

Directex Realisations plc
(the “Group”)

Final Results for the year ended 31 December 2009

Directex Realisations plc, (AIM: DXR), announces its final results for the year ended 31 December 2009.

Highlights

- Group’s French direct marketing subsidiaries sold during 2009
- Investing policy approved by shareholders in March 2010
- Ongoing costs associated with operating the Group reduced

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Chairman's statement

Introduction

I am pleased to present to shareholders the results for the year ended 31 December 2009. I was appointed to the Board at a General Meeting on 4 March 2010 and the results contained herein are, therefore, for a period during which I was not Chairman of the Group. At the year end, the Group's net assets were £95,000 (2008: £2,647,000), a fall of approximately 96% compared to the prior year.

Current activities and future plans

The Group's French subsidiary NP6 SAS was sold during 2009. The remaining French subsidiaries, Directinet SA and Netcollections SAS were sold in January 2010. Following the latter disposals, the Group settled a lease obligation in respect of its London offices and repaid bank debt.

The Group is now an investment company with a mandate to invest in low-risk securities as more fully set out in the investing policy approved by shareholders on 4 March 2010. This activity is conducted through the French branch. The principal assets following the Directinet and Netcollections disposals were an unquoted investment in Webclubs Limited, and cash.

There has been and there remains considerable administrative work to resolve certain matters inherited by the present Board, all of which are essential to ensuring a clean position from which to base discussions for building shareholder value including, if appropriate, any reverse takeover. One of these outstanding matters is the determination of the final consideration in respect of the disposals of Directinet and Netcollections, following their sale to Bisnode AB ("Bisnode") in January 2010. We are in discussions with Bisnode in regard to the calculation of certain further amounts that we believe are due to the Group under the sale agreement. We have rejected their initial offer made on 17 May 2010 and intend to pursue rigorously all the Group's entitlements.

Since our appointment we have reduced significantly the ongoing costs associated with the Group. The Group has incurred very large advisory and interim management fees over the last two years and we have curtailed all non-essential expenditures. We expect that the Group's ongoing annual costs will not exceed approximately £0.15m.

Jonathan Lander

Chairman

29 June 2010

Financial review

The results of the Group are reported on page 4 of the preliminary report. As all trading operations undertaken by the Group's French businesses (NP6, Directinet and Netcollections) were sold either before the year end (in the case of NP6) or a decision to sell them had been made (in respect of Directinet and Netcollections), these operations have been classified as discontinued. Accordingly, the Group had no revenue from continuing operations for the year (2008 restated: nil).

We have reviewed the administrative expenses incurred by the Group and apportioned those between continuing and discontinued operations. Those expenses relating to continuing operations (before finance costs) were £1.34m for the year (2008: £1.18m).

The loss before tax on continuing operations was £1.26m (2008: loss £3.76m) and the result from discontinued operations in the year was a profit of £0.49m compared with a loss of £8.27m in 2008.

Cashflow

Cash and cash equivalents decreased to £0.5m (2008: £3.7m). The principal movements in the year were an outflow £0.9m (2008: inflow £3.1m) of cash from operating activities, deferred consideration payments of £nil (2008: £3.2m), £2.1m cash inflow (2008: £1.3m cash inflow) from the disposal of subsidiaries and repayment of borrowings of £2.9m (2008: £nil).

Risks and Uncertainties

The Group has and may have certain trading and other liabilities relating to its current and past operations which the Board has made provision for where it considers it prudent to so do.

The previous Board reported to shareholders that the Group's French Branch, which has substantial tax losses, may be able to recover taxes paid in prior periods to the extent that the tax losses are not utilised in later years to offset taxes payable. Any repayments from the Group's French Branch would be made in approximately 5 years but their recoverability is far from certain. It is not the current Board's policy to comment specifically on tax matters but steps have been taken to reduce the risk that the potential value is lost through some technical breach. If and when more material information is known about these potential repayments, we will update shareholders as the Board considers appropriate.

The Board gives careful consideration to the principles of corporate governance as set out in the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2008 (the “Revised Combined Code”). However, the Company is relatively small and it is the opinion of the Directors that not all the provisions of the Revised Combined Code are relevant or desirable for a company of Directex Realisations’ size. The Board of the Company meets regularly and has ultimate responsibility for the management of the Company.

Approved by the Board of Directors on 29 June 2010
and signed on behalf of the Board

Nick Lander
Company Secretary

Consolidated income statement

Year to 31 December 2009

	Notes	2009 £'000	2008 £'000
Continuing operations			
Revenue	5	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(1,337)	(1,182)
Operating loss		(1,337)	(1,182)
Investment revenue	5	-	76
Finance costs	10		
- Interest on bank overdraft and loans		(234)	(428)
- Foreign exchange gain/(loss) on loan payable		308	(379)
- Unwinding of discount and foreign exchange on deferred consideration payable		-	(1,330)
- Restructuring fee		-	(515)
Loss before tax		(1,263)	(3,758)
Tax	11	-	-
Loss for the year from continuing operations	7	(1,263)	(3,758)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	12	440	(37,571)
Loss for the period		(823)	(41,329)
Loss attributable to equity holders of the parent		(823)	(41,329)
Loss per share			
13			
From continuing operations			
Basic (pence)		(2.5)	(7.4)
From continuing and discontinued operations			
Basic (pence)		(1.6)	(81.8)

Consolidated statement of comprehensive income
Year to 31 December 2009

	Notes	2009 £'000	2008 £'000
Loss for the year		(823)	(41,329)
Other comprehensive income			
Tax taken directly to equity – deferred tax	23	-	(195)
Exchange differences on translation of foreign operations		(1,729)	7,919
Other comprehensive (loss) / income for the period		<u>(1,729)</u>	<u>7,724</u>
Total comprehensive income for the year attributable to equity holders of the parent		<u>(2,552)</u>	<u>(33,605)</u>

Consolidated statement of financial position At 31 December 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Goodwill	14	-	6,612
Other intangible assets	15	-	2,797
Property, plant and equipment	16	-	241
		<u>-</u>	<u>9,650</u>
Current assets			
Trade and other receivables	18	84	10,194
Cash and cash equivalents	18	488	3,704
Current tax assets		-	572
Assets held for sale	12	11,019	-
		<u>11,591</u>	<u>14,470</u>
Total assets		<u>11,591</u>	<u>24,120</u>
Current liabilities			
Trade and other payables	20	(1,114)	(9,381)
Provisions	21	(965)	(526)
Taxation		-	(37)
Bank loans and overdrafts	19	(3,509)	(6,961)
Deferred consideration payable		-	(2,489)
Liabilities directly associated with assets classified as held for sale	12	(5,908)	-
		<u>(11,496)</u>	<u>(19,394)</u>
Non-current liabilities			
Provisions	21	-	(1,246)
Deferred tax liability	23	-	(833)
		<u>-</u>	<u>(2,079)</u>
Total liabilities		<u>(11,496)</u>	<u>(21,473)</u>
Net assets		<u>95</u>	<u>2,647</u>
Equity			
Share capital	24	202	202
Share premium account		26,680	26,680
Own shares	25	-	-
Other reserves		2,372	2,372
Retained earnings		(29,159)	(26,607)
Total equity		<u>95</u>	<u>2,647</u>

Consolidated statement of changes in equity At 31 December 2009

	Share capital £'000	Share Premium £'000	Own shares £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Changes in equity						
(Loss) for the year	-	-	-	-	(41,329)	(41,329)
Other comprehensive income for the period	-	-	-	-	7,724	7,724
Total comprehensive income for the year	-	-	-	-	(33,605)	(33,605)
Balance at 1 January 2008	179	24,475	(529)	2,372	7,269	33,766
Impairment of own shares	-	-	527	-	(527)	-
Equity shares issued	23	2,205	-	-	-	2,228
Share options exercised	-	-	2	-	-	2
Share based payment transactions	-	-	-	-	256	256
Balance at 31 December 2008	202	26,680	-	2,372	(26,607)	2,647
(Loss) for the year	-	-	-	-	(823)	(823)
Other comprehensive loss for the period	-	-	-	-	(1,729)	(1,729)
Total comprehensive income for the year	-	-	-	-	(2,552)	(2,552)
Balance at 1 January 2009	202	26,680	-	2,372	(26,607)	2,647
Balance at 31 December 2009	202	26,680	-	2,372	(29,159)	95

The Company acquired the entire issued share capital of Interactive Prospect Targeting Limited pursuant to a share for share exchange on 1 December 2004. The Other reserve reflects the difference between the nominal value of the shares issued to acquire Interactive Prospect Targeting Limited and the cumulative value of the Company's share capital and share premium account at the date of acquisition.

Consolidated statement of cash flows

Year to 31 December 2009

	2009 £'000	2008 £'000
Profit for the year		
Continuing	(1,263)	(3,758)
Discontinued	440	(37,571)
Adjusted for:		
Finance expense	234	2,273
Finance income	-	(76)
(Gain)/loss arising on disposal of discontinued operations	(273)	950
Income tax expense	323	609
Depreciation and amortisation	530	1,837
Foreign exchange revaluation (gain)/loss	(308)	379
Share based payment expenses	-	256
Impairment of goodwill	-	31,835
Impairment of intangibles	-	2,835
Movement in provisions	(807)	1,772
	<u>(1,124)</u>	<u>1,341</u>
Operating cash flows before movements in working capital		
Decrease in trade and other receivables	5,912	1,872
Decrease in trade and other payables	(5,706)	(137)
Cash generated by operations	(918)	3,076
Taxation received/(paid)	535	(1,333)
Interest paid	(477)	(428)
Net cash from operating activities	(860)	1,315
Investing activities		
Disposal of subsidiary	2,079	1,328
Proceeds on disposal of property, plant and equipment	-	2
Purchases of property, plant and equipment	-	(419)
Purchase of intangible fixed assets	-	(850)
Interest received	-	76
Deferred consideration paid	-	(3,212)
Net cash generated from/(used in) investing activities	2,079	(3,075)
Financing activities		
New bank loans	-	(2)
Repayment of borrowings	(2,901)	-
Net cash used in financing activities	(2,901)	(2)
Net decrease in cash and cash equivalents	(1,682)	(1,762)
Cash and cash equivalents at beginning of year	3,704	4,710
Effect of foreign exchange rate changes	(535)	756
Cash balance held within assets held for sale	(999)	-
Cash and cash equivalents at end of year	<u>488</u>	<u>3,704</u>

Notes forming part of the preliminary announcement for the year ended 31 December 2009

1. General information

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 December 2009 or 2008, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered in due course. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Copies of the financial statements will be sent to shareholders shortly and will be available from the Company's registered office, c/o Dawnay, Day Lander Limited, York House, 74-82 Queen Victoria Street, London, EC4N 4SJ and website at www.directex.co.uk.

2. Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted.

Standards affecting presentation and disclosure

IAS 1 (revised 2007)	Presentation of Financial Statements (effective for periods beginning on or after 1 January 2009) – introduces changes to the titles of the main financial statements, although their usage is not required, and the incorporation of a statement of changes in equity in to the main financial statements. In addition, the revised Standard requires the presentation of a third balance sheet in respect of changes in accounting policies which are applied retrospectively on adoption of new policies which require retrospective changes.
IFRS 8	Operating Segments (effective for periods beginning on or after 1 January 2009) - a disclosure Standard but not one that has resulted in a redesignation of the Group's reportable segments (see note 6). As the changes have not impacted on the figures in the balance sheet at 31 December 2008 nor the presentation of segments, this has not been reproduced.
Amendments to IFRS 7	Financial Instruments: Disclosures (effective for periods beginning on or after 1 January 2009). The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards not affecting the reported results nor the financial position

Amendment to IFRS 2	Share-based Payment – Vesting Conditions and Cancellations. The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions and clarify the accounting treatment for cancellations – effective 1 January 2009.
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The following new and revised Standards and Interpretations would be effective for the current year but are not considered relevant to the group's operations:

Amendment to IAS 39 and IFRS 7	Financial Instruments: Recognition and Measurement Financial Instruments: Disclosures regarding reclassifications of financial assets
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The following amendments were made as part of Improvements to IFRSs (2008).

Amendment to IAS 38	Intangible Assets
Amendment to IAS 40	Investment Property
IAS 23 (amended 2007)	Borrowing Costs
Amendments to IAS 32	Financial Instruments: Presentation

Notes forming part of the preliminary announcement for the year ended 31 December 2009

Amendments to IAS 1	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to IFRIC 9 and IAS 39	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement

2. Adoption of new and revised Standards (continued)

Amendment to IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 18	Transfers of assets from customers

Accounting standards not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the EU):

International Financial Reporting Standards (IFRS)

IFRS 3 (revised 2008)	Business Combinations (effective for periods beginning on or after 1 July 2009) – the main anticipated impact is the requirement that all acquisition-related costs are to be expensed and will therefore no longer form part of the cost of the investment. In addition, changes to contingent consideration after initial recognition at fair value may potentially be recognised through the income statement rather than as an adjustment to goodwill.
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements (effective for periods beginning on or after 1 July 2009)
Amendments to IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for periods beginning on or after 1 July 2009). The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
IFRS 9	Financial Instruments: Classification and Measurement (effective for periods beginning on or after 1 January 2013) – replacement of IFRS 7 and IAS 39.
IFRIC 14	Prepayments of a Minimum Funding Requirement – effective from 1 January 2011
IFRIC 17	Distributions of Non-cash Assets to Owners – effective from 1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments – effective from 1 July 2010

With the exception of IFRS 3 (revised 2008) for acquisition-related costs and the potential change in treatment of contingent consideration, the directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosures when the relevant standards come into effect.

3. Accounting policies

The principal accounting policies adopted are set out below.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

3. Accounting policies (continued)

Basis of accounting

The financial statements have been prepared on the historic cost basis and in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

Going concern

The financial statements have been prepared on a going concern basis.

The Group's French subsidiary NP6 SAS was sold during 2009. The remaining French subsidiaries, Directinet SA and Netcollections SAS were sold in January 2010. Following the latter disposals, the Group settled a lease obligation in respect of its London offices and repaid bank debt. The principal assets following the Directinet and Netcollections disposals were an unquoted investment in Webclubs Limited, and cash.

Since the appointment of the new board the ongoing costs associated with the Group have been reduced significantly.

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of Directex Realisations plc (the "Company") and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquirer, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill, which is recognised as an asset, is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

3. Accounting policies (continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous United Kingdom Generally Accepted Accounting Principles ("UK GAAP") amounts subject to being tested for impairment at that date.

Acquisition related intangible assets and other intangible assets

Acquisition related intangible assets, which comprise of existing unfulfilled orders at acquisition date, non-contractual customer relationships and trade names, relate to identifiable assets that meet the conditions for recognition under IFRS 3 at the acquisition date.

Other intangible assets, which comprise of licences, computer software and data acquisition costs, are stated at cost, net of amortisation and any recognised impairment loss. Computer software is amortised over two years. Data acquisition costs comprise the external purchase costs of data used by customers for marketing purposes and are amortised over three years.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets less residual value, over their estimated useful lives, using the straight-line method, on the following basis:

Computer equipment	33% on cost
Plant and equipment	20% on cost

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's website developments is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

3. Accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed. Revenue is recognised when the significant risks and rewards associated with ownership of the goods have been transferred. Sales of services are recognised with reference to the stage of completion.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statement of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

3. Accounting policies (continued)

Operating profit

Operating profit is stated before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it related to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

3. Accounting policies (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance costs' line of the income statement.

Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

3. Accounting policies (continued)

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group operates a number of equity-settled share-based payment schemes under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4. Critical accounting judgements and key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below. The judgement used by management in the application of the Group's policies in respect of this key area of estimation is considered to be the most significant.

Provision for Restructuring

Provisions made represent the best estimate of obligations at the balance sheet date. The provision for onerous lease commitments has been calculated at the net present value of rents payable less expected rents receivable (having taken account of potential void periods and lease incentives) up to the break date of the lease. Allowances have also been made for empty rates and agent's fees.

5. Revenue

An analysis of the Group's revenue is as follows:

Year ended 31 December 2009

	Continuing operations 2009 £'000	Total 2009 £'000	Discontinued operations 2009 £'000
Revenue from the supply of online direct marketing products and services	-	-	14,997
Investment revenue	-	-	-
Total	-	-	14,997

Notes forming part of the preliminary announcement for the year ended 31 December 2009

5. Revenue (continued)

Year ended 31 December 2008

	Continuing operations 2008 £'000	Total 2008 £'000	Discontinued operations 2008 £'000
Revenue from the supply of online direct marketing products and services	-	-	32,522
Investment revenue	76	76	-
Total	<u>76</u>	<u>76</u>	<u>32,522</u>

6. Segmental information

Business segments

Segmental information is presented in respect of the Group's primary business segments.

Segmental results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Continuing operations comprise mainly head office expenses.

Segmental capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill and those arising on business combinations.

In prior periods, the Group comprised of two main business segments, based on geographical location – the United Kingdom and France. These divisions were the basis on which the Group reported its primary management information. In 2008, all UK trading segments were disposed of and all French trading segments were disposed of or held for sale in 2009 and have been reclassified as discontinued segments. The group currently has no trading segments and its activities are investment management and management services.

Results – year ended 31 December 2009

	Continuing operations £'000	Discontinued operations (Note 12) £'000
Revenue	-	14,997
Operating (loss)/profit from operations	(1,337)	490
Investment revenue (note 5)	-	-
Gain on disposal	-	273
Finance income (note 10)	74	-
(Loss)/profit for the year before taxation	<u>(1,263)</u>	<u>763</u>
Taxation	-	(323)
(Loss)/profit for the year	<u>(1,263)</u>	<u>440</u>

Notes forming part of the preliminary announcement for the year ended 31 December 2009

6. Segmental information (continued)

Results – year ended 31 December 2008

	Continuing operations £'000	Discontinued operations (Note 12) £'000
Revenue	-	32,522
Operating loss from operations	(1,182)	(8,271)
Investment revenue (note 5)	76	-
Loss on disposal	-	(28,691)
Finance costs (note 10)	(2,652)	-
Loss for the year before taxation	(3,758)	(36,962)
Taxation	-	(609)
Loss for the year	(3,758)	(37,571)

7. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

Year ended 31 December 2009	Continuing operations 2009 £'000	Discontinued operations 2009 £'000	Total 2009 £'000
Foreign exchange gain	(308)	-	(308)
Amortisation of intangible assets (note 15)	-	530	530
Staff costs (see note 9)	532	5,274	5,806

Notes forming part of the preliminary announcement for the year ended 31 December 2009

7. Loss for the year (continued)

Year ended 31 December 2008	Continuing operations 2008 £'000	Discontinued operations 2008 £'000	Total 2008 £'000
Foreign exchange losses	379	-	379
Loss on disposal of tangible assets	-	473	473
Impairment of tangible assets (note 16)	-	247	247
Depreciation on property, plant and equipment (note 16)	-	440	440
Loss on disposal of other intangible assets (note 15)	-	43	43
Amortisation of intangible assets (note 15)	-	1,397	1,397
Impairment of intangible assets (note 15)	-	2,588	2,588
Impairment of goodwill (note 14)	-	31,835	31,835
Staff costs (see note 9)	365	12,249	12,614
	<u>365</u>	<u>12,249</u>	<u>12,614</u>

8. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2009 £'000	2008 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	30	60
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries pursuant to legislation	5	103
Total audit fees	<u>35</u>	<u>163</u>
Fees payable to the Company's auditors and their associates for other services to the Group:		
- Tax services	33	98
- Transaction services	-	11
	<u>68</u>	<u>109</u>
	<u>68</u>	<u>272</u>

Notes forming part of the preliminary announcement for the year ended 31 December 2009

9. Staff costs

The average monthly number of employees (including executive directors) for the continuing operations was:

	2009	2008
	No.	No.
Administration	6	5

	2009	2008
	£'000	£'000
Wages and salaries	446	311
Social security costs	86	54
	<u>532</u>	<u>365</u>

Directors' emoluments were as follows:

	2009	2008
	£'000	£'000
Nicholas Ward	190	148
David Cicurel	30	30
Barton L. Faber	25	-
Stephane Zittoun	13	55
Martin Kiersnowski	104	-
	<u>362</u>	<u>233</u>

Stephane Zittoun was not remunerated by the Company for his services as a director of Directex Realisations plc in 2009. His services were paid for by NP6, for his services to that company.

10. Finance costs

	Continuing Operations	
	2009	2008
	£'000	£'000
Interest on bank overdrafts and loans	234	428
Foreign exchange (gain)/loss on loan payable	(308)	379
Foreign exchange loss on deferred consideration payable	-	978
Interest accretion on deferred consideration payable	-	352
Restructuring fee	-	515
	<u>(74)</u>	<u>2,652</u>

Notes forming part of the preliminary announcement for the year ended 31 December 2009

11. Taxation

The tax charge comprises:

	Continuing Operations	
	2009 £'000	2008 £'000
Current tax	-	-
	-	-
Origination and reversal of timing differences	-	-
	-	-
Total tax charge on loss on ordinary activities from continuing operations	-	-

The UK corporation tax rate is 28% (2008: 28% changed in April 2008). The average rate for the year was 28%. Taxation for France is calculated at the rates prevailing in France.

Reconciliation of tax charge:

	2009 £'000	2009 %	2008 £'000	2008 %
Loss on ordinary activities before tax	(1,263)		(3,785)	
Tax at the UK corporation tax rate of 28.5%	354	28%	1,079	28.5%
Effects of:				
Tax effect of expenses that are not deductible in determining taxable profit	(280)	(22%)	(928)	(24.5%)
Effect of different tax rates in subsidiary operating in other jurisdictions	-	-	(151)	(4%)
Creation of losses	(74)	(6%)	-	-
Tax charge for period	-	-	-	-

Notes forming part of the preliminary announcement for the year ended 31 December 2009

12. Discontinued operations

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Year ended 2009 £'000	Year ended 2008 £'000
Revenue	14,997	32,522
Expenses	(14,507)	(40,793)
Profit/(loss) before tax	490	(8,271)
Attributable tax credit	(323)	(609)
Gain/(loss) on disposal of discontinued operations (note 26)	273	(28,691)
Net profit/(loss) attributable to discontinued operations	<u>440</u>	<u>(37,571)</u>

Discontinued operations include the businesses sold during the year (more fully disclosed in note 26) and the profit/(loss) on sale reported by the Group, along with the results of those businesses sold after the year end.

During the year, discontinued operations contributed £183,000 (2008: £334,000) to the Group's net operating cash flows and £2,079,000 (2008: £537,000) in respect of investing activities. Financing activities from discontinued operations were £nil (2008: £nil).

The effect of discontinued operations on segment results is disclosed in note 6.

On 11 December 2009 the Group reached agreement with Bisnode AB for the sale of Directinet and Netcollections, subject to a number of conditions. Completion of the disposal was on 6 January 2010.

The proceeds on disposal less costs to sell were in line with the book value of the related net assets and accordingly no further goodwill impairment losses have been recognised on classification of these operations as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

Goodwill	£'000 4,450
Other intangible assets	1,167
Trade and other receivables	4,198
Property, plant and equipment	205
Cash and cash equivalents	999
Total assets classified as held for sale	<u>11,019</u>
Trade and other payables	(5,050)
Tax liabilities	(858)
Total liabilities directly associated with assets classified as held for sale	<u>(5,908)</u>

**Notes forming part of the preliminary announcement
for the year ended 31 December 2009**

13. (Loss)/earnings per share

	2009			2008		
	Profit/ (loss) £'000	Number of shares '000	Pence per share	Profit/ (loss) £'000	Number of shares '000	Pence per share
Basic (loss)/earnings per share	(823)	50,518	(1.6)	(41,329)	50,518	(81.8)
from continuing operations	(1,263)	-	(2.5)	(3,758)	-	(7.4)
from discontinued operations	440	-	0.9	(37,571)	-	(74.4)

14. Goodwill

	Total £'000
Cost	
At 1 January 2008	31,225
Adjustment to deferred consideration	(803)
Exchange differences	8,243
	<hr/>
At 1 January 2009	38,665
Classified as held for sale	(26,022)
Disposals during the year	(12,643)
	<hr/>
At 31 December 2009	-
Accumulated impairment losses	
At 1 January 2008	218
Impairment losses for the year	31,835
	<hr/>
At 1 January 2009	32,053
Classified as held for sale	(21,572)
Disposals during the year	(10,481)
	<hr/>
At 31 December 2009	-
Carrying amount	
At 31 December 2009	-
	<hr/>
At 31 December 2008	6,612
	<hr/> <hr/>

Goodwill relating to Directinet and NP6 has been classified as assets held for sale and disposed of respectively. Formal agreements were in place as at 31 December 2009 for the disposal of these businesses.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

15. Other intangible assets

	Acquisition related intangible assets				Other intangible assets			Software assets £'000	Total £'000
	Customer relations £'000	Trade names £'000	Forward orders £'000	Software £'000	Website costs £'000	Data costs £'000	Licences £'000		
Cost									
At 1 January 2008	3,879	275	282	147	334	4,590	19	871	10,397
On acquisition	-	-	-	-	62	636	-	152	850
Additions	-	-	-	-	-	-	-	(221)	(221)
Impairment	(698)	(93)	-	-	(200)	(1,562)	-	(35)	(2,588)
Exchange differences	-	-	-	-	-	11	-	26	37
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2009	3,181	182	282	147	196	3,675	19	793	8,475
Classified as held for sale	(1,930)	(111)	(172)	(90)	(196)	(3,675)	(19)	(793)	(6,986)
Eliminated on disposal	(1,251)	(71)	(110)	(57)	-	-	-	-	(1,489)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2009	-	-	-	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amortisation									
At 1 January 2008	747	49	89	5	136	2,794	19	607	4,446
Charge for the year	399	30	58	10	60	657	-	183	1,397
Eliminated on disposal	-	-	-	-	-	-	-	(178)	(178)
Exchange differences	-	-	-	-	-	5	-	8	13
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2009	1,146	79	147	15	196	3,456	19	620	5,678
Charge for the year	152	20	35	10	-	219	-	94	530
Classified as held for sale	(985)	(72)	(136)	(22)	(196)	(3,675)	(19)	(714)	(5,819)
Eliminated on disposal	(313)	(27)	(46)	(3)	-	-	-	-	(389)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2009	-	-	-	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value									
At 31 December 2009	-	-	-	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	2,035	103	135	132	-	219	-	173	2,797
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Intangibles relating to Directinet and NP6 has been classified as assets held for sale and disposed of respectively. Formal agreements were in place as at 31 December 2009 for the disposal of these businesses.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

16. Property, plant and equipment

	Plant and equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2008	554	1,846	2,400
Acquired on acquisition	189	230	419
Additions	(251)	(1,033)	(1,284)
Disposals	(196)	(51)	(247)
Exchange differences	18	108	126
	<hr/>	<hr/>	<hr/>
At 1 January 2009	314	1,100	1,414
Disposals	(47)	(165)	(212)
Reclassified as held for sale	(267)	(935)	(1,202)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 January 2008	206	1,245	1,451
Charge for the year	97	343	440
Eliminated on disposal	(103)	(631)	(734)
Exchange differences	5	11	16
	<hr/>	<hr/>	<hr/>
At 1 January 2009	205	968	1,173
Eliminated on disposal	(30)	(146)	(176)
Reclassified as held for sale	(175)	(822)	(997)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2009	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2008	109	132	241
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17. Subsidiaries

All principal subsidiaries of the Group are consolidated into the financial statements. At 31 December 2009 the subsidiaries were as follows (names of continuing subsidiaries are the names as at the date of these financial statements):

Subsidiary undertakings	Country of registration	Principal activity	Holding	%
Direct Excellence Limited	UK	Intermediate holding company	Ordinary shares	100%
Directinet SA*	France	Online Direct Marketing	Ordinary shares	100%
Netcollections SAS *	France	Online Direct Marketing	Ordinary shares	100%
Netcollections Limited*	UK	Dormant	Ordinary shares	100%
Direct Dormant No. 1 Limited	UK	Dormant	Ordinary shares	100%
Direct Dormant No. 2 Limited *	UK	Dormant	Ordinary shares	100%
Emailbureau Ltd*	UK	Dormant	Ordinary shares	100%
Direct Dormant No. 4 Limited	UK	Dormant	Ordinary shares	100%

*Held through subsidiary undertaking.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

18. Other financial assets

Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	-	9,399
Provision for doubtful debts	-	(456)
	<hr/>	<hr/>
	-	8,943
Other debtors	-	100
Prepayments and accrued income	20	861
VAT recoverable	64	290
	<hr/>	<hr/>
	84	10,194
	<hr/> <hr/>	<hr/> <hr/>

Ageing of past due debt but not impaired receivables

Total trade receivables held by the Group at 31 December 2009 amounted to £nil (2008: £9.4m). Included in the group's 2008 trade receivable balance were debtors with a carrying amount of £2.6m which were past due at the reporting date for which the group had not provided as there had not been a significant change in credit quality and the amounts were still considered recoverable. The group did not hold any collateral over these balances.

	2009 £'000	2008 £'000
30-60 days	-	1,228
60-90 days	-	884
90+ days	-	493
	<hr/>	<hr/>
Total	-	2,605
	<hr/> <hr/>	<hr/> <hr/>

Movement in the provision for doubtful debts

	2009 £'000	2008 £'000
Balance at the beginning of the year	456	583
Exchange differences	-	20
Charge to the income statement in the current year	-	315
Amounts recovered during the year	-	(53)
Impairment losses reversed	(456)	(409)
	<hr/>	<hr/>
Balance at the end of the year	-	456
	<hr/> <hr/>	<hr/> <hr/>

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the provision for doubtful debts.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

18. Other financial assets (continued)

Ageing of impaired trade receivables

	2009 £'000	2008 £'000
30-60 days	-	11
60-90 days	-	51
90+ days	-	510
Total	<u>-</u>	<u>572</u>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalents

	2009 £'000	2008 £'000
Cash and cash equivalents	<u>488</u>	<u>3,704</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The Directors consider that the carrying amount of these assets approximates their fair value.

19. Borrowings

	2009 £'000	2008 £'000
Secured borrowing at amortised cost		
Bank loans due for settlement within 12 months	<u>3,509</u>	<u>6,961</u>

Following the NP6 settlement, a total of €3.25m was repaid in the year, reducing the principal loan amount to €3.9m. As a result of this reduction the interest rate on the outstanding debt has been reduced from 5% to 2.5% above Euribor.

In January 2010, the remaining loan balance was fully repaid from the proceeds of sale of Directinet and Netcollections.

20. Trade and other payables

	2009 £'000	2008 £'000
Current		
Trade payables	573	2,834
Other taxation and social security	-	1,773
Other payables	-	760
Accruals and deferred income	541	4,014
	<u>1,114</u>	<u>9,381</u>

The Directors consider the carrying amount of trade payables approximates to their fair value.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

21. Provisions

Restructuring Provision	£'000
As at 1 January 2009	1,772
Utilisation of provision in the year	(807)
	<hr/>
At 31 December 2009	965
	<hr/> <hr/>
Included in current liabilities	965
	<hr/> <hr/>

On 11 December 2009 the Company agreed terms with the landlord of the Group's head offices in London under which the Group acquired an option to assign the London leases to the landlord's ultimate parent company shortly after the completion of the proposed sale of Directinet and Netcollections, thereby extinguishing all the Group's obligations under those leases. The net cost of these assignments was approximately £965,000 which was satisfied out of the sale proceeds of Directinet and Netcollections in January 2010.

22. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, all as disclosed in the statement of financial position.

Gearing ratio

The gearing ratio at the year end was as follows:

	2009	2008
	£'000	£'000
Debt	3,509	6,961
Cash and cash equivalents	(488)	(3,704)
	<hr/>	<hr/>
Net debt	3,021	3,257
	<hr/>	<hr/>
Equity	605	2,647
	<hr/> <hr/>	<hr/> <hr/>
Net debt to equity ratio	499%	123%
	<hr/> <hr/>	<hr/> <hr/>

Debt is defined as borrowings, as detailed in note 19.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group monitors risks include market risk, credit risk and liquidity risk.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group has historically entered into net investment hedges to manage its exposure to foreign currency risk arising on translation of the Group's borrowings. The Group's requirement for this has diminished following the reduction in activities undertaken in foreign currency and the repayment of its borrowings.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

22. Financial instruments (continued)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Group's approach to managing this exposure is to fund investments in Euro-denominated operations with debt that is denominated in the same currency as the operations. Refer to note 19 for further information on the bank loan.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of France (Euro currency).

At 31 December 2009 the net assets of the Group were £95,000 (2008: £2,647,000) of which £5,111,000 were denominated in Euros (2008: £8,805,000).

The effect of a 5% increase in the value of the Euro compared to Sterling would increase the net assets of the Group as at 31 December 2009 by £255,000 (2008: £440,000). The effect of a 5% decrease in the value of the Euro compared to Sterling would decrease the net assets of the Group as at 31 December 2009 by £255,000 (2008: £440,000).

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at Euribor plus 2.5%.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments during the year.

	Increase/(decrease) in profit before tax	
	Group 2009 £'000	Group 2008 £'000
Increase interest rate by 1%	52	59
Decrease interest rate by 1%	(52)	(59)
	<u> </u>	<u> </u>

There would have been no effect on amounts recognised directly in equity.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's maximum exposure to credit risk is £552,000 (2008: £13,795,000) comprising trade receivables, other receivables and cash. The Group has no principal credit risk as trade receivables are nil (2008: £8,943,000, principal risk being trade receivables).

Potential customers are evaluated for creditworthiness and where necessary collateral is secured. There is no particular industry concentration of credit risk within the customer base as no one customer accounts for more than 3% of gross receivables.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities. In January 2010, the group sold its remaining trading segment and repaid in full all loans and settled its lease obligations. Minimal liquidity risk remains in the group.

Notes forming part of the preliminary announcement for the year ended 31 December 2009

23. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Intangible assets	Accelerated tax depreciation £'000	Employee holidays £'000	Share based payments £'000	Tax losses £'000	Total £'000
Balance at 1 January 2008	(1,223)	20	11	202	446	(544)
Credit to equity	-	-	-	(195)	-	(195)
Charge/(credit) to income	390	(20)	(11)	(7)	(446)	(94)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	(833)	-	-	-	-	(833)
Classified as held for sale	833	-	-	-	-	833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2009	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2009 £'000	2008 £'000
Deferred tax liabilities	-	(833)
	<u> </u>	<u> </u>

At the balance sheet date, the Group had unused tax losses of £2m (2008: £7.1m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses (2008: £nil) due to the unpredictability of future profit streams.

24. Called up share capital

	2009 £'000	2008 £'000
Authorised		
60m ordinary shares of 0.4p each	240	240
	<u> </u>	<u> </u>
Called up, allotted and fully paid		
50.5m (2008: 50.5m) ordinary shares of 0.4p each	202	202
	<u> </u>	<u> </u>

25. Own shares

EBT Shareholding

The Interactive Prospect Targeting Employee Benefit Trust ("EBT") was established to satisfy the exercise of share options. The trustee of the EBT, Fairbairn Trust Limited, purchases the Company's ordinary shares in the open market with financing provided by the Company, as required. The current market value of the shares is deemed to be nil due to the share valuation. The number of ordinary shares held by the employee benefit trust at 31 December 2009 was 215,000 (2008: 215,000).

26. Disposal of subsidiaries

As referred to in note 12, on the 16 April 2009, the group disposed of its interest in NP6 and its subsidiary MailPerformance UK Limited. The net assets of NP6 and its subsidiary MailPerformance UK Limited at 31 December 2008 were £4,352k and at the date of disposal were as follows:

**Notes forming part of the preliminary announcement
for the year ended 31 December 2009**

	At disposal date	
	£'000	
Intangibles	1,100	
Goodwill	2,162	
Property, plant and equipment	36	
Trade receivables	2,083	
Accrued income and prepayments	124	
Bank balances and cash	803	
Trade payables	(339)	
Deferred income and accruals	(921)	
Gain on disposal	273	
	<hr/>	
Total consideration	5,321	
	<hr/> <hr/>	
Satisfied by:		
Cash	2,882	
Liabilities cancelled on disposal	2,439	
	<hr/> <hr/>	
Net cash inflows arising from on disposal		
Cash consideration	2,882	
Cash disposed	(803)	
	<hr/> <hr/>	
	2,079	
	<hr/> <hr/>	
Subsidiary sold	Effective date	Net profit on disposal £'000
NP6 including its subsidiary MailPerformance UK Limited	16/04/2009	273
		<hr/> <hr/>

Notes forming part of the preliminary announcement for the year ended 31 December 2009

27. Share-based payments

Equity-settled share option schemes

The Group has granted options to certain directors and employees. Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is generally 3 years. If the options remain unexercised after a period of 10 years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the options and warrants outstanding during the year are as follows:

	2009	Weighted average exercise price £	2008	Weighted average exercise price £
	Number of options '000s		Number of options '000s	
Outstanding at the beginning of the year	2,265	0.87	3,423	1.18
Options granted during the year	-	-	1,255	0.24
Exercised during the year	-	-	(10)	0.20
Forfeited during the year	(2,007)	1.27	(2,403)	0.80
	<u>258</u>	1.55	<u>2,265</u>	0.87
Exercisable at the end of the year	<u>-</u>	-	<u>422</u>	1.07
Warrants issued during the year	<u>-</u>	-	<u>3,000</u>	-

The options outstanding at 31 December 2009 had a weighted average exercise price of £1.55 and a weighted average remaining contractual life of 7.3 years.

In the year ended 31 December 2008 warrants were issued on 24 October 2008. The aggregate of the estimated fair values of the warrants granted on that date was £180,000. These warrants were not exercised during the year ended 31 December 2009.

As a consequence of the businesses and companies disposal in 2008 and 2009, 2,007,143 options have expired in the year ended 31 December 2009.

28. Operating lease arrangements

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year	<u>-</u>	<u>891</u>

At the year end the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £'000	2008 £'000
Within one year	-	876
In the second to fifth year inclusive	-	2,425
After five years	-	547
	<u>-</u>	<u>3,848</u>

Notes forming part of the preliminary announcement for the year ended 31 December 2009

28. Operating lease arrangements (continued)

Operating leases represent rentals payable by the Group for certain of its office properties and office equipment. The above commitments are no longer applicable to the Group as they relate to discontinued businesses that have been subsequently sold.

29. Events after the balance sheet date

On 11 December 2009 the Group reached agreement with Bisnode AB for the sale of Directinet and Netcollections, subject to a number of conditions. Completion of the disposal was on 6 January 2010. The amount receivable by the Group in respect of this sale comprised an initial amount of €7,000,000, to be followed by a balance (subject to adjustments) of €350,000. As described in the Chairman's statement on page 2, the Group is in discussions with the buyer in respect of the quantum of the balance consideration. The proceeds on disposal less costs to sell were in line with the book value of the related net assets. For the breakdown of net assets held for sale, refer to note 12.

The Group settled its lease obligations in respect of its London property for a consideration of approximately £965,000 in January 2010.

The Group repaid its bank loan in January 2010, amounting to approximately €3.9m.

30. Related party transactions

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in these financial statements.

The remuneration of the Directors, who are the key management personnel of the Group, is set out in note 9.