limited. The Group incurred charges in connection with the acquisition of £0.5m. These were added back in calculating adjusted EBITDA in 2011.

  On 21 September 2012 the Group completed the acquisition of MSE. The Group incurred £3.4m of costs in 2012 and £1.1m in 2011 relating to the acquisition. These have been added back in calculating adjusted EBITDA in 2012 and 2011. As a result of this adjustment the previously reported adjusted EBITDA for 2011 has been increased by £1.1m.

5 Contingent Payable

- **MSE**

  The Group has recognised an administrative expense relating to deferred consideration which is linked to continued employment in its Consolidated Statement of Comprehensive Income in 2012 of £2.3m relating to the employment of an individual within administrative expenses.

Reference is made in the Overview and Financial Highlights sections to adjusted revenues, adjusted gross margins, adjusted cost base and adjusted distribution and administration expenses. These measures represent the revenue generated and costs charged to the Consolidated Statement of Comprehensive Income, less intangible amortisation, adjustments relating to VAT recoveries, costs incurred in relation to acquisitions made in 2011 and 2012, costs recognised in respect of deferred consideration relating to acquisitions and the write down of investments made in prior periods, referred to above.

Overview

We present a strong set of financial results for the year ended 31 December 2012. Adjusted revenue for the year increased by 15% to £204.8m (2011: £178.5m), generating adjusted EBITDA which was 26% higher at £66.5m (2011: £52.5m). This included external revenues of £1.8m and EBITDA of £2.8m respectively, resulting from the acquisition of MoneySavingExpert.com ('MSE') described below, which was acquired on 21 September 2012.

During 2012 the Group has continued to see good growth. Trading during the second half of the year improved relative to the comparable first half performance in the Insurance, Home Services and Travel verticals. Revenues in the Money vertical however were broadly flat in the second half of the year as savings revenues declined as a result of the introduction of the Bank of England's 'Funding for Lending' scheme, which enables financial institutions to seek low cost funding centrally rather than through retail deposits from the consumer markets.

The Group acquired MSE on 21 September 2012 for a total consideration of up to £92.5m including deferred consideration of up to £27.0m. The MoneySavingExpert.com brand is recognised in the UK as the trusted brand to help consumers find the very best deals available in a number of different areas and sits very much in line with the Group's stated ambition of helping every household make the most of their money. Trading since acquisition has been strong.

Consistent with prior years the Group has continued to invest in its technology platforms and its brand. The Group capitalised £3.5m in 2012 investing in platforms that will enable the Group to more readily deploy changes to its website and replace some of the legacy technology that exists today. This will increase flexibility and lower the cost of ownership, and builds upon the investments made in 2011 which improved the Group's data acquisition capabilities. The Group expects this investment to continue through 2013.

Distribution costs were only 2% ahead of 2011. The Group launched the 'You're So MoneySupermarket' campaign in the second half of 2011 and continued to run a number of iterations during 2012 including the launch of the £1,000 household savings message in the second half of the year which helped drive up visitor numbers and revenues. Supporting its offline marketing efforts the Group has also invested in key skill sets in online marketing, particularly digital marketing and analytics. This helped continue to increase marketing efficiencies and improve operating margins.

Financial performance

Adjusted Group revenue increased by 15% to £204.8m (2011: £178.5m) and adjusted EBITDA increased by 26% to £66.5m (2011: £52.5m). Excluding the contribution from MSE from the date of acquisition (21 September 2012) adjusted revenues increased by 14% to £203.0m (2011: £178.5m) and adjusted EBITDA increased by 21% to £63.7m (2011: £52.5m). The Group saw solid revenue growth in its Insurance, Money and Home Services verticals, whilst Travel revenues were broadly flat. Trading improved in the second half of the year in Home Services and Travel whilst Insurance traded well throughout the year. Revenues in the Money vertical which were 19% ahead in the first half were broadly flat in the second half of the year.

Group adjusted gross margins increased from 71.9% to 74.1%. The Group increased its proportion of direct to site revenues to 69% (2011: 67%) partly as a result of the acquisition of MSE which from the date of acquisition has been classified as direct to site revenues having previously been classified as portal partner revenues. Had the Group owned MSE from 1 January 2012 direct to site revenues would have represented 74% of revenues. Paid search continued to represent 22% of revenue in the year (2011: 22%).

Adjusted administrative and distribution costs increased by 12% from £75.9m to £85.3m. Distribution expenses increased by 2% to £30.5m with marginally higher spends on creative and media costs. Adjusted administrative costs increased by 17% from £49.9m to £58.4m in 2012. Adjusted staff costs (including contract resource) were 18% higher at £35.4m. Headcount increased from 439 to 529 from December 2011 to December 2012, as the Group increased its resources in digital marketing and analytics as it continues to drive more efficiency from its marketing investments; in addition the acquisition of MSE added a further 45 heads to the Group headcount.

Other administrative costs, including irrecoverable VAT, increased by £3.4m the largest part of which related to the implementation of a number of digital marketing solutions to support the Group's online marketing efforts. As noted above the Group reached agreement with HMRC relating to the methodology used to calculate the proportion of VAT that it can recover on expenses it incurs. This lowered the irrecoverable VAT charge by £4.5m in 2012 and £1.9m in 2011 compared to the previous method used by the Group. The Group has restated its adjusted administrative costs in 2011 to present the results on a consistent basis.

Adjusted EBITDA margins increased from 29.4% to 32.5% against the same period last year. Excluding MSE, Group EBITDA margins would have been 31.4%.

The Group operates its internet business across a number of vertical markets. These are discussed below:

	Adjusted Revenue[1]			
	31 December 2012		31 December 2011	
	£000	%	£000	%
Money	57,389	28	52,586	30
Insurance	120,368	59	102,655	57
Travel	13,074	6	13,319	9
Home Services	11,403	6	9,181	4
Other	-	-	166	0
MoneySupermarket.com	202,234	99	177,907	100
MoneySavingExpert.com	3,931	2	-	-
Other businesses	735	0	622	0
Intercompany revenue[2]	(2,148)	(1)	-	-
Total	204,752	100	178,529	100

[1] The above table excludes £2.5m of revenue in 2011 which the Group recorded in relation to the settlement of the VAT treatment of its leads business which related to periods prior to 2011.

[2] In the above table revenues in MoneySupermarket.com arising from traffic from MoneySavingExpert.com have been shown in both MoneySupermarket.com and MoneySavingExpert.com to present the revenues from Moneysupermarket.com on a consistent basis in 2012 and 2011 and to show the contribution of the Moneysavingexpert.com business to the Group. Intercompany revenues have been eliminated as shown above.

Moneysupermarket.com 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 leads 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 2012	31 December 2011	Change
Visitors (000)	40,445	35,220	15%
Transactions (000)	21,353	18,773	14%
Revenue (£000) - click based	53,751	48,254	11%
Revenue (£000) - other	3,638	4,332	-16%
Revenue (£000) - total	57,389	52,586	9%
RPV	£1.42	£1.49	-5%
RPT	£2.52	£2.57	-2%

Total revenue increased by 9% from £52.6m to £57.4m and click based revenue by 11% from £48.3m to £53.8m. Visitors to the Money vertical were 15% 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 in the first half of the year. Revenues from credit products, defined as secured and unsecured loans, credit cards, pay day loans, debt solutions and mortgages (excluding impression based advertising) were 6% ahead of last year whilst non-credit products grew by 17%. Revenues in the second half of the year in the savings channel were markedly lower than the same period last year, particularly in the fourth quarter of the year. Revenues were impacted by lower competition for retail deposits among financial institutions, many of whom sought low cost funding from the Bank of England's 'Funding for Lending' scheme rather than through the retail deposits market.

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 £0.7m, or 16%, over the year. The Group has, consistent with prior periods, continued to focus upon improving its click based offering encouraging consumers to click through and transact with providers rather than through its lead businesses or through advertising.

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 leads 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 2012	31 December 2011	Change
Visitors (000)	32,679	28,554	14%
Transactions (000)	16,442	15,687	5%
Revenue (£000) - click based	105,976	92,218	15%
Revenue (£000) - other	14,392	10,437	38%
Revenue (£000) - total	120,368	102,655	17%
RPV	£3.68	£3.60	2%
RPT	£6.45	£5.88	10%

Revenues in the Insurance vertical increased by 17% from £102.7m to £120.4m. Click based revenue increased by 15% from £92.2m to £106.0m.

Revenues increased in each of the four major lines of business, being motor, home, travel and life insurance, with motor continuing to perform particularly strongly.

Visitors increased by 14% over the period driven by both effective online and offline marketing campaigns.

Other revenue increased by £4.0m largely as a result of the telephone assisted life insurance channel, which offers consumers offline support in completing often complex application forms, and which launched in the second half of 2011.

Travel

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

The KPIs for the Travel vertical are shown below:

	31 December 2012	31 December 2011	Change
Visitors (000)	44,216	40,708	9%
Transactions (000)	20,373	21,928	-7%
Revenue (£000) - click based	12,210	12,171	-
Revenue (£000) - other	864	1,148	-25%
Revenue (£000) - total	13,074	13,319	-2%
RPV	£0.30	£0.33	-10%
RPT	£0.60	£0.56	8%

Revenue in the Travel vertical declined by 2% from £13.3m to £13.1m and click based revenue was flat at £12.2m. Visitor levels increased by 9% compared to the same period last year.

Trading within the travel vertical improved throughout the course of the year quarter on quarter, relative to the same period last year. Revenues in the second half of the year were approximately 5% ahead of the same period last year. Package holidays revenue improved substantially in 2012 as the technology investments made in 2011 bedded in and the site was continually optimised to improve the user experience. Car hire revenues also held up well. Revenues from flights and hotels were weaker year on year continuing to reflect lower consumer demand, although improvements made to the hotels channel in the second half of the year helped boost revenues.

The Group has demonstrated that investments in technology in the Travel vertical can significantly improve revenues and continues to see good opportunities for future growth in the Travel business.

Other revenue, representing impression based advertising, fell by 25% as, consistent with the rest of the business, management reduced the amount of real estate available for advertising.

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 2012	31 December 2011	Change
Visitors (000)	28,816	25,748	12%
Transactions (000)	9,252	8,482	9%
Revenue (£000) - click based	11,399	9,160	25%
Revenue (£000) - other	4	21	-81%
Revenue (£000) - total	11,403	9,181	24%
RPV	£0.40	£0.36	11%
RPT	£1.23	£1.08	14%

Revenue in the Home Services vertical increased by 24% from £9.2m to £11.4m in the year. Visitors increased by 12%.

Revenues from utilities, which is the largest channel in the vertical, were particularly strong in the second half of the year as utilities prices increased, driving an increase in switching volumes. The increase in utilities revenue relative to other sources of revenue in the Home Services vertical increased RPV in the period.

MoneySavingExpert.com ('MSE')

The Group acquired MSE on 21 September 2012. MSE generated £3.9m in revenues for the Group of which £2.1m related to revenues also recognised within Moneysupermarket.com from traffic referred to it from MSE. MSE contributed £2.8m to Group EBITDA since it was acquired.

Trading trends have largely reflected those experienced by Moneysupermarket.com with revenues from Money products, particularly savings, being challenging whilst revenues from utilities switching were buoyant, aided by a number of the major providers raising their prices during the fourth quarter.

Overall the MSE business has performed well since acquisition and is well placed, with support from the wider Group to continue to grow its customer base.

VAT

In the first half of 2011 the Group reached agreement with HMRC that a number of its income streams had been classified incorrectly by HMRC as standard rated supplies rather than exempt. The Group recognised a one off credit of £3.5m in the first half of 2011 within its statutory numbers of which £3.1m related to prior periods.

In July 2012, the Group received formal approval from HMRC for the use of a new VAT recovery method. The Group had filed claims dating back to 1 April 2008. The claims were settled in December 2012 and the Group has consequently recognised a credit of £10.6m in its Consolidated Statement of Comprehensive Income of which £4.5m relates to the year ended 31 December 2012 and £1.9m to the year ended 31 December 2011. These amounts have been included in adjusted EBITDA in the respective periods.

Acquisition of MoneySavingExpert.com, Local Daily Deals Limited and Financial Services Net Limited

On 21 September 2012 the Group acquired the trade and certain assets of MoneySavingExpert.com and a sole trader business from Martin Lewis for a total consideration of up to £92.5m including deferred consideration of up to £27.0m. The initial consideration of £65.5m was settled by an upfront cash payment of £35.0m and £30.5m equity represented by 22.1m shares in the Group.

The deferred consideration is payable in part against the achievement of certain non-financial metrics over a three year period and in part at the Board's discretion. The deferred consideration will be settled on the third anniversary of completion.

The Group expects to be able to claim a corporation tax deduction of £20.0m over a five year period representing the tax effect of the amortisation of an element of the value of goodwill and intangible assets identified on the acquisition of the trade and assets of the sole trader business from Martin Lewis.

The MoneySavingExpert.com website offers free online content, which MoneySavingExpert.com has researched, on areas such as credit cards and loans, shopping, deals and vouchers, utilities and phones, banking and saving, travel and motoring, insurance, mortgages and homes, and income and family.

MoneySavingExpert.com's offering includes a range of online tools, researched articles in respect of specific products, personal finance guides, weekly newsletter emails which are sent to subscribers, and online forums. Martin Lewis and the MoneySavingExpert.com website also provide information and promote topical consumer focused issues such as financial education in schools and reclaiming payment protection insurance.

The business will be run separately for a period of at least three years according to an editorial code to ensure that MoneySavingExpert.com remains independent. The Board believes that the acquisition will help the combined Group reach a wider range of consumers, increase the proportion of revenues which are derived from direct to site sources and contribute significantly to the Group's goal of helping every household make the most of their money.

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.

LDD owns and operates a website and technology platform that features discounted retail offers from local and national companies. The business has not performed in line with management expectations and following the acquisition of MSE referred to above the Group has decided to refocus its resources in supporting MSE. Consequently the Group has performed a review of the value of contingent remuneration held on its balance sheet. As a result of this exercise the Group has lowered its estimate of the fair value of the contingent payable, and consequently a credit of £0.1m (2011: £0.1m charge) has been included in the Consolidated 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 identified upon the acquisition of LDD. As a result of this review the Group has recognised an impairment charge for the full amount of £0.6m (2011: nil) in the Consolidated Statement of Comprehensive Income in the period.

On 14 October 2010 the Group completed the acquisition of Financial Services Net Limited ('FSN') which owned and operated a number of websites in the Money and Insurance verticals for an initial consideration of £4.4m, rising to a total consideration of up to £8.8m payable over three years depending on the achievement of certain financial targets and the conclusion of outstanding tax matters.

Trading of the FSN business has been below management expectations. In 2011 the Group performed a review of the value of contingent consideration held on its balance sheet. As a result of this exercise the Group lowered its estimate of the fair value of contingent consideration that would have been payable from £2.4m to £0.2m, and consequently recognised a credit for £2.2m in the Consolidated Statement of Comprehensive Income in 2011.

In light of the trading performance referred to above the Group 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 also recognised an impairment loss of £2.2m in 2011 in the Consolidated Statement of Comprehensive Income in the period.

During 2012 the Group has again assessed the trading performance of FSN. At the end of 2012, performance had been impacted by the lower importance of direct match domain names in natural search algorithms. The Group has now refocused a number of its resources that were dedicated to the FSN business to supporting MSE. Consequently the Group has recognised an impairment charge of £4.4m in fully writing down its intangible assets. Alongside this, the Group also reviewed, and subsequently reduced to £nil, the fair value of contingent consideration, and as a result has recognised a credit of £0.2m in the Consolidated Statement of Comprehensive Income.

Investment in HD Decisions

On 25 March 2011 the Group invested £1m in acquiring a 25% stake in HD Decisions Limited (HD). HD provides credit decision support technology, which allows consumers to better understand the probability of being approved for a credit product before making a formal application for credit. This improves the user's experience on the Group's websites by matching consumers with credit products that they are eligible for and increases the number of relevant applications for individual providers which improves conversion. Importantly a credit footprint is not left on the consumer's profile at the point of initial enquiry. Furthermore providers are able to reduce the cost of credit searches at the application stage if consumers proceed to apply only for those credit products that are suited to their particular circumstances. The software is currently deployed to a portion of the Group's credit cards and loans channel customers.

Cash balance and dividend

As at 31 December 2012 the Group had a cash balance of £18.7m.

Having reviewed inter alia, the performance of the Group and 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 2012 of 3.94p per ordinary share.

Together with the interim dividend of 1.8p per ordinary share paid on 14 September 2012, this gives a total ordinary dividend for the year of 5.74p per ordinary share (2011: 4.53p), 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 20 March 2013, with a record date of 22 March 2013 and a payment date of 26 April 2013. 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 £6.7m in the Consolidated Statement of Comprehensive Income represents an effective tax rate of 21.3% (2011: 31%). This is lower than the prevailing rate of 24.5% (2011: 26.5%) due to the impact of the reduction in the rate of corporation tax on the deferred tax liability.

In future, the Group expects the underlying effective rate of tax to approximate to the standard UK corporation tax rate.

Earnings per ordinary share

Basic statutory earnings per ordinary share for the year to 31 December 2012 was 4.8p (2011: 3.3p). Adjusted basic earnings per ordinary share increased from 7.1p to 9.1p per share. The adjusted earnings per ordinary share is based on profit before tax after adding back intangible amortisation and goodwill impairment, the VAT recoveries relating to current and prior periods, costs incurred in relation to the acquisitions of Local Daily Deals Limited and MoneySavingExpert.com, credits relating to the reassessment of contingent consideration for Financial Services Net Limited and Local Daily Deals Limited, and costs related to the contingent consideration for MoneySavingExpert.com. A tax rate of 24.5% (2011: 26.5%) has been applied to calculate adjusted profit after tax.

Outlook

Group trading including MoneySavingExpert.com has been solid in the first two months of the year. Revenue was up 11% and EBITDA up more than 30% against the same period last year.

Within MoneySupermarket most areas of the business continue to make good progress, with the exception of our Savings channel which continues to be significantly impacted by the Government's Funding For Lending scheme. MoneySupermarket's EBITDA to date is ahead of last year and in line with management's expectations, with margins continuing to be healthy, albeit reflecting a number of investments we are making in the business. MSE trading has broadly reflected that seen within MoneySupermarket.

Despite the slowdown in Savings, the buoyancy of the Group's other revenue streams mean that our expectations for the Group for the year remain unchanged.

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
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 financial markets

Potential impact

Financial institutions may reduce the quantum of lending and/or tighten their acceptance criteria for customers seeking to obtain credit. Financial institutions may reduce their reliance on the retail market to obtain funds or may have lower cost funds available from other sources, including the Bank of England, to support their business activities. Providers may increase their focus on customer retention rather than acquisition. These factors 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 and / or significant acquisitions

Potential impact

Significant investments in new products and services, or new geographies fail to make a return. Failure to generate anticipated revenue growth, synergies and / or cost savings from significant acquisitions could lead to significant goodwill and intangible asset impairments.

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. Significant acquisitions are approved by the Board following pre-acquisition due diligence. Post-acquisition performance of significant acquisitions is closely monitored to ensure corrective action can be taken in the event of deviations from expected performance.

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 customer 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, together with infrastructure investment, will ensure the integrity and robustness of the Group's systems.

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, new hires or management teams that are recruited through acquisitions, are tied in through attractive equity and other incentive packages, and rewarding career structures. In addition, succession plans have been developed or are being developed for key members of the management team (including through acquisitions) 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.

Changing customer behaviour

Potential impact

Reduction in customer loyalty with existing customers and an inability to attract new customers if the business fails to adapt to changing customer behaviour, such as the increasing use of mobile devices to access the internet, 'apps' and social media.

Mitigation

The Group continues to focus on building market-leading products to improve its proposition to customers. The Group continues to engage with customers to understand any changes in the way they utilise the Group's services.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Revenue		204,752	181,048
Cost of sales		(53,046)	(50,156)
Gross profit		151,706	130,892
Distribution expenses		(30,471)	(29,766)
Administrative expenses		(89,710)	(77,083)
Results from operating activities		31,525	24,043
Net finance (costs) / income		(143)	239
Share of profit from associates using the equity accounting method, net of tax		158	-
Profit before income tax		31,540	24,282
Income tax charge		(6,708)	(7,494)
Profit for the year		24,832	16,788
Other comprehensive income:			
Foreign currency translation		7	-
Other comprehensive income for the year		7	-
Total comprehensive income for the year		24,839	16,788
Earnings per share:			
Basic earnings per ordinary share (p)	2	4.8	3.3
Diluted earnings per ordinary share (p)	2	4.7	3.2

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

Consolidated Statement of Financial Position
at 31 December 2012

	Note	31 December 2012 £000	31 December 2011 £000

Assets			
Non-current assets			
Property, plant and equipment		10,554	10,952
Intangible assets	4	197,573	160,634
Investments in associates		1,158	1,000
Total non-current assets		209,285	172,586
Current assets			
Trade and other receivables		20,768	15,974
Prepayments		1,843	1,896
Cash and cash equivalents		18,680	35,005
Total current assets		41,291	52,875
Total assets		250,576	225,461
Liabilities			
Non-current liabilities			
Deferred tax liability		13,432	23,251
Other payables		2,521	-
Total non-current liabilities		15,953	23,251
Current liabilities			
Trade and other payables		27,291	28,898
Current tax liabilities		7,597	6,750
Total current liabilities		34,888	35,648
Total liabilities		50,841	58,899
Equity			
Share capital		107	102
Share premium		201,824	171,297
Retained earnings		(65,987)	(78,970)
Other reserves		63,791	74,133
Total equity		199,735	166,562
Total equity and liabilities		250,576	225,461

The Financial Statements were approved by the Board of Directors and authorised for issue on 4 March 2013. They were signed on its behalf by:

Peter Plumb

Paul Doughty

Consolidated Statement of Changes in Equity
for the year ended 31 December 2012

	Note	Issued share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Reserve for own shares £000	Total £000
At 1 January 2011		**102**	**171,297**	**84,582**	**(68,239)**	**-**	**187,641**
Profit for the year		-	-	-	16,788	-	16,788
Total income and expense for the year		-	-	-	16,788	-	16,788
Equity dividends		-	-	-	(40,538)	-	(40,538)
Share based payment		-	-	-	2,200	-	2,200
Tax effect of share based payments		-	-	-	471	-	471
Reserves transfer		-	-	(10,348)	10,348	-	-
At 31 December 2011		**102**	**171,297**	**74,133**	**(68,239)**	**-**	**166,562**
Foreign currency translation		-	-	7	-	-	7
Profit for the year		-	-	-	24,832	-	24,832
Total income and expense for the year		-	-	7	24,832	-	24,839
New shares issued		4	30,527	-	-	-	30,531
Exercise of LTIP awards		1	-	-	-	-	1
Distribution in relation to LTIP		-	-	-	(1,506)	-	(1,506)
Equity dividends		-	-	-	(24,704)	-	(24,704)
Share based		-	-	-	1,979	-	1,979

payment						
Tax effect of share based payments	-	-	-	2,033	-	2,033
Reserves transfer	-	-	(10,349)	10,349	-	-
At 31 December 2012	**107**	**201,824**	**63,791**	**(65,987)**	**-**	**199,735**

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.

The balance also includes a foreign currency translation reserve which 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 2012, the Group held 622,279 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 2012

	Note	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Operating activities			
Profit for the year		24,832	16,788
Adjustments to reconcile Group net profit to net cash flows:			
Depreciation		3,581	3,819
Amortisation of intangible assets		26,148	24,202
Impairment of goodwill and intangible assets	4	5,945	2,199
Share of profit in associates		(158)	-
Change in contingent consideration	1	(185)	(2,222)
Loss on disposal of property, plant and equipment		4	28
Net finance costs/(income)		143	(239)
Equity-settled share-based payment transactions		1,979	2,200
Effects of foreign exchange differences		(7)	1
Income tax charge		6,708	7,494
Change in trade and other receivables		(4,743)	708
Change in trade and other payables		916	5,751
Income tax paid		(13,646)	(12,621)
Net cash flow from operating activities		51,517	48,108
Investing activities			
Interest received		197	304
Acquisition of trade and assets	1	(35,000)	-
Acquisition of subsidiary, net of cash acquired	1	-	(508)
Acquisition of non-controlling interest		-	(1,000)
Acquisition of property, plant and equipment		(3,170)	(4,054)
Acquisition of intangible assets		(3,517)	(3,900)
Net cash flow from investing activities		(41,490)	(9,158)
Financing activities			
Proceeds from share issue		-	-
Proceeds from exercise of Long Term Incentive Plan (LTIP)		1	-
Proceeds from borrowings		13,000	-
Repayment of borrowings		(13,000)	-
Interest paid		(144)	-
Distribution in relation to the LTIP		(1,506)	-
Dividends paid	3	(24,703)	(40,538)
Net cash flow from financing activities		(26,352)	(40,538)

Net decrease in cash and cash equivalents	(16,325)	(1,588)
Cash and cash equivalents at start of year	35,005	36,593
Cash and cash equivalents at end of year	18,680	35,005

1 Acquisitions

Financial Services Net Limited ('FSN')

On 14 October 2010 the Group acquired 100% of the share capital of FSN for £5m, with a further £4m of consideration payable dependent upon the achievement of certain cumulative financial targets over a 3 year period commencing May 2011.

During 2011 the goodwill of £2.2m recognised on the acquisition of FSN was written off in full to the Consolidated Statement of Comprehensive Income based on the business' performance to date against the above targets, and latest forecasts. Management assessed the fair value of the contingent consideration based on the performance of FSN, and reduced the amount accrued at 31 December 2011 by £2.2m to £0.2m.

In 2012 FSN has continued to trade below its forecast performance. Management performed an impairment review of the remaining intangible assets prior to the year end, based on updated forecasts for the business, and as a result of this review the remaining net book value of intangible assets of £4.4m was written off to the Consolidated Statement of Comprehensive Income. In addition, management also reviewed the amount of contingent consideration which they expect to become payable, and as a result released a credit of £0.2m to the Consolidated Statement of Comprehensive Income.

Local Daily Deals Limited ('LDD')

On 31 August 2011 the Group acquired 51% of LDD for an initial consideration of £1m, rising to a total consideration of up to £11m payable on the third anniversary of the acquisition depending on the achievement of certain financial targets.

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 in place over the non-controlling interest.

The deferred consideration payable was dependent upon continued employment, and therefore under IFRS was accounted for as contingent remuneration with the forecast amount payable being accrued over the earnout period and charged to the Consolidated Statement of Comprehensive Income. The estimated fair value of the contingent amount payable was assessed as being £1.0m. As at 31 December 2011 £0.1m had been charged to the Consolidated Statement of Comprehensive Income.

During the period, management reviewed the amount of contingent remuneration that they expected to become payable, based on the performance of the business to date and its latest forecasts. As a result, a £0.1m credit has been released to the Consolidated Statement of Comprehensive Income.

Since the performance of LDD has been behind management's expectations the goodwill balance of £0.6m was also reviewed for impairment during the period and as a result has been written off in full to the Consolidated Statement of Comprehensive Income.

MoneySavingExpert.com ("MSE")

On 21 September 2012, the Group acquired certain trade and assets from Martin Lewis and his company MoneySavingExpert.com for an initial consideration of £65.5 million. The initial consideration of £65.5m was settled by a cash payment of £35.0m and £30.5m of equity represented by 22.1m ordinary shares in the Company. In addition, a contingent amount of £27.0m, payable in part against the achievement of certain non-financial metrics and in part at the discretion of the Company Board, is dependent on the continued employment of Martin Lewis for three years following the acquisition.

The MoneySavingExpert.com website offers free online content for consumers, in areas such as credit cards and loans, shopping, deals and vouchers, utilities, phones, banking and saving, travel and motoring, insurance, mortgages and homes, and income and family, and includes a range of online tools, researched articles in respect of specific products, personal finance guides, weekly newsletter emails, and online forums. Martin Lewis and the MoneySavingExpert.com website also provide information on and promote topical consumer issues such as financial education in schools and reclaiming payment protection insurance. The business is being run separately from the rest of the Group according to an editorial code, to ensure that MoneySavingExpert.com retains its independence.

Effect of acquisition

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

	Recognised values on acquisition £000
MSE's net assets at the acquisition date:	
Other current assets	16
Intangible assets (see note 4)	12,895
Net identifiable assets and liabilities	12,911
Goodwill on acquisition	52,620
Total consideration	65,531

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 acquisition of MoneySavingExpert.com by the Group is expected to provide a number of benefits to both the Group and the acquired business, allowing the enlarged Group to reach a wider audience, and improve the visibility and accessibility of MoneySavingExpert.com's offering. The goodwill identified upon the acquisition of MoneySavingExpert.com represents the benefits referred to above, as well as the skills and knowledge within the acquired business' workforce.

The results of MoneySavingExpert.com have been included in the Consolidated Financial Statements of the Group with effect from 21 September 2012 and in the three months and 9 days to 31 December 2012, the business contributed revenue (prior to consolidation adjustments) of £3.9m and a net profit of £2.8m to the consolidated profit for the year. If the acquisition had occurred on 1 January 2012, Group revenue would have been an estimated £209.1m and profit before tax would have been an estimated £32.0million. 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 had occurred on the first day of the accounting period.

	£000

Consideration:	
Initial consideration, paid in cash	35,000
Initial consideration, paid in equity shares in Company	30,531
Total consideration	65,531

As noted above, additional amounts of up to £27.0m may become payable on the third anniversary of the completion date upon the achievement of a number of non-financial performance measures specified in the purchase agreement and in part at the discretion of the Company Board, subject to the continued employment of Martin Lewis. These amounts have been accounted for separate from the business combination as remuneration as they are linked to the continued employment of Martin Lewis. The fair value of the amount that management expects to become payable will be charged to the Consolidated Statement of Comprehensive Income over the earnout period as an employment expense. The Group has 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. At the balance sheet date the fair value of the contingent amount was £25.0m, and £2.3m has been charged to the Consolidated Statement of Comprehensive Income during the period, included within administrative expenses, and £0.2m has been recognised as an expense within net finance costs, being the unwinding of the discount rate applied.

The Group incurred acquisition-related costs of £3.4million (2011: £1.1million) during the period relating to legal and advisory fees, which have been expensed in administrative expenses. The impact on both basic and diluted earnings per share is a decrease of 0.6p per share.

The Group was previously a significant customer of MoneySavingExpert.com. Management considered the settlement of the pre-existing relationship on acquisition, and since the pre-acquisition trade was on an arm's length, commercial basis, no settlement adjustments arose.

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:

	2012	2011
Profit after taxation attributable to ordinary equity holders (£000)	24,832	16,788
Basic weighted average ordinary shares in issue (millions)	519.4	509.3
Dilutive effect of share based instruments (millions)	8.4	11.9
Diluted weighted average ordinary shares in issue (millions)	527.8	521.2
Basic earnings per ordinary share (p)	4.8	3.3
Diluted earnings per ordinary share (p)	4.7	3.2

3 Dividends

	2012 £000	2011 £000
Declared and paid during the year: Equity dividends on ordinary shares:		
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
Final Dividend for 2011: 3.03p per share	15,431	-
Interim Dividend for 2012: 1.8p per share	9,273	-
Proposed for approval (not recognised as a liability at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2012: 3.94p per share	21,169	-

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 2012 the market capitalisation exceeded the carrying value of the goodwill, intangible and other non-current assets, and net current assets by more than 100% (2011: 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 five operating segments Insurance, Money, Travel, Home Services and

MoneySavingExpert.com (MSE). In addition, the other recently acquired businesses, Financial Services Net Limited (FSN) and Local Daily Deals Limited (LDD), are separate CGUs for the purposes of monitoring goodwill. The Group has performed impairment testing at a CGU level. For the four original segments, 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 2012 are in line with those at 1 January 2009. Goodwill impairment for FSN, LDD and MSE 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 2012, and are based upon the Group's approved budget for 2013 incorporating where possible an allocation of cost of sales, advertising and overheads costs. The main assumptions underlying the 2013 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 2013 driven by new media campaigns, utilisation of the Group's data asset and investments made during 2012 in the core technology for the Group's key channels. All segments have been assumed to have similar rates of growth.
- Cash flows for the first 3 years assume an average 10% per annum increase in revenue, with all costs expected to grow at 10% per annum. Cash flows after 3 years assume no growth.
- Cash flows into perpetuity have been incorporated into the calculations.
- A pre-tax discount rate of 13.5% (2011: 13.5%) has been used in the forecast for the Travel, Insurance, Money and Home Services segments.

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 Insurance, Money, Travel and Home Services 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 and an allocation of the Group's forecast costs.

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 £469million (2011: £264million), 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 (2011: outside of reasonable range). Similarly, a decrease in the annual cash flows of £59.0m (2011: £35.0m) 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 ('FSN')

The fair value of the intangible assets recognised upon the acquisition of 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 estimated revenue based on the most recent 3 year forecasts, and for later periods 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 2011 the goodwill of £2.2m recognised on the acquisition of FSN was written off in full to the Consolidated Statement of Comprehensive Income based on the business' performance against the targets set, and latest forecasts. Management assessed the fair value of the contingent consideration and reduced the amount accrued at 31 December 2011 by £2.2m to £0.2m.

In 2012 FSN has continued to trade below management expectations. As a result of this management reviewed the remaining intangible asset for impairment.

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 IAS 36, FSN is taken to be one 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 2012, and are based upon the Group's approved budget for 2013. 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 a level of performance broadly consistent with that in 2012.
- Cash flows into perpetuity assume no growth in the number of visitors, and no increase in the revenue generated per visitor, with all costs expected to remain flat.
- Cash flows into perpetuity have been built into the model.
- A pre-tax discount rate of 16.5% (2011: 16.5%) has been used in the forecast.

The analysis performed calculates the value in use of FSN being lower than the carrying value of the business' identified intangible assets. Therefore, an impairment charge of £4.4m has been recognised in the year within administrative expenses, as well as a credit of £0.2m in relation to the release of the accrued contingent consideration. 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.

ACQUISITION OF LOCAL DAILY DEALS LIMITED ('LDD')

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 did not assign any value to the domain name or any other market related intangible assets.

- **Customer relationships**

  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 did not identify 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 was 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.

In 2012, LDD has traded below its forecast performance, and as a result management reviewed the goodwill balance for impairment during the period.

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 2012, and are based upon the Group's approved budget for 2013. 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 a level of performance consistent with that in 2012.
- Cash flows into perpetuity assume no growth in the number of visitors, and no increase in the revenue generated per visitor, with all costs expected to remain flat.
- 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 LDD being lower than the carrying value of goodwill created on the acquisition of LDD. Therefore an impairment charge of £0.6m has been recognised in the year in administrative expenses. As a result, there is no difference between the carrying value and the recoverable amount of the goodwill as at the balance sheet date.

ACQUISITION OF TRADE AND CERTAIN ASSETS FROM MARTIN LEWIS AND MONEYSAVINGEXPERT.COM

The fair value of the intangible assets recognised upon the acquisition of trade and certain assets from Martin Lewis and MoneySavingExpert.com ("MSE") were calculated as set out below:

- **Market related**

  Within MSE, the main market related intangible assets are the MSE tradename, MSE domain name and Martin Lewis' image and reputation. These assets were valued using an income-based approach, namely, the royalty savings method, where it is assumed that a company, without similar assets, would license the right to use these assets and pay a royalty related to turnover achieved over their useful economic life of 10 years. A royalty rate of 20% has been applied for the first three years after acquisition, which will include the use of Martin Lewis' name and image, and a 10% royalty rate has been used for the following seven years when Martin Lewis's name and image will not be included.

- **Customer lists**

  This asset represents the value of the customer data held by MSE at the date of acquisition, and its valuation has been performed with reference to the cost of buying an equivalent book of customer data on the open market. This was done through analysis of recent sales of comparable property.

- **Non-compete agreement**

  To value the non-compete agreement management considered what percentage of the business could be lost if Martin Lewis was to leave the acquired business and subsequently compete against the Group. The non-compete agreement is valid for a period of four years following acquisition. However, as the contingent remuneration which may become payable to Martin Lewis is dependent upon his continued employment by the business for three years following the acquisition, the non-compete agreement has been valued for the twelve months following the three year earnout period.

- **Tax amortisation benefit**

  Included in the market related intangible and non-compete agreement is an additional increment of value, the tax amortisation benefit.

The goodwill balance recognised upon the acquisition 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, as well as the skills and expertise of the acquired workforce and Martin Lewis.

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 2012, and are based upon the Group's approved budget for 2013. 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 2013, driven by investments in technology and search engine optimisation.
- Cash flows for the first three years assume an average 10% per annum increase in the revenue generated, whilst payroll costs have been forecast to increase by 5% per annum, with all other costs expected to grow at 5% per annum. Cash flows after three years assume only market growth.
- Cash flows into perpetuity have been built into the model.
- A pre-tax discount rate of 16.2% has been used in the forecast.

The analysis performed calculates that the recoverable amount of the assets exceeds their carrying value by in excess of 21%, and as such, no impairment was identified. The discount rate would need to increase to 19%, with all other assumptions held constant, to give a value in use of MSE's assets equal to the carrying value. Similarly, a decrease in the annual cash flows of £2.5m with all other assumptions held constant, would also give a value in use equal to the carrying value.

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
Moneysupermarket.com Financial Group Holdings Limited	UK	100	Holding company
MoneySavingExpert.com Limited	UK	100	Personal finance website
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 withwholly 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:

Company	**Transaction value Year ended 31 December 2012 £000**	Transaction value Year ended 31 December 2011 £000	**Balance outstanding as at 31 December 2012 £000**	Balance outstanding as at 31 December 2011 £000
Local Daily Deals Limited	**850**	99	**(949)**	(99)
HD Decisions Limited	**1,110**	794	**(90)**	-

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 Peter Plumb, Graham Donoghue and Paul Doughty received dividends from the Group totalling £21,440,050 in 2011 and £12,996,673 in 2012.

During the prior 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 2012 (2011: nil).

Key management personnel compensation

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

	31 December 2012 £000	31 December 2011 £000
Short-term employee benefits	1,544	1,843
Share-based payments	1,445	1,581
Post employment benefits	141	162
	3,130	3,586

In addition to the above, the executive management team received a bonus of £2,061,000 (2011: £1,815,000) 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 2012 or 2011 but is derived from those accounts. Statutory accounts for 2011 have been delivered to the registrar of companies, and those for 2012 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 2012 will be posted to shareholders in March 2013. The results for the year ended 31 December 2012 were approved by the Board of Directors on 4 March 2013 and are audited. The Annual General Meeting will take place on 17 April 2013. The final dividend will be payable on 26 April 2013 to shareholders on the register at the close of business on 22 March 2013.

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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