Where BUYERS & SELLERS come together
Background

The group’s mission is to be the automotive marketplace where buyers and sellers come together, working with its customers to ensure it remains the Number 1 UK market place for motorists.

Trader Media Group Limited and its subsidiary undertakings (TMG / the group) operate online in the UK using the flagship autotrader.co.uk website, through magazines and from this year Auto Trader can also be found via mobile telephone. It operates globally within the Republic of Ireland, Italy and South Africa.

autotrader.co.uk is the most visited motoring website in the UK with up to 10 million unique users every month.1

The year witnessed the continued transition to an online business model for the group (62% of turnover online in 2010 versus 52% in 2009). The group is owned by electronic media group Digital Media Investments and operates in the UK, Ireland, Italy and South Africa.

How we deliver

Online

autotrader.co.uk is the UK’s most popular automotive website. As customers move increasingly online, we respond with ever evolving technology.

Mobile

Auto Trader Mobile advertising is used by dealers as a flexible and adaptable platform that works in conjunction with the online function.

Offline

Auto Trader remains the market-leading publication. Value-for-money remains a hallmark of the Auto Trader print range.

Hello!

You can view our 2010 annual report online at www.tradermediagroup.com/ar10
How we performed

Financial highlights

Group revenue £m
(continuing operations)

The fall in revenue of 10% was driven by the global recession in place for most of the financial year and the continuation of the structural decline in publishing.

2010 | U | O | 250.9
2009 | U | O | 279.9
2008 | U | O | 286.8

U=UK O=Overseas

-10.4%

Trader Digital revenue £m

The growth in Trader Digital’s revenue of 8% was an excellent performance, delivered in the face of a significant recession.

2010 | 140.3
2009 | 130.1
2008 | 114.9

+7.8%

EBITDA £m
(continuing operations)

EBITDA levels were maintained as actions were taken to reduce the group’s cost base through the difficult trading environment – an improvement which also reflects the continuing migration of the core Auto Trader business online.

2010 | U | O | 115.8
2009 | U | O | 118.1
2008 | U | O | 122.0

U=UK O=Overseas

-2%

Covenant net debt £m
(defined on page 7)

Operating cash conversion (cash generated from operations over EBITDA) remained strong at 87% (2009: 88%).

External net debt continued to fall with a £54.7 million reduction through the year.

2010 | 605.7
2009 | 660.4
2008 | 739.6

reduction of 8.3%

Operational highlights

Stock of cars ’000
on website at the year end

The level of vehicle stock on autotrader.co.uk has increased since the end of 2009 by 8% following a decline of 24% in the previous year.

2010 | 344
2009 | 318
2008 | 416

+8.2%
Our Vision

The No. 1 marketplace for motorists
The No. 1 marketplace for motorists

ION

.1 marketplace

torists
The three core divisions of Trader Media Group (TMG) reflect the natural segmentation of our market and the specific drivers that move it.

Each element of TMG is united by our commitment to:

**Migrate to digital brands**
Strategically managing the transition from print to screen while retaining the brand recognition enjoyed by our publications.
*See page 10*

**Invest in innovation and technology**
Creating the tools to build an advertising network that is the first and best choice for customers across the UK.
*See page 12*

**Build our brands**
Concentrating on our strengths to translate already excellent recognition into new and creative channels.
*See page 14*

Trader Digital – focusing on the online business, offering the most popular automotive website in the UK in the form of autotrader.co.uk and developing new products that will give dealers, private sellers and buyers access to the latest technology to advertise and give the best response to those advertisements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>140.3</td>
</tr>
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<td>130.1</td>
</tr>
<tr>
<td>2008</td>
<td>114.9</td>
</tr>
</tbody>
</table>

**Our brands**
TMG brands enjoy exceptionally high awareness, consideration and customer loyalty. This combination has established a growing market leading position across online, mobile and print platforms.

**AUTO TRADER**
www.autotrader.co.uk

**BIKE TRADER**
www.biketrader.co.uk

**VAN TRADER**
www.vantrader.co.uk

**TRUCK TRADER**
www.trucktrader.co.uk

**FARMERS TRADER**
www.farmerstrader.co.uk
136,000
Average weekly circulation of Auto Trader in UK and Ireland.

12%
Year-on-year growth of EBITDA in South African business.

Trader Publishing

Trader Publishing – focusing on the GB printed magazines of the group including the Auto Trader and AdTrader regional magazines, and national titles including Truck and Plant Trader, Bike Trader and Farmers Trader. The division also includes online operations for AdTrader and the national titles. The group also owns a print facility, Apple Web Offset, which produces these titles as well as magazines for external customers.

Revenue £m

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue 2010</th>
<th>Revenue 2009</th>
<th>Revenue 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>65.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>99.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>125.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trader International

Trader International – focusing on the group’s overseas businesses in Ireland, Italy and South Africa, which operate in both the online and print automotive classified advertising sectors.

Revenue £m

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue 2010</th>
<th>Revenue 2009</th>
<th>Revenue 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>49.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>46.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>45.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
£54.7m
Decrease in covenant net debt.

Chairman’s statement

Tom Hall

“The group is now a predominantly digital business, with the online channel accounting for in excess of 75% of its EBITDA.”
Against the backdrop of a global economic crisis and a very challenging trading environment, Trader Media Group has delivered outstanding results in the year. The group began the financial year facing the most difficult trading conditions for 40 years for the UK and Irish car market. Consumer demand was low, credit was much less available and the new car market showed significant volume declines. The used car market, although more resilient than the new car market, showed declines which led to a fall in revenues as dealers cut back on the volumes of stock advertised. The group has continued to work hard to offer value to the automotive sector in these difficult times, and it has been a successful year as a result. Group trading profits (defined as EBITDA<sup>2</sup>) were down by only 2% year-on-year, a positive figure given the market challenges. I would like to take this opportunity to thank the group’s staff for their outstanding dedication, hard work and commitment in delivering this impressive performance.

Revenue from continuing operations fell by 10% to £250.9 million from £279.9 million. Given that the economic slowdown began in the second half of the previous financial year and has been with us throughout the current year, this drop in revenue is not surprising and was in line with expectations. Within overall revenue, the group continues to see a structural decline in publishing, whilst the digital business saw growth in revenue of 8% in the overall year with a marked acceleration of online growth in the second half. In light of the difficulties that hit the UK economy particularly hard in the first half of the year, this growth is certainly encouraging. As stated above, EBITDA fell by only 2%, from £118.1 million to £115.8 million, which reflects the careful cost control the group has exercised during the recession.

The group has continued to invest strongly in its future over this year, with significant investments made in both marketing and the fundamental rebuild, as well as the re-launch of the core website, autotrader.co.uk, in the autumn. The group also continued to generate good levels of operating cash which, when combined with further debt buy-backs (£31.8 million redeemed in the early part of the year) meant covenant net debt<sup>3</sup> decreased by £54.7 million to £605.7 million in the year.

**Strategy**

TMG is now a predominantly digital business, with the online channel accounting for in excess of 75% of its EBITDA. This reflects the successful transition from a magazine-based business to a website-driven offering, with the majority of UK car retailers doing business with the group through autotrader.co.uk. The group continues to innovate in the market, now offering a mobile site and one of the most popular lifestyle applications on the iPhone. The new “featured listings” product offers dealers the ability to promote their vehicles to the top of a search list on autotrader.co.uk, giving better visibility to customers’ stock and providing dealers with additional tools to attract customers to their forecourts.

Within the automotive sector, the Auto Trader brand remains the market leader with an online market share of 40% of visits<sup>4</sup>. The group has continued to invest in this brand through further marketing campaigns ensuring that whenever there is a decision to be made about a car, van, truck or bike, consumers turn to Auto Trader. These campaigns firmly reinforced Auto Trader’s position as the leading marketplace for motorists, making it one of the most recognised online brands in the UK.

The difficult market environment and the ongoing transition from print to online meant the group has had to continue the process of restructuring. Following the £16.9 million restructuring costs incurred in the previous year, a further £6.1 million was incurred in the year, primarily from redundancy and property-related costs. This has been a difficult yet necessary part of managing the business and was central to maintaining the group’s levels of profitability through the year.

**Outlook**

The autotrader.co.uk website is the group’s core asset and the bedrock of future success. The group has continued to invest in the site to ensure that it offers industry-leading accessibility, content and ease-of-use to consumers. The successful launch of the mobile product, which attracted more than 3,000 dealers by the end of the year (with further growth seen since year-end) demonstrates the continued innovation to which the group remains committed. Trader Media Group is focused on strengthening its position as the leading brand in its market in the UK and will continue to develop new products and work with customers to ensure they are able to benefit to the highest possible degree as the UK economy emerges from recession and consumer spending recovers. The shareholders have been extremely pleased with the significant progress made through the recession and we are confident that the team will deliver continued strong performance.

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<sup>2</sup> “EBITDA” is a non-GAAP measure and is defined as earnings before interest, tax, depreciation, amortisation and other exceptional items

<sup>3</sup> Covenant net debt is defined as syndicated bank loans net of cash, other financial assets and gross of unamortised debt issue cost

<sup>4</sup> Source: Hitwise – share of visits to automotive classified websites
At heart, TMG’s approach is wholly entrepreneurial: seeking and acting on opportunity wherever it may appear, responding decisively and creatively to challenges.

John King Chief Executive
1. MIGRATION to DIGITAL PLATFORMS
2. INVESTING in INNOVATION & TECHNOLOGY
3. BUILDING BRANDS
Digital platforms are no longer something for the future. Customers today are dictating how they want to view, manage and purchase their sales and advertising via our digital platforms.

As customers demand faster, simpler and more effective tools, TMG is responding with a range of innovative technologies.
Average monthly page impressions during the year end 28 March 2010.

667 million
TMG is committed to investing in better, faster, more intuitive tools to maintain our competitive edge. A drive to innovate, exploiting new technology to maximise the customer opportunities, is at the heart of the business and is clearly demonstrated through our mobile tools.
300,000

Downloads in the first month of the iPhone application.
The Auto Trader brand is a market benchmark, with customer recognition across print and digital platforms. As such, it provides a reliable and adaptable foundation for change and growth.
£10m
Annual marketing spend

“The group continues to invest in its core Auto Trader brand via digital marketing (search engines, online display, social media, partners and syndication) plus targeted offline campaigns on television and radio.”

John King Chief Executive
Up to 10,000,000

Unique visitors a month to autotrader.co.uk

John King

“TMG operates the number one UK marketplace for motorists and is regarded as the place where buyers and sellers come together, offering unrivalled response to customers’ advertisements.”
Overview and strategy

The group provides classified advertising of motor vehicles and an expanding list of related products through its websites, through mobile platforms and through its magazines. It operates primarily in the UK, with a branch located in the Republic of Ireland and subsidiary companies in Ireland, South Africa and Italy.

The Auto Trader branded website and magazines form the core part of the group’s business. Autotrader.co.uk is the UK’s leading motoring website with monthly unique users of up to 10 million per month. The Auto Trader magazines have an average weekly circulation of circa 136,000 copies across the UK and Ireland. This strong position means TMG operates the number one UK marketplace for motorists and is regarded as the place where buyers and sellers come together, offering unrivalled response to customers’ advertisements.

Auto Trader’s pre-eminent market position means it contributes significantly to the group’s revenue and profits, with an increasing element of this coming from online offerings. For the year, 62% of the group’s revenue was derived from online compared with 52% for the previous year, highlighting Auto Trader’s ability to deliver against the evolving market.

Reorganisation

During the year the group has restructured itself into three core divisions. This reorganisation recognises the different dynamics within each market segment and enables the appropriate focus to be given to managing continued growth through Trader Digital and also proactively managing the structural decline within the publishing sector.

Trader Digital – focusing on the online business, offering the most popular automotive website in the UK in the form of autotrader.co.uk and developing new products that will give dealers, private sellers and buyers access to the latest technology to advertise and give the best response to those advertisements.

Trader Publishing – focusing on the GB printed magazines of the group including the Auto Trader and AdTrader regional magazines, and national titles including Truck and Plant Trader, Bike Trader and Farmers Trader. The division also includes online operations for AdTrader and the national titles. The group also owns a print facility, Apple Web Offset, which produces these titles as well as magazines for external customers.

Trader International – focusing on the group’s overseas businesses in Ireland, Italy and South Africa, which operate in both the online and print automotive classified advertising sectors.

Following this reorganisation, the group is well positioned to take advantage of improving conditions as the markets in which we operate recover from the recession.

One of the accounting consequences of the reorganisation has been a significant, non-cash impairment charge against the group’s goodwill, which has resulted in an annual loss of £470.8 million. £463.0 million of this impairment relates to goodwill generated through an acquisition in 2003 when the group’s activities were dominated by its UK publishing activities and follows several years of the transition to automotive advertising online and the subsequent decline of magazine advertising.

In other words, it is an impairment of the value of TMG’s print publishing activities due to the migration of revenues from printed to online platforms. As publishing has declined, there has been rapid, compensatory growth in the group’s online business, and the large majority of TMG’s value now lies with Trader Digital. The impairment does not, therefore, reflect a fall in the actual or inherent value of TMG, but rather the transfer of value from publishing to digital operations. It should be noted that accounting rules do not permit the “writing up” of the goodwill in the digital operations, despite this transfer of value. The impairment has crystallised upon the re-segmentation of the group and is not expected to impact TMG’s future trading results. The impairment is discussed in more detail on page 25.

Corporate activity

In line with this reorganisation the group has added to the digital services it offers to UK car dealers through the acquisition of Trademail Holdings Limited for £11.7 million on 2 June 2009. The business offers a used stock locator based on data sourced from member dealerships.

In line with the group’s aim to focus on its core mission of maintaining its leading position within the classified automotive advertising sector, the group sold its interest in Acorn Web Offset Limited for a loss of £2.4 million. The printer did not produce any of the group’s magazines, and was not therefore central to TMG’s future strategy.

During April and May 2009 the group bought back a further tranche of its syndicated debt at a cost of £19.4 million (2009: £27 million), taking advantage of the volatility within the debt markets. This enabled the group to reduce its net syndicated debt by a further £31.8 million (2009: £55.6 million) thereby reducing the gearing of the group and reducing its future interest charges.

Restructuring and investment

TMG remains committed to its programme of effectively allocating its resources in order to ensure the future growth of the group. The steps taken over the last few years have enabled the group to improve EBITDA margins on revenue to 46% (2009: 42%) and the group is building on the success of this by carefully managing the transition of its customers online and reacting to the economic slowdown, which has increased the speed of the migration.

The group continues to invest in its core Auto Trader brand via digital marketing (search engines, online display, social media, partners and syndication) plus targeted offline campaigns on television and radio. This brand exposure ensures the visibility of Auto Trader to the market and means our customers have the best reach and response for their advertisements.
A new single sales structure for the UK has been created, unifying the offline and online teams, moving from numerous regional sales teams to a single sales organisation with shared objectives. This multi-media approach focuses on the dealers and better enables the group to work with them to offer the full range of TMG products as a route to their customers.

TMG’s customers will also benefit from the investment the group has put into new technology in the year, developing:

*Auto Trader Mobile* – a new platform by which dealers and private sellers can reach consumers;

*Featured Listings* – an enhanced advertisement which promotes a selected vehicle to the top of an online search.

These new products will add to a first-class service offered to customers whichever channel they choose.

**John King**  
Chief Executive

Trader Digital grew even in the midst of a recession. Despite the depressed levels of vehicle stock in the marketplace, dealers have continued to advertise via autotrader.co.uk due to the high levels of response to their advertisements, supported by the reach of the Auto Trader brand.

Growing the business has been achieved both organically, with the introduction of new products in the year, and through acquisitions, with the addition of Trademail Holdings Limited for £11.7 million. The end of the year saw the launch of Auto Trader Mobile advertising and its associated iPhone application, which quickly took off achieving c.300,000 downloads in its first month and resulting in more than 3,000 dealers signing mobile contracts by the year-end.

The Trademail acquisition adds further weight to the Dealer Services arm of the group, with the business offering a used stock locator based on data sourced from member dealerships themselves. Another recent acquisition, 2ndByte (who provide dealer marketing services) also had a great year winning new contracts with Kia and General Motors.

The division’s core business of classified automotive advertising continues to focus on providing higher response to advertisements placed by customers as consumer usage increasingly switches online. The group utilises tracking data and consumer usage statistics to demonstrate high response rates to its advertisers which are well in excess of those offered by TMG’s competitors.

The business continues to invest in the Auto Trader brand through the “World of Cars” marketing campaign to promote the website, which records up to 10 million unique users a month. Investment in innovation also continues with the release of several new products planned in the next year.
Despite the structural change away from published material, the group’s published titles retain a strong presence on magazine racks up and down the UK and circulation figures averaged over 136,000 copies per week.

Trader Publishing has been affected by the same low levels of vehicle stock and recessionary environment as Trader Digital but is also affected by the migration of both advertisers and consumers online.

As a result, revenues have fallen by £34.7 million (35%) against last year. The division has reacted to this by careful and ongoing restructuring and has restricted the decline in EBITDA of £6.2 million (22%).

Despite the structural change away from published material, the group’s published titles retain a strong presence on magazine racks up and down the UK and circulation figures averaged over 136,000 copies per week. The group has refocused its print function to support its own magazines, while maintaining a handful of core external customers through Apple web offset.

The focus for the segment is to slow the decline in its trade and private customers by continuing to demonstrate value for money. In addition, the segment is also investing in some of its national and AdTrader titles by giving them an increased online presence and thereby increasing traffic through these brands.
Following the reorganisation during the year, the segment comprises activities in Ireland, Italy and South Africa.

South Africa performed well, growing its EBITDA by 12% on a like-for-like basis. It achieved this through expanding the magazine into new regions of the country and increasing its online growth. The South African business is also looking to tap into the country’s growing mobile market wherever possible, following the example of the successful mobile launch in the UK.

Reported EBITDA in South Africa was aided by favourable foreign exchange translation effects of £0.8 million as the Euro strengthened over the year, whilst the strengthening of the South African Rand led to a foreign exchange translation gain of £1.2 million.

However, the difficult economic climate has impacted businesses across the world. Ireland and Italy are two countries where the global recession has hit harder than in the UK. Accordingly, declines in revenues in these countries have led to the segmental EBITDA falling by £2.7 million (12%) year-on-year.
We got twice as many dealers on board than anticipated and the iPhone app attracted 50% more users.

In 2011, we’ll be asking how we can demonstrate value, creating tools for sales teams to do this.

We restructured the team in January 2010 and we will continue to entrench the use of SalesForce.

**Interviews – Movers and shakers around the Group**

**Naomi Hahn**
Head of Display Advertising
autotrader.co.uk

**Winner:** Leadership Team of the Year Award

**Why did your team win, Naomi?**
For consistently over-achieving revenue targets in tough market conditions. We were feeling the impact of the credit crunch early in the year, with advertisers nervous about investing and keen to distinguish themselves by rates rather than specialisation.

**How have you overcome these challenges?**
We restructured the team with more focus on agencies, seeking to prove our value in terms of the response we drive and the research we provide. Accordingly, we organised Insight Events to provide ‘money can’t buy’ insights to agencies. Great new products also helped – the homepage takeover skin is hugely popular and drove more traffic to the Fiat site than Google in one day. We’re really focused on our customer, and the implementation of SalesForce has been an incredibly useful tool to help us manage this.

**What else is new in the market?**
Networks, who essentially trade in unsold banner space, have also become leaders in their market. It’s a cost-effective way for agencies to buy media, though not always with the guarantee of running on premium sites. The credit crunch has made advertisers more willing to trial this strategy.

**What next?**
We restructured the team in January 2010 and we will continue to entrench the use of SalesForce. We’re also looking to improve our relationships with higher level agency contacts whilst building relationships direct with manufacturers and focusing on the opportunities from Trader Publishing Limited and national titles.

**Tim Peake**
Commercial Director

**Winner:** Defence of Market Leading Position Award

**Congratulations Tim. How did you do it?**
Thanks. It’s a combination of identifying the different needs of customer segments and developing effective responses to our competitive threats. That requires a detailed understanding of the UK market, and the team analysed different segments using business models mapped against dealer segments (e.g. franchise/regional).

**Is it also a case of ‘know your enemy’?**
Exactly! Most competitors typically address only one segment. As a national brand, we’ve been looking at how to achieve closer regional focus.

**You’ve clearly been successful.**
Yes – a 4% increase in the Scottish market share, for example. Data quality has been key, along with cross-functional teams, executive buy-in and a strategic commitment.

**What’s next?**
In 2011 we will continue to communicate to our customers how we provide the best value, in terms of leads and sales conversations versus our competitors. Thereby helping consumers and dealers sell more cars, more profitably.

**Gareth Bradshaw**
Mobile Product Manager

**Winner:** Innovation Award

**What was your innovation, Gareth?**
Developing and delivering what has been called TMG’s most successful product launch ever – mobile! It’s been a busy year rolling out the Auto Trader Mobile platforms: a new version of the mobile site, our iPhone application, and launching a new advertising platform for dealers.

**Were the launches difficult?**
We worked hard. The sales force was highly effective at talking the product out to dealers, and there was a certain amount of dealer education required – but most immediately saw the value of such a well conceived product.

**How has the reception been?**
Enthusiastic! We got twice as many dealers on board than anticipated and the iPhone app attracted 50% more users. Dealers have enjoyed much more exposure as a result. We currently have 4,000 customers on board.

**What next?**
We restructured the team in January 2010 and we will continue to entrench the use of SalesForce. We’re also looking to improve our relationships with higher level agency contacts whilst building relationships direct with manufacturers and focusing on the opportunities from Trader Publishing Limited and national titles.

**Summarise the mobile offer for us.**
It is a new digital advertising platform to provide further response to dealers.
The Board and Executive Committee team have set operational KPIs which are tracked, and reviewed, at each Board and Executive meeting in order to assess performance.

The charts presented represent KPIs which are tracked and reviewed periodically.

### Group revenue £m (continuing operations)

The fall in revenue of 10% was driven by the global recession in place for most of the financial year and the continuation of the structural decline in publishing.

- **2010**: U = 250.9, O = 279.9
- **2009**: U = 279.9, O = 367.6
- **2008**: U = 367.6, O = 418.8

**U** = UK, **O** = Overseas

### Trader Digital revenue £m

The growth in Trader Digital’s revenue of 8% was an excellent performance, delivered in the face of a significant recession.

- **2010**: U = 140.3
- **2009**: U = 130.1
- **2008**: U = 114.9

### EBITDA £m (continuing operations)

EBITDA levels were maintained as actions were taken to reduce the group’s cost base through the difficult trading environment – an improvement which also reflects the continuing migration of the core Auto Trader business online.

- **2010**: U = 115.8
- **2009**: U = 118.1
- **2008**: U = 122.0

### Covenant net debt £m (defined on page 7)

Operating cash conversion (cash generated from operations over EBITDA) remained strong at 87% (2009: 88%).

- **2010**: red. £ = 605.7
- **2009**: red. £ = 660.4
- **2008**: red. £ = 739.6

External net debt continued to fall with a £54.7 million reduction through the year.
### Stock of cars '000 on website at the year end

The level of vehicle stock on autotrader.co.uk has increased since the end of 2009 by 8% following a decline of 24% in the previous year.

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>344</td>
</tr>
<tr>
<td>2009</td>
<td>318</td>
</tr>
<tr>
<td>2008</td>
<td>416</td>
</tr>
</tbody>
</table>

### Page impressions m

Average page impressions in the year (million per month). This provides a KPI to indicate how many pages within the website are being accessed by the users of www.autotrader.co.uk.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average page impressions m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>667</td>
</tr>
<tr>
<td>2009</td>
<td>617</td>
</tr>
<tr>
<td>2008</td>
<td>553</td>
</tr>
</tbody>
</table>

### Average monthly unique users m

This KPI represents the number of unique users* that log onto www.autotrader.co.uk on a monthly basis.

* Source: Hitwise

<table>
<thead>
<tr>
<th>Year</th>
<th>Average monthly unique users m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.2</td>
</tr>
<tr>
<td>2009</td>
<td>9.2</td>
</tr>
<tr>
<td>2008</td>
<td>8.1</td>
</tr>
</tbody>
</table>

### Average weekly circulation '000

This provides a measure of the average circulation of the Auto Trader magazine in the UK and Ireland.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average weekly circulation '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>136</td>
</tr>
<tr>
<td>2009</td>
<td>163</td>
</tr>
<tr>
<td>2008</td>
<td>234</td>
</tr>
</tbody>
</table>

### Headcount

This represents the average number of full time equivalent employees during each financial year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,980</td>
</tr>
<tr>
<td>2009</td>
<td>2,580</td>
</tr>
<tr>
<td>2008</td>
<td>3,079</td>
</tr>
</tbody>
</table>
With a leaner cost base, the group is well positioned to capitalise on its markets as they exit recession.

Zillah Byng-Maddick
Overview
As the group faced difficult trading conditions throughout the year ending 28 March 2010 it saw the impact on its revenues for the year. As an indication of the difficult environment, new car registrations in the UK fell by 6% for the year ended December 2009 over the previous year, while levels overseas fell by even more. This market slowdown led to a decline of 10% in revenue for the group to £250.9 million for the year. The impact of the trading environment can also be seen on operating profit when the impact of one-off costs are removed:

<table>
<thead>
<tr>
<th>Continuing activities</th>
<th>2010 £m</th>
<th>2009 £m</th>
<th>Change +/(-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>250.9</td>
<td>279.9</td>
<td>(10%)</td>
</tr>
<tr>
<td>Operating (loss)/profit</td>
<td>(370.4)</td>
<td>49.3</td>
<td></td>
</tr>
<tr>
<td>Impairment charges and exceptional items (note 4)</td>
<td>475.2</td>
<td>58.9</td>
<td></td>
</tr>
<tr>
<td>Like-for-like operating profit</td>
<td>104.8</td>
<td>108.2</td>
<td>(3%)</td>
</tr>
</tbody>
</table>

Restructuring projects across the group have succeeded in reducing costs, mainly in the publishing and print functions, through a difficult year, limiting the decline in like-for-like operating profit. With this leaner cost base, the group is well positioned to capitalise on its markets as they exit recession.

Discontinued activities
During the year, the group sold its interest in Acorn Web Offset Limited for a loss of £2.4 million (note 7). The company did not produce any of the group’s magazines, and was not therefore core to the future of TMG’s leading position in the automotive classified market.

Impairment
The group has recognised a goodwill impairment charge of £470.8 million in the year (2009: £49.3 million), £463 million of which was against publishing related areas of its business (2009: £45.5 million). The impairment in the current year reflects a change in the segmental presentation of the business. Previously, there was one operating segment for the Auto Trader brand which included the magazines and autotrader.co.uk, but, following the internal restructuring into three core divisions, the magazines and autotrader.co.uk are tested as separate operating segments. Therefore an impairment has been identified for the publishing segment reflecting the effect of advertising spend migrating online.

Interest
Finance costs have fallen by 14% to £147.5 million (2009: £171.6 million) in the year following the fall in LIBOR and the corresponding reduction to the interest on the syndicated debt and shareholder loans. As these low base rates have been in place throughout the current year and were in place for only part of last year, the benefit has been taken over a longer period. As the syndicated debt has reduced by £97.2 million over the last 15 months, this has also reduced the interest payable. The group has hedged its exposure to fluctuations in LIBOR on its borrowings by an interest cap and an interest rate swap as detailed in note 14.

Finance income of £0.5 million was primarily generated from cash deposits, lower than 2009 (£2.5 million) due to falls in LIBOR. The group’s sensitivity to fluctuations in LIBOR has been considered in note 2 to the financial statements.

The group has also used cash generated in the year to repurchase some of its debt at a below par value resulting in a gain of £12.4 million (2009: £28.6 million) in the year and driving a corresponding reduction in its net debt by £54.7 million (2009: £79.2 million). The group will continue to explore similar opportunities to repurchase its own debt whenever suitable opportunities arise.

Cash flow and debt
Despite the trading conditions, the group continues to generate cash at similar levels year after year, generating £100.5 million (2009: £104.1 million) from operating activities. It has used this cash to service its debt (£37.0 million) and pay off or repurchase debt (£29.2 million). There is continued investment in the future with £11.5 million spent to acquire tangible and intangible fixed assets and a further £11.2 million (net of cash acquired) to acquire Trademail Holdings Limited.

The high level of operating cash and free cash flow conversion enables the group to cover its debt interest repayments as well as being able to deleverage as shown in the table below. The terms of the group’s borrowings are such that repayment is required in 2015 and as a “covenant-lite” loan the group has no mandated covenant tests until this point. Accordingly, the directors are confident that the group should be accounted for as a going concern.

<table>
<thead>
<tr>
<th>Covenant net debt</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>at 30 March 2008</td>
<td>(739.6)</td>
</tr>
<tr>
<td>Repurchase of syndicated debt</td>
<td>55.6</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents</td>
<td>23.3</td>
</tr>
<tr>
<td>Cash transferred to disposal group classified as held for sale</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Exchange gains on cash</td>
<td>0.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Covenant net debt</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>at 29 March 2009</td>
<td>(660.4)</td>
</tr>
<tr>
<td>Repurchase of syndicated debt</td>
<td>31.8</td>
</tr>
<tr>
<td>Repayment of syndicated debt</td>
<td>9.8</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents and other financial assets</td>
<td>12.2</td>
</tr>
<tr>
<td>Exchange gains on cash</td>
<td>0.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Covenant net debt</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>at 28 March 2010</td>
<td>(605.7)</td>
</tr>
</tbody>
</table>

Zillah Byng-Maddick
Chief Financial Officer

6 Figures taken from Society of Motor Manufacturers and Traders (SMMT)
Principal risks and uncertainties

These risks are mitigated by continual monitoring of overall market conditions and investment in products and marketing to ensure the group delivers the best response to advertisers and better value for money than its competitors.

The principal risks and uncertainties facing the business that could have a material impact on the group include the items noted below. More detail relating to the financial risks in particular is contained within note 2 to the accounts.

Market risk
The group operates primarily in the UK automotive marketplace which has experienced a difficult trading environment over the last 18 months. Consumer demand for vehicles has been low leading to dealers cutting back on volumes of stock, thereby impacting on advertising spend.

The group’s share of total advertising spend in the automotive market is under constant threat from new and incumbent competitors, especially online where barriers to entry are lowest. These risks are mitigated by continual monitoring of overall market conditions and investment in products and marketing to ensure the group not only delivers the best response to advertisers, but better value for money than its competitors.

All group products are being impacted by the shift to the online delivery channel and the group is therefore exposed to the rapid pace of change in this area. To mitigate this, the group has allocated extra investment and people to this channel and continues to monitor its own and competitor performance closely.

Interest rate risk
The group has interest-bearing assets, primarily cash, which are at risk of fluctuations in interest rates. Cash levels and market interest rates available are monitored by the group treasury function to ensure risks are minimised.

The group’s interest rate risk also arises from long-term borrowings, with the syndicated bank loan and shareholder loans subject to floating rates of interest linked to LIBOR. The group manages its cash flow interest rate risk on the bank borrowings by using an interest rate swap and a cap agreement to convert a proportion of the debt from floating to fixed rates.

Under the interest rate swap, the group agrees with the other party to exchange on a monthly basis the difference between the fixed contract rate and the floating rate interest amounts calculated by reference to the agreed notional amounts.

On the cap agreement, the group receives the difference between the cap rate and the current floating rate should the latter be higher in the month in question, again calculated with reference to agreed notional amounts. When the floating rate is lower than the cap rate, no cash flows arise under this agreement.
Credit risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to customers.

The group minimises its risk by dealing with only a limited range of financial institutions with secure credit ratings.

A reduction in the amount of credit provided to those purchasing vehicles has reduced activity in the market and over the longer term will continue to adversely impact dealer profitability. This, combined with the current global economic climate, is expected to impact all areas of the business.

With the slowdown in the automotive market-place, dealer margins are placed under pressure and the risk to the group of non-payment of invoices increases. The bad debt risk also rises where customers providing financial services are unable to obtain funding for their products. Policies and procedures exist to ensure that customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Overall, the group considers that it is not exposed to a significant amount of either customer credit or bad debt risk due to the diversified and fragmented nature of the customer base. A single UK customer services team is in place to give the group focus on debt collection. The cost of bad debts remain at a low 0.9% of revenue and has fallen over the last year (2009: 1.1%).

Capital risk management
The group’s objectives when managing capital are to safeguard its ability to continue as a going concern. The risk that the leveraged nature of the group affects the future development and going concern has been mitigated through the structure of the debt financing. Neither the cumulative irredeemable £1 preference shares nor the shareholder loans require performance conditions to be met. Likewise, the terms of the £835 million Senior Facilities Agreement (SFA) are such that the borrower group is not required to adhere to performance related leverage or interest cover ratios or to restrict capital expenditure. Whilst repayments can be made without penalty under the shareholder loan agreements and the SFA, there is no requirement to settle all or part of these debt instruments earlier than their respective termination dates in 2016 and 2015. Restrictions do exist to limit the level of additional indebtedness incurred and the extent of dividends payable and there is a requirement to repay a proportion of any excess cash flow but these are not expected to materially impact the planned growth of the group.

This debt structure, when taken in conjunction with the projected cash flows, is considered sufficiently flexible to ensure that the group can continue to service its obligations as they fall due even if the group suffered a significant reduction in trading performance.

“"All group products are being impacted by the shift to the online delivery channel and the group is therefore exposed to the rapid pace of change in this area. To mitigate this, the group has allocated extra investment and people to this channel and continues to monitor its own and competitor performance closely.""
In conducting business, the Board recognises its responsibility to deliver quality to customers, recruit and reward people on merit alone, minimise health and safety risks, maintain stringent environmental protection standards and honour agreements with partners and suppliers. In 2008, the responsibility of the Health and Safety Steering Committee, which is chaired by the Chief Executive Officer, was extended to include environmental and community issues within its terms of reference and has been re-named the CSR Steering Committee. This report outlines the group’s progress during the year ended 28 March 2010.

The TMG vision
All TMG employees are guided by the group’s vision to be the number one market place for motorists. This objective is embodied in the group’s Top 5 Priorities which are:

- Put the customer at the heart of everything we do
- Accelerate growth through new and existing products and services
- Maximise and demonstrate value to our customers
- Defend the group’s market leading position
- Attract, develop and retain talent

As an integral part of achieving this vision, the group works to standards that promote integrity, fairness and honesty. The group focuses on the needs of its customers to provide satisfaction, respects its suppliers by paying on time, respects the environment, interacts within the community and promotes and rewards solely on merit.

Health and safety
The group’s policy of ensuring safe and pleasant working conditions for all employees as far as possible within the constraints imposed by the working environment has continued to operate. A full time Health and Safety team is employed by the group and is managed through a sub-committee of the Executive team which meets three times a year and is chaired by the Chief Executive Officer. The group regularly benchmarks its health and safety performance against similar organisations in order to help maintain an environment that continues to promote a healthy and safe working environment.

During the year the group was awarded the 2010 RoSPA Gold Award Logo and the British Safety Council Five Star Award for Occupational Health and Safety in recognition for the continued excellence in this area. The print activities were successful in their three year re-certification to the OHSAS 18001:1999 standard and demonstrated sufficient health and safety management improvements to qualify for upgraded certification to the OHSAS 18001:2007 standard.

In January 2010 a team from TMG successfully climbed Mount Kilimanjaro raising £30,000 for charity.
£100,000

Donations to charities during the year.

During the year there were no major injuries (2009: none) reported under the Reporting of Injuries, Diseases and Dangerous Occurrences regulations.

The group’s people

The current year has been a difficult time for the employees of TMG as the business has accelerated its restructuring activities as part of the online transition. People are the group’s most valued resource and the success of the online transition is to the huge credit of all past and present employees. The continued success of TMG and its brands is something of which everyone associated with the business can be enormously proud.

Despite the difficult economic conditions the group is committed to pursuing a training programme which equips all employees with the necessary skills to help them perform to the best of their ability, and this investment in people is core to our aim to motivate and retain employees.

The group is committed to treating all its employees and job applicants fairly and equally. It is our policy not to discriminate on the basis of their gender, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the group ensures all workers have a duty to act in accordance with this.

The average number of staff employed by the group on a full time equivalent basis during the year was 1,980 (2009: 2,580).

Community

A key focus for the group within its community-based activities is charity partnership initiatives. Each year, the group selects designated charities and encourages fund-raising and sponsorship events to support them. The charities are supported through a corporate donation, staff fundraising and volunteer efforts.

TMG’s charity partner for 2009-2010 is Help the Hospices. The partnership gives staff the benefit of working with a national charity with national resources while directly supporting hospices in the communities where staff live and work, which can be very rewarding. TMG is extremely proud to have sponsored fifteen TMG employees who took on the challenge of climbing Mount Kilimanjaro in January 2010 in support of Willowbrook Hospice near the group’s Newton-le-Willows office. The team’s fundraising efforts brought in £30,000 of donations to the hospice.

The group has also endorsed a Community Involvement Policy, which supports its employees who wish to work with communities across the UK both as private individuals and also as employees of TMG. Beyond these initiatives, TMG supports other national and local charities through a corporate match funding bursary provided for individual employee charitable commitments.

Donations to these and other charities during the year totalled £0.1 million (2009: £0.1 million).

Sustainability

The environmental policy of the group has primarily been focused on the print function. The plant is certified to the environmental standards as set out in ISO14001: 2004, which requires the site to evidence its commitment to pollution prevention, to demonstrate continuing environmental management improvements and to ensure legal compliance as a minimum criterion. The stance taken over the last few years has been to improve the manufacturing capability of the business on a more sustainable basis by installing a number of high tech energy saving devices.

Through its arrangement with COMAG, the group benefits from COMAG’s contracts that have strict guidelines for the secure disposal and recycling of returned copies in accordance with agreed industry wide standards in the Periodical Publishers Association (PPA) Best Practice Guidelines for Wholesale Stock Control and Returns Systems Document. The PPA, via its magazine publisher members, has in conjunction with the Government entered into a Producer Responsibility Agreement with The Department of Environment, Food and Rural Affairs (DEFRA). This agreement commits the magazine industry to encourage the final consumer to put purchased magazines into the recycling process that ends up with copies being recycled as newsprint and not landfill.

In 2008, TMG extended its environmental remit group-wide, with a primary focus on carbon management. The fleet management processes were subsequently improved, culminating in the provision of monthly fuel data for review by the Executive team. During the year, the group has worked with the Carbon Trust to identify energy efficiency measures that can be implemented at all office locations and used fuel efficiency data to help drive both carbon emission reduction and improve health and safety as the group worked with drivers to review their driving habits.

The environment has also benefitted from the group rationalising the number of properties it maintains.

In the current financial year, TMG has used this data to manage its emissions, substantially reducing its total to 10,549 (2009: 17,447) tonnes of carbon from its premises’ use of electricity, gas and car fleet fuel.

Carbon footprint of TMG’s car fleet, offices and print sites

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print (gas)</td>
<td>2,972</td>
<td>4,391</td>
</tr>
<tr>
<td>Print (electricity)</td>
<td>5,295</td>
<td>8,607</td>
</tr>
<tr>
<td>Offices (gas)</td>
<td>231</td>
<td>352</td>
</tr>
<tr>
<td>Offices (electricity)</td>
<td>628</td>
<td>1,503</td>
</tr>
<tr>
<td>Fleet fuel</td>
<td>1,423</td>
<td>2,594</td>
</tr>
<tr>
<td>Tonnes CO₂</td>
<td>10,549</td>
<td>17,447</td>
</tr>
</tbody>
</table>

In addition, the group is part of GMG’s sustainability forum which meets quarterly. This forum collaborates across businesses to learn and implement best practices in this area.
TMG has worked hard to bring together an executive team with a wealth of diverse experience to lead the business going forward.

1. **John King**  
   **Chief Executive Officer**  
   John joined Trader Media Group (TMG) as CEO in 2007. Prior to this, he was CEO of Australia’s leading specialist classifieds business Trading Post, where he developed a strategy to grow simultaneously the core print business and online classified verticals. John’s previous roles have included Chief Operating Officer of Sensis Classifieds and General Manager of Online Advertising at Sensis Pty Ltd.

2. **Zillah Byng-Maddick**  
   **Chief Finance Officer**  
   A qualified accountant, Zillah joined TMG in 2009 from Fitness First Group, where she held the roles of Group Commercial Director and Chief Finance Officer. There, she was responsible not only for managing a worldwide finance and IT team, bank and investor relations, audit, tax and statutory matters, but also global sales, marketing and new business channels. Previous financial positions have been at Thresher Group, GE Capital and HMV.

3. **Craig Stevens**  
   **Group Sales and Services Director**  
   Craig joined TMG in 1996 as a General Manager for the National Magazine division. Appointed as Managing Director of Ireland’s Auto Trader in 2001, he had overall responsibility for the printed publication and www.autotrader.ie. He has worked for eleven years at management and director level, responsible for the development of TMG’s digital strategy and consumer digital products and services.

4. **Matt Thompson**  
   **Group Marketing Director**  
   Matt joined in 1999 as Marketing Director for the Auto Trader brand. Previously he gained a wealth of marketing experience at Lucas Automotive, at Perkins Engines (USA) and then at National Tyres and Autocare. In 1994, Matt joined ERF, as Head of Marketing, where he worked in the UK and Canada as part of the team that navigated the sale of the business to Western Star.
5. Sebastian Baldwin  
Group Director (Autotrader.co.uk)  
Sebastian joined the executive team at TMG in 2010, moving from his previous position as Director of Mobile. Before joining TMG, Sebastian led strategy, product development and commercialisation at Sensis’ Mobile Group, where he launched Australia’s first mobile location-aware search engine for Yellow Pages. He is a key part of TMG’s strategy of continuous growth in online presence.

6. Nathan Coe  
Group Strategy and New Business Director  
Nathan joined in 2007 as Managing Director of Strategy and Business Transformation, seeing key initiatives through to successful execution and driving strategy for the new mobile and digital marketing services businesses. Previously, he led Corporate Development at Sensis Pty Ltd and worked at Telstra Corporation (Australia’s leading telecommunications provider) and at PricewaterhouseCoopers.

7. Joanne Walker  
Group HR Director  
Joanne joined as HR Director in 2000. She has been instrumental in establishing group-wide HR policies while helping to drive both employee productivity and improved business performance as part of TMG’s evolution in a truly digital business. Her prior experience has included HR roles at ExxonMobil and six years at British Airways, where her postings included Head of HR in the Asia Pacific region.

8. John Crosby  
Chief Information Officer  
John joined TMG in 1998 and was one of the original team that pioneered development of autotrader.co.uk. In his current role, he builds upon rich technological and team-building experience to enable, deliver and develop the business in line with its strategic aims to migrate the business from its traditional publishing base to online.

9. David McMinn  
Managing Director (Trader Publishing)  
David was appointed in 2009, having previously worked as Group Operations Director for the company. In that role he was responsible for overseeing the transformation of the Autotrader Publishing Business and its approach to the market, as well as steering TMG Operations and Change Management. Prior to joining TMG, David was Chief Financial Officer and then National Sales Director at Sensis Classifieds (Australia).

10. John O’Connell  
Managing Director (Trader International)  
Having joined in 2004, John has responsibility for TMG’s digital and publishing businesses in South Africa, Ireland and Italy. He was initially appointed as Regional Managing Director for Ireland, where he oversaw strong growth of the business and its successful migration from publishing to digital. Previously, he was CEO of a magazine/print-based communications group and held senior roles with leading Irish newspapers.
Compliance
The group is committed to principles of good corporate governance and the values of transparency contained in the Walker Report. This statement describes how the principles of corporate governance are applied to the business.

Board constitution and procedures
The Board comprises the following members:

- John King: Chief Executive Officer of TMG
- Zillah Byng-Maddick: Chief Financial Officer of TMG
- Tom Hall: Apax Representative
- Irina Hemmers: Apax Representative
- Carolyn McCall: GMG Representative
- Andrew Miller: GMG Representative
- Liz Jenkin: Company Secretary

Nick Castro, a GMG representative, resigned from the Board 8 October 2009 and Zillah Byng-Maddick was appointed to the board 19 November 2009.

The Chief Executive is responsible for the day-to-day operations of the group and the development of strategic plans for consideration by the Board.

The group has in place appropriate insurance cover in respect of legal action against its directors and officers. In the year ended 28 March 2010, the Board met 11 times. All Board members were present except as follows: May 2009 – Irina Hemmers; July 2009 – Andrew Miller; September 2009 – Tom Hall. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings.

The Board has two principal committees: an Audit Committee and a Remuneration Committee, whose terms of reference are approved by the Board.

Audit Committee
The Audit Committee is chaired by Andrew Miller (formerly Nick Castro), a Chartered Accountant with relevant financial experience. Its other member is Tom Hall. The Chief Financial Officer and the external auditors are invitees at all meetings of the Committee, which meets at least twice a year. The Audit Committee met twice during this financial year with all members in attendance.

In addition to monitoring the integrity of the financial statements and the effectiveness of internal controls (including determining relevant action in respect of any control issues raised by the internal and external auditors) the Committee is also responsible for considering the need for an internal audit function, monitoring the external auditors, approving their terms of engagement and remuneration, and advising the Board on the appointment of the external auditors.

Remuneration Committee
The Remuneration Committee is chaired by Carolyn McCall. Its other member is Irina Hemmers. The HR directors from TMG and GMG are invitees of all meetings of the Committee which meets at least twice a year. The Remuneration Committee met twice during this financial year with all members in attendance.

The Committee is responsible for monitoring and approving the remuneration of senior executives and board members.

Whistle blowing policy
The group has a whistle blowing policy which seeks to establish an open environment in which serious concerns about malpractice within the group may be dealt with in a constructive manner with the aim of providing a rapid means under which genuine concerns made in good faith can be raised internally without fear of repercussions to the individual. The policy is designed to comply with the provisions of the Public Interest Disclosure Act 1998.
Internal control
The directors acknowledge that they are responsible for the group’s system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve the group’s stated objectives, and can only provide reasonable, and not absolute, assurances against material (including financial) misstatement or loss.

The procedures used to review the effectiveness of the system of internal (including financial) control are reviewed by the Board. Key features of the procedures are as follows:

- Business risks are managed to minimise probability of occurrence and impact, and the actions taken are reported regularly to the Board.
- Purchasing is conducted in accordance with published procedures and authority limits. Authority for entering into contracts is controlled by seniority, and must be approved by the Board above a certain level.
- Budgets are set annually and reviewed and approved by the Board. Reporting of results includes a comparison to budget.
- Duties are segregated, so that one person does not perform processing from beginning to end of financial transactions. Preparation of documentation is separated from authorisation and execution of a transaction.
- Investments and capital expenditure above a certain level must be approved by the Board.
- Appointment of external advisors must be approved by the Board where fees are above a certain level.
- The Audit Committee considers and determines relevant action in respect of any significant control issues raised by the internal or external auditors.

The Board is committed to ensuring that the group’s data and information, and its information technology systems, are as secure as practicable. Security controls and procedures are in place to prevent unauthorised access to the group’s premises. Regular backups of electronic information are taken with copies securely stored. Management has established disaster recovery plans which would be implemented in the event that facilities were unavailable for prolonged periods.

The group is committed to attracting and retaining people of high calibre, and a culture of integrity and honesty is promoted by the Board which permeates through every level of the organisation.

These procedures are reinforced by reports from internal and external auditors submitted to the Audit Committee.

Identification and evaluation of business risk
The Board regularly reviews and evaluates significant risk areas in terms of probability of occurrence and likely impact. The Board is responsible for assessing these risks and for implementing control and reporting procedures to ensure the risks are properly managed, again in terms of minimisation of probability of occurrence and impact. The Board receives regular updates on the key risks and the related controls.

Going concern
The directors, after making enquiries and on the basis of current financial projections and the facilities available, believe that the group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.
The directors present their report and the audited financial statements of the group and parent company for the year ended 28 March 2010.

Principal activities
The principal activity of the group is the classified advertising of motor vehicles and other related products, both online and through magazines.

The financial review, principal risks and uncertainties, KPIs, charitable donations and financial risk management objectives are considered in the previous pages of the Annual Report.

Trader Media Group Limited is a private limited company registered in the UK. Its registered office is Auto Trader House, Danehill, Lower Earley, Reading, Berkshire, RG6 4UT. The group operates primarily in the UK, with a branch located in the Republic of Ireland and subsidiary companies in the Republic of Ireland, Italy and South Africa.

Results and dividends
The group’s loss for the financial year was £502.6 million (2009: £70.3 million). The future developments of the group are considered within the Operating Review on pages 16 to 20.

The group’s loss before income tax included exceptional items for the profit on sale and loss on termination of operations of £2.4 million (2009: loss of £8.8 million), impairments of £475.7 million (2009: £49.7 million) and profit on purchase of debt of £14.1 million (2009: £28.6 million).

The directors do not recommend the payment of a dividend (2009: £nil).

Directors
The directors who served during the year and up to the date of the signing of the financial statements were, unless otherwise stated as follows:

John King  Chief Executive Officer
Zillah Byng-Maddick  Chief Financial Officer
   (Appointed 26 November 2009)
Carolyn McCall  Non-executive
Andrew Miller  Non-executive
Tom Hall  Non-executive
Irina Hemmers  Non-executive
Nick Castro  Non-executive
   (Resigned 8 October 2009)

Andrew Miller resigned as Chief Financial Officer on 31 August 2009 but remains a director after joining Guardian Media Group plc.

Carolyn McCall, Andrew Miller (and formerly Nick Castro) are representatives of Guardian Media Group plc.

Tom Hall and Irina Hemmers are representatives of Apax Partners, a private equity firm who manage and advise funds controlling 48.9% of the shares in the group.

Management executive committee at 28 March 2010
John King  Chief Executive Officer
Zillah Byng-Maddick  Chief Financial Officer
Craig Stevens  Group Sales and Services Director
Matt Thompson  Group Marketing Director
Nathan Coe  Group Strategy and New Business Director
Joanne Walker  Group HR Director
John Crosby  Chief Information Officer
David McMinn  MD Trader Publishing
John O’Connell  MD Trader International
Sebastian Baldwin  Group Director – autotrader.co.uk

Creditor payment policy
The group’s policy is to settle terms of payment with all suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade payables of the group at 28 March 2010 were equivalent to 41 (2009: 37) days’ purchases, based on the average daily amount invoiced by suppliers during the year.
Key suppliers
The group works closely with a number of key suppliers. Condé Nast and National Magazine Distributors Limited (“COMAG”) manages the flow of all the group’s magazines through the magazine supply chain in the UK and Ireland. In addition to the contract that extends to 2013, TMG and COMAG operate a service level agreement (“SLA”) that addresses in detail each element of the supply agreement. The provision of services under the SLA is formally evaluated each year but joint monthly and quarterly business reviews are also conducted.

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

Employee consultation
The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. Employee representatives are consulted via Trader Media Employee Forums on a wide range of matters affecting their current and future interest. Information relevant to employees and the wider business is posted on the group intranet. TMG sees the relationship with its employees as key to its success. The group also has a universal employee development scheme, focused on developing the potential of all staff members.

Health and safety
The group’s policy of ensuring safe and pleasant working conditions for all employees as far as possible within the constraints imposed by the working environment, has continued to operate. A full time Health and safety team is employed by the group and is managed through a sub-committee of the Executive team which meets three times a year and is chaired by the Chief Executive Officer. This position was established eight years ago and has created a solid health and safety framework and culture within TMG.

Share capital
The group has purchased 1,734 of the 10p ordinary C shares in Trader Media Group Limited during the year representing 17% of the total C shares in issue. The purchases were made from employee shareholders who left the group during the year and were made for £nil consideration.

Land
The market value of land and buildings is estimated by the directors to be approximately £1.4 million greater than its balance sheet value of £7.7 million (2009: £0.6 million greater than balance sheet value of £10.2 million).

Directors indemnities
The group maintains liability insurance for all its directors.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently
• make judgements and accounting estimates that are reasonable and prudent
• state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the group’s websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the directors’ report is approved, the directors confirm that:

a) so far as the director is aware, there is no relevant audit information of which the company’s auditors are unaware
b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company’s auditors are aware of that information.

On behalf of the Board,

Z Byng-Maddick
Director

7 June 2010

Registered address:
Auto Trader House
Danehill
Lower Earley
Reading
Berkshire
RG6 4UT
We have audited the group financial statements of Trader Media Group Limited for the year ended 28 March 2010, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors’ responsibilities set out on page 36 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Opinion on financial statements
In our opinion, the group financial statements:

• give a true and fair view of the state of the group’s affairs as at 28 March 2010 and of its loss and cash flows for the year then ended;
• have been properly prepared in accordance with IFRSs as adopted by the European Union; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors’ Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

• certain disclosures of directors’ remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Other matter
We have reported separately on the parent company financial statements of Trader Media Group Limited for the year ended 28 March 2010.

Alan Kinnear (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

7 June 2010
## Consolidated income statement

For the year ended 28 March 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Before exceptional items £m</th>
<th>Exceptional items £m</th>
<th>Total £m</th>
<th>Before exceptional items £m</th>
<th>Exceptional items £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>3</td>
<td>250.9</td>
<td>–</td>
<td>250.9</td>
<td>279.9</td>
<td>–</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>4</td>
<td>(49.5)</td>
<td>–</td>
<td>(49.5)</td>
<td>(63.5)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution costs</td>
<td>4</td>
<td>(0.4)</td>
<td>–</td>
<td>(0.4)</td>
<td>(1.1)</td>
<td>–</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>4</td>
<td>(94.0)</td>
<td>(477.4)</td>
<td>(571.4)</td>
<td>(107.1)</td>
<td>(58.9)</td>
</tr>
<tr>
<td><strong>Operating profit/(loss)</strong></td>
<td>3</td>
<td>107.0</td>
<td>(477.4)</td>
<td>(370.4)</td>
<td>108.2</td>
<td>(58.9)</td>
</tr>
<tr>
<td>Finance income</td>
<td>8</td>
<td>0.5</td>
<td>14.1</td>
<td>14.6</td>
<td>2.5</td>
<td>28.6</td>
</tr>
<tr>
<td>Finance costs</td>
<td>8</td>
<td>(147.5)</td>
<td>–</td>
<td>(147.5)</td>
<td>(171.6)</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loss before income tax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax credit</td>
<td>9</td>
<td>–</td>
<td>3.6</td>
<td>–</td>
<td>–</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Loss for the year from continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Discontinued operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss)/profit for the year from discontinued operations</td>
<td>7</td>
<td>–</td>
<td>(2.9)</td>
<td>(2.9)</td>
<td>0.7</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Loss for the year attributable to equity shareholders of the company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.
## Consolidated Statement of Comprehensive Income

For the year ended 28 March 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the year</td>
<td>(502.6)</td>
<td>(70.3)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gain/(loss) on post employment benefit obligations, net of tax</td>
<td>9, 25</td>
<td>0.3</td>
</tr>
<tr>
<td>Cash flow hedges, net of tax</td>
<td>9, 27</td>
<td>7.2</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>9, 28</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year, net of tax</strong></td>
<td></td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year attributable to equity shareholders of the company</strong></td>
<td></td>
<td>(494.8)</td>
</tr>
</tbody>
</table>

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 9.

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.
<table>
<thead>
<tr>
<th>Note</th>
<th>Assets</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intangible assets</td>
<td>10</td>
<td>404.2</td>
</tr>
<tr>
<td></td>
<td>Property, plant and equipment</td>
<td>11</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>Deferred income tax assets</td>
<td>24</td>
<td>14.0</td>
</tr>
<tr>
<td></td>
<td>Derivative financial instruments</td>
<td>14</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Financial assets at fair value through profit or loss</td>
<td>15</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td><strong>Total Intangible assets</strong></td>
<td></td>
<td><strong>433.7</strong></td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>16</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>Other financial assets</td>
<td>17</td>
<td>21.4</td>
</tr>
<tr>
<td></td>
<td>Financial assets at fair value through profit or loss</td>
<td>15</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables</td>
<td>18</td>
<td>45.0</td>
</tr>
<tr>
<td></td>
<td>Current income tax assets</td>
<td></td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>20</td>
<td>53.7</td>
</tr>
<tr>
<td></td>
<td><strong>Total Current assets</strong></td>
<td></td>
<td><strong>122.5</strong></td>
</tr>
<tr>
<td></td>
<td>Assets of disposal group classified as held for sale</td>
<td>19</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td><strong>Total Assets</strong></td>
<td></td>
<td><strong>124.3</strong></td>
</tr>
<tr>
<td></td>
<td>Trade and other payables</td>
<td>22</td>
<td>(77.7)</td>
</tr>
<tr>
<td></td>
<td>Current income tax liabilities</td>
<td></td>
<td>(1.1)</td>
</tr>
<tr>
<td></td>
<td>Provisions for other liabilities and charges</td>
<td>23</td>
<td>(3.0)</td>
</tr>
<tr>
<td></td>
<td><strong>Total Liabilities of disposal group classified as held for sale</strong></td>
<td></td>
<td>(81.8)</td>
</tr>
<tr>
<td></td>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>(81.8)</td>
</tr>
<tr>
<td></td>
<td><strong>Net current assets</strong></td>
<td></td>
<td><strong>42.5</strong></td>
</tr>
<tr>
<td></td>
<td>Borrowings</td>
<td>21</td>
<td>(1,472.2)</td>
</tr>
<tr>
<td></td>
<td>Trade and other payables</td>
<td>22</td>
<td>(2.8)</td>
</tr>
<tr>
<td></td>
<td>Derivative financial instruments</td>
<td>14</td>
<td>(14.1)</td>
</tr>
<tr>
<td></td>
<td>Deferred income tax liabilities</td>
<td>24</td>
<td>(1.8)</td>
</tr>
<tr>
<td></td>
<td>Retirement benefit obligations</td>
<td>25</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Provisions for other liabilities and charges</td>
<td>23</td>
<td>(4.0)</td>
</tr>
<tr>
<td></td>
<td><strong>Total Non-current liabilities</strong></td>
<td></td>
<td><strong>(1,494.9)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Net liabilities</strong></td>
<td></td>
<td><strong>(1,018.7)</strong></td>
</tr>
</tbody>
</table>
### CONSOLIDATED BALANCE SHEET

As at 28 March 2010

<table>
<thead>
<tr>
<th>Equity attributable to equity holders of the company</th>
<th>Note</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>26</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Share premium</td>
<td>26</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Retained deficit</td>
<td>27</td>
<td>(1,023.5)</td>
<td>(528.4)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>28</td>
<td>3.8</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Total equity deficit</strong></td>
<td></td>
<td>(1,018.7)</td>
<td>(523.9)</td>
</tr>
</tbody>
</table>

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.

The financial statements on pages 38 to 87 were authorised for issue by the Board of Directors on 7 June 2010 and were signed on its behalf by:

**Z Byng-Maddick**

Director
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Note</th>
<th>Share capital £m</th>
<th>Share premium £m</th>
<th>Retained deficit £m</th>
<th>Other reserves £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 March 2008</strong></td>
<td>0.1</td>
<td>0.9</td>
<td>(448.3)</td>
<td>1.6</td>
<td>(445.7)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>–</td>
<td>–</td>
<td>(70.3)</td>
<td>–</td>
<td>(70.3)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial loss on post employment benefit obligations</td>
<td>9, 25</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
<td>–</td>
</tr>
<tr>
<td>Cash flow hedges, net of tax</td>
<td>9, 27</td>
<td>–</td>
<td>–</td>
<td>(9.6)</td>
<td>–</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>9, 28</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1.9</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>(9.8)</td>
<td>1.9</td>
<td>(7.9)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>–</td>
<td>–</td>
<td>(80.1)</td>
<td>1.9</td>
<td>(78.2)</td>
</tr>
<tr>
<td><strong>Balance at 29 March 2009</strong></td>
<td>0.1</td>
<td>0.9</td>
<td>(528.4)</td>
<td>3.5</td>
<td>(523.9)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>–</td>
<td>–</td>
<td>(502.6)</td>
<td>–</td>
<td>(502.6)</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gain on post employment benefit obligations</td>
<td>9, 25</td>
<td>–</td>
<td>–</td>
<td>0.3</td>
<td>–</td>
</tr>
<tr>
<td>Cash flow hedges, net of tax</td>
<td>9, 27</td>
<td>–</td>
<td>–</td>
<td>7.2</td>
<td>–</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>9, 28</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.3</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>7.5</td>
<td>0.3</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>–</td>
<td>–</td>
<td>(495.1)</td>
<td>0.3</td>
<td>(494.8)</td>
</tr>
<tr>
<td><strong>Balance at 28 March 2010</strong></td>
<td>0.1</td>
<td>0.9</td>
<td>(1,023.5)</td>
<td>3.8</td>
<td>(1,018.7)</td>
</tr>
</tbody>
</table>

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.
## Consolidated Cash Flow Statement

**For the year ended 28 March 2010**

<table>
<thead>
<tr>
<th>Note</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax paid</td>
<td>(3.8)</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>100.5</td>
<td>104.1</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiary, net of cash acquired</td>
<td>(11.2)</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds on disposal of subsidiaries and business units, net of cash disposed</td>
<td>1.9</td>
<td>17.5</td>
</tr>
<tr>
<td>Purchases of property, plant and equipment</td>
<td>(1.9)</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Purchases of intangible assets</td>
<td>(9.6)</td>
<td>(6.6)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Payment of deferred consideration</td>
<td>(2.2)</td>
<td>–</td>
</tr>
<tr>
<td>Receipt of loan notes and interest</td>
<td>0.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Bank deposit and other interest received</td>
<td>0.5</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Net cash (used)/generated from investing activities</strong></td>
<td>(22.0)</td>
<td>10.2</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of ordinary shares</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>Repayment of syndicated bank debt</td>
<td>(9.8)</td>
<td>–</td>
</tr>
<tr>
<td>Purchase of own syndicated bank debt</td>
<td>(19.4)</td>
<td>(27.0)</td>
</tr>
<tr>
<td>Repayment of other debt</td>
<td>–</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Investment in other financial assets</td>
<td>(21.4)</td>
<td>–</td>
</tr>
<tr>
<td>Interest paid on syndicated bank debt and hedging instruments</td>
<td>(37.0)</td>
<td>(62.9)</td>
</tr>
<tr>
<td>Other interest paid</td>
<td>(0.1)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(87.7)</td>
<td>(91.0)</td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>62.0</td>
<td>38.4</td>
</tr>
<tr>
<td>Transfer to disposal group classified as held for sale</td>
<td>–</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Exchange gains on cash</td>
<td>0.9</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>20</td>
<td>53.7</td>
</tr>
</tbody>
</table>

The notes on pages 44 to 87 are an integral part of these consolidated financial statements.
1. Accounting policies

Basis of preparation
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs as adopted by the EU”), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets within the next financial year relate to goodwill. The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated on page 49. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates (note 10).

New accounting standards and IFRIC interpretations
(a) New and amended standards adopted by the group
The group has adopted the following new and amended IFRSs as of 30 March 2009 and restated the comparative figures where required:

IFRS 7 Financial instruments – Disclosures (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

IAS 1 (revised) Presentation of financial statements – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expense (that is, non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard.

IFRS 2 (amendment) Share-based payment – effective 1 January 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group has adopted IFRS 2 (amendment) from 30 March 2009 and it does not have a material impact on the group financial statements in either financial year.
1. Accounting policies continued

New accounting standards and IFRIC interpretations continued

IAS 23 (amendment) Borrowing costs – effective 1 January 2009. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 30 March 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing these borrowing costs has been removed. The amendment is currently not applicable to the group as there are no qualifying assets.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are mandatory for the group’s accounting periods beginning on or after 29 March 2010 or later periods, but the group has not early adopted them:

IFRIC 17 Distribution of non-cash assets to owners – effective on or after 1 July 2009. The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution in highly probable. The group will apply IFRIC 17 from 29 March 2010. It is not expected to have a material impact on the group financial statements.

IAS 27 (revised) Consolidated and separate financial statements – effective from 1 July 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting where control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 29 March 2010.

IFRS 3 (revised) Business combinations – effective from 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 29 March 2010.

IAS 38 (amendment) Intangible assets. The amendment is part of the IASB’s annual improvements project published in April 2009 and the group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group financial statements.

IFRS 5 (amendment) Non-current assets held for sale and discontinued operations. The amendment is part of the IASB’s annual improvement project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group will apply IFRS 5 (amendment) from 29 March 2010. It is not expected to have a material impact on the group financial statements.
1. Accounting policies continued

New accounting standards and IFRIC interpretations continued

IAS 1 (amendment) Presentation of financial statements. The amendment is part of the IASB’s annual improvement project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group will apply IAS 1 (amendment) from 29 March 2010. It is not expected to have a material impact on the group financial statements.

IFRS 2 (amendments) Group cash-settled share-based payment transactions – effective from 1 January 2010. In addition to incorporating IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 Group and treasury share transactions, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the group financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of Trader Media Group Limited (the company) and all of its subsidiary undertakings for the year ended 28 March 2010. The consolidated financial statements are based on financial statements which are coterminous with those of the parent company and accounting policies have been applied consistently across the group.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in the income statement.

Intercompany transactions and balances between group companies are eliminated on consolidation.

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The group’s share of post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.
1. Accounting policies continued

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group’s activities. Revenue is stated net of discounts, returns and value added tax and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group’s activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Revenue comprises:
- fees for advertising on the group’s websites and web related activities, which are recognised as the service is provided;
- fees for advertising in the group’s publishing titles and the sale of the publication, which are recognised on publication date;
- amounts invoiced for print services provided which are recognised on dispatch of the goods to the customer;
- fees for the supply of computer software, which are recognised on the date of supply; and
- maintenance contracts, subscription and licence fees, which are recognised on a straight line basis over the period to which they relate.

Barter transactions are recognised when there is an exchange of dissimilar goods or services, and the transaction is measured at the fair value of the goods or services received in accordance with the recognition policies above.

Dividend distribution
Dividend distribution to the company’s shareholders is recognised as a liability in the group’s financial statements in the period in which the dividends are approved by the company’s shareholders.

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling (£) which is the group’s functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.
1. Accounting policies continued
Foreign currency translation continued
(c) Group companies
The results and financial position of all group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On the disposal of a foreign operation, the cumulative exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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.

Exceptional items
Significant non-recurring items of income and expense are disclosed in the income statement as “exceptional items”. Examples of items that may give rise to disclosure as exceptional items include costs of restructuring and reorganisation of the business, gains on the early extinguishment of borrowings, writing down inventories by material amounts to net realisable value, or impairments of intangible assets, property, plant and equipment, as well as the reversal of such write downs or impairments, disposals of property, plant and equipment and litigation settlements. A full analysis of exceptional items is provided in note 4.

Property, plant and equipment
All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their estimated residual values over the estimated useful lives as follows:

Land, buildings and leasehold improvements:
Freehold buildings 50 years
Leasehold land and buildings life of lease
Leasehold improvements life of lease

Motor vehicles 5 years
Plant and equipment 3 – 10 years

Assets in the course of construction are recorded within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets will be written down to their recoverable amount, if lower than the carrying value, and the impairment is charged to the income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement within administrative expenses.
1. Accounting policies continued

Intangible assets

(a) Goodwill

Goodwill represents the excess cost of an acquisition over the fair value of the group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. In respect of acquisitions prior to 29 March 2004 goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Trademarks, trade names, technology and customer relationships

Separately acquired trademarks, trade names and customer relationships are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives of between 1 and 15 years.

(c) Software

Acquired computer software is capitalised at cost, including any costs to bring into use, and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the estimated useful life of 3 to 5 years.

(d) Software and website development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products and websites controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product or website so that it will be available for use;
- management intends to complete the software product or website and use or sell it;
- there is an ability to use or sell the software product or website;
- it can be demonstrated how the software product or website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product or website include the employee and contractor costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs for software and websites are carried at cost less accumulated amortisation and are amortised over their useful lives not exceeding five years.
1. Accounting policies continued

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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 an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis.

In respect of assets other than goodwill an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Assets and liabilities (or disposal groups) held for sale

Assets and liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. On classification as held for sale, they are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses are included in the income statement, as are any gains and losses on subsequent re-measurement.

Financial assets

The group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The group’s loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through the profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets carried at fair value through the profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. They are subsequently re-measured to fair value and gains or losses arising from changes in the fair value are recognised in the income statement in the period in which they arise.
1. Accounting policies continued

Financial assets continued

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one of more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the income statement.

Derivative financial instruments and hedging

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the contract date and are subsequently re-measured at their fair value. Changes in the fair value that do not qualify for hedge accounting are recognised in the income statement as they arise.

The group documents at the inception of the transactions the relationship between the hedging instrument and the hedged item. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative used in the hedging transactions is highly effective in offsetting changes in the cash flows of the hedged item. The fair value of the derivative instrument used for hedging purposes is disclosed in note 14. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance costs. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects the profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. For work in progress and finished goods manufactured by the group, cost is taken as production cost which includes an appropriate portion of attributable overheads based on normal levels of activity.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and the instigation of legal proceedings against the debtor are considered to be indicators that a trade receivable is impaired.
1. Accounting policies continued

Cash and cash equivalents
Cash and cash equivalents include cash in hand, short term deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

Finance and issue costs associated with the borrowings are charged to the income statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

The buy-back of bank borrowings represents the discharge of the obligation to repay the debt. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised as an exceptional gain in the income statement, as it is a significant non-recurring item.

Preference shares are treated as borrowings where in substance they have features of debt instruments. The dividends on preference shares are recognised in the income statement as a finance cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
A provision is recognised when a present legal or constructive obligation exists at the balance sheet date as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the obligation.

Contingent liabilities are not recognised but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.
1. Accounting policies continued

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Employee benefits

The group operates several pension schemes and all except one are defined contribution schemes. Within the UK all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

(a) Defined contribution schemes

The assets of defined contribution schemes are held separately from those of the group in independently administered funds. The costs in respect of these schemes are charged to the income statement as incurred.

(b) Defined benefit scheme

The group operates one closed defined benefit pension scheme.

The liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme’s assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.
1. Accounting policies continued  
(c) Share based payments  
Equity settled awards are valued at grant date, and the difference between the grant date fair value and the consideration paid by the employee is charged as an expense in the income statement spread over the vesting period. The credit side of the entry is recorded in equity. Cash settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability.

Share capital  
Ordinary shares are classified as equity. Preference shares are classified as liabilities where in substance they have features of debt instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the company purchases its own equity share capital, the consideration paid is deducted from equity attributable to the company’s equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable to the company’s equity holders.

2. Financial risk management  
(a) Financial risk factors  
In the course of its business the group is exposed to market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The group’s overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the board of directors.

Market risk  
The group operates primarily in the UK automotive market place which has experienced a difficult trading environment over the last 18 months. Consumer demand for vehicles has been low leading to dealers cutting back on volumes of stock, thereby impacting on advertising spend.

The group’s share of total advertising spend in the automotive market is under constant threat from new and incumbent competitors, especially online where barriers to entry are lowest. These risks are mitigated by continual monitoring of overall market conditions and investment in products and marketing to ensure the group not only delivers the best response to advertisers, but better value for money than its competitors.

All group products are being impacted by the shift to the online delivery channel and the group is therefore exposed to the rapid pace of change in this area. To mitigate this, the group has allocated extra investment and people to this channel and continues to monitor its own and competitor performance closely. Consumer protection is also crucial and the group continues to play a leading role in this area.

i) Foreign exchange risk  
The group operates in a number of overseas regions being Ireland, Italy and South Africa. Foreign currency denominated net assets of overseas operations are not hedged as they represent a relatively small proportion of the group’s net assets. The group operates a dividend policy across these regions ensuring any surplus cash is remitted to the UK thereby minimising the impact of exchange volatility. Forward currency contracts are entered into when appropriate to eliminate exposures on this dividend income.

At 28 March 2010, if the Pound had strengthened/weakened by 20% against the Euro with all other variables held constant, post-tax loss for the year would have been £0.5 million higher/£0.7 million lower (2009: £0.9 million higher/£1.3 million lower). There is no impact to other elements of equity as a result of changes to the exchange rate with the Euro. There is no significant exposure to foreign exchange risk for the group on amounts being held in South African Rand.
2. Financial risk management continued

ii) Interest rate risk

The group has interest bearing assets, primarily cash, which are at risk of fluctuations in interest rates. Cash levels and market interest rates available are monitored by the group treasury function to ensure risks are minimised.

The group’s interest rate risk also arises from long term borrowings with the syndicated bank loan and shareholder loans subject to floating rates of interest linked to LIBOR. The group manages its cash flow interest rate risk on the bank borrowings by using an interest rate swap and a cap agreement to convert a proportion of the debt from floating to fixed rates (note 14).

Under the interest rate swap the group agrees with the other party to exchange on a monthly basis the difference between the fixed contract rate and the floating rate interest amounts calculated by reference to the agreed notional amounts.

On the cap agreement the group receives the difference between the cap rate and the current floating rate should the latter be higher in the month in question, again calculated with reference to agreed notional amounts. When the floating rate is lower than the cap rate, no cash flows arise under this agreement.

At 28 March 2010, if the interest rates affecting the group had varied as shown below with all other variables held constant, post-tax loss for the year would have been higher by £16.1 million or lower by £3.5 million (2009: £32.3 million higher/£7.3 million lower). Significant fluctuations in global interest rates have impacted the interest accruing on the syndicated bank loans and shareholder loans (note 21), offset by significant cash balances (note 20) held largely in the UK at both balance sheet dates. The cash impact of these fluctuations would have been £1.6 million higher/£0.4 million lower (2009: £2.7 million higher/£0.7 million lower).

Other components of equity would have been £0.1 million higher/£0.2 million lower (2009: £0.2 million higher/£0.8 million lower) as a result of the increase/decrease in the fair value of the interest rate swap (note 14).

<table>
<thead>
<tr>
<th>Interest rate</th>
<th>Potential variance in interest rate 2010 (basis points)</th>
<th>Potential variance in interest rate 2009 (basis points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK LIBOR</td>
<td>+ 230/- 50</td>
<td>+ 450/- 100</td>
</tr>
<tr>
<td>Euro LIBOR</td>
<td>+ 80/- 40</td>
<td>+ 410/- 120</td>
</tr>
<tr>
<td>South African Central Bank rate</td>
<td>+/- 200</td>
<td>+/- 140</td>
</tr>
</tbody>
</table>

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to customers.

The group minimises its risk by dealing with only a limited range of financial institutions with secure credit ratings (note 20).

A reduction in the amount of credit provided to those purchasing vehicles has reduced activity in the market and over the longer term will continue to adversely impact dealer profitability. This combined with the current recession is expected to impact all areas of the business.

With the slowdown in the automotive market place, dealer margins are placed under pressure and the risk to the group of non-payment of invoices increases. The bad debt risk also rises where customers providing financial services are unable to obtain funding for their products. Policies and procedures exist to ensure that customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Overall the group considers that it is not exposed to a significant amount of either customer credit or bad debt risk due to the diversified and fragmented nature of the customer base. Since 2008, a single customer services team has been in place in the UK to improve the group’s focus on debt collection.
2. Financial risk management continued
Liquidity risk
Cash flow forecasting is performed centrally by group treasury. Rolling forecasts of the group’s liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group’s debt financing plans and minimising the need to carry significant external net debt over the medium term. Surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest-bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above mentioned forecasts. At the balance sheet date the group held money market deposits of £25.0 million (2009: £41.0 million) that are expected to generate cash inflows for managing liquidity risk.

The table below analyses the group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.

<table>
<thead>
<tr>
<th></th>
<th>Less than 1 year £m</th>
<th>Between 1 and 2 years £m</th>
<th>Between 2 and 5 years £m</th>
<th>Over 5 years £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,472.2</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>13.1</td>
<td>1.9</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Trade payables</td>
<td>69.9</td>
<td>0.9</td>
<td>1.9</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,407.9</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>15.7</td>
<td>8.7</td>
<td>1.5</td>
<td>–</td>
</tr>
<tr>
<td>Trade payables</td>
<td>80.4</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Of the £680.8 million disclosed in the 28 March 2010 borrowings payable in more than 5 years, the group intends to repay £nil in the first quarter of the next financial year.

Derivative financial instruments comprise the interest rate swap used by the group to manage the interest rate profile.

Price risk
The group is exposed to commodity risk as a result of its operations. However, given the size and nature of the group’s operations, the cost of managing exposure to commodity risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the group’s operations change in the future. The group has no exposure to equity securities as it holds no listed or other equity investments.

The group manages paper price risk in the UK through purchasing agreements with related undertakings at fixed prices.
2. Financial risk management continued

Technology risk
The group is exposed to technological risks to its websites which could manifest themselves in a variety of ways such as:

- Malicious intrusion for theft of data;
- Virus infection to cause disruption;
- Bogus advertisers using the site for criminal activities; and
- Attempts to harvest customer credit card data.

Through effective use of technology solutions and strict adherence to industry standards the group deploys tools and processes that automatically intercept, identify and effectively mitigate the vast majority of the threats above. In order to provide the group with additional assurance a small team of security experts are employed who are continually monitoring these activities outside the group to ensure new known threats are mitigated before they attempt to approach our infrastructure. In addition the group has established external relationships with acknowledged experts in this field to ensure where there is improved best practice we are ready to adopt it.

(b) Capital risk management
The group’s objectives when managing capital are to safeguard its ability to continue as a going concern. The risk that the leveraged nature of the group affects the future development and going concern has been mitigated through the structure of the debt financing. Neither the cumulative irredeemable £1 preference shares nor the shareholder loans require performance conditions to be met. Likewise the terms of the £835 million Senior Facilities Agreement (SFA) are such that the borrower group is not required to adhere to performance related leverage or interest cover ratios or to restrict capital expenditure. Whilst repayments can be made without penalty under the shareholder loan agreements and the SFA, there is no requirement to settle all or part of these debt instruments earlier than their respective termination dates in 2016 and 2015. Restrictions do exist to limit the level of additional indebtedness incurred, the extent of dividends payable and there is a requirement to repay a proportion of any excess cash flow but these are not expected to materially impact the planned growth of the group.

This debt structure, when taken in conjunction with the projected cash flows, is considered sufficiently flexible to ensure that the group can continue to service its obligations as they fall due even if the group suffered a significant reduction in trading performance.

(c) Fair value estimation
Effective 30 March 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
2. Financial risk management continued
   (c) Fair value estimation continued
   The following table presents the group’s assets and liabilities that are measured at fair value:

<table>
<thead>
<tr>
<th></th>
<th>Level 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit and loss</td>
<td>4.4</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments (used for hedging)</td>
<td>(14.1)</td>
<td>(14.1)</td>
</tr>
</tbody>
</table>

   As at 29 March 2009
<table>
<thead>
<tr>
<th></th>
<th>Level 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit and loss</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments (used for hedging)</td>
<td>(25.9)</td>
<td>(25.9)</td>
</tr>
</tbody>
</table>

   The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date and these instruments are included in level 1. The group has no such instruments at the balance sheet date.

   The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

   If one of more of the significant inputs is not based on observable market data, the instrument is included in level 3.

   Specific valuation techniques used to value financial instruments include:

   - The fair values of the interest rate swap and cap agreements (derivative financial instruments) are calculated at the present value of the estimated future cash flows.
   - A specific contractual rate is used to determine the fair value of the financial asset at fair value through profit or loss.
3. Segmental information
Management has determined the operating segments based on the reports reviewed by its Chief Operating Decision Maker (the Executive Committee) that are used to make strategic decisions as follows:

- Trader Digital – classified automotive advertising online, principally through the Autotrader.co.uk website and other internet services provided to automotive dealers and manufacturers.
- Trader Publishing – classified automotive advertising principally in magazine titles in Great Britain as follows: regional Auto Trader and AdTrader publications and the national titles Top Marques, Truck and Plant Trader, Farmers Trader, Bike Trader and Motorhome and Caravan Trader. The print business is within this segment as it primarily prints the group’s publications.
- Trader International – automotive classified advertising online and in magazines in Northern Ireland, the Republic of Ireland, Italy and South Africa.

Trader Digital and Trader Publishing have been combined into the one reportable segment of UK Titles as they both have the following characteristics with the only difference being the route to market:

- provide classified automotive advertising through photographs and adverts that have the same look and feel;
- sell within the Great Britain market and therefore operate in an economic climate with the same risks;
- sell to the same trade and private customers, through the same sales team; and
- use the same Auto Trader branding.

The reportable segments have changed in the current financial year due to restructuring within the group and the way in which the Executive Committee consider the performance of the business, and therefore the comparatives have been restated accordingly.

Acorn Web Offset Limited, one of the printing businesses, was sold during the year. It has been classified within discontinued operations in the income statement as it primarily performed printing for external customers. This printing business and the Dutch trading subsidiary that was disposed of in the previous financial year are excluded from the segmental information.

The Executive Committee evaluates the performance of the operating segments based on revenue and EBITDA (earnings before interest, tax, depreciation and amortisation). The measurement basis excludes the effects of goodwill impairments and other exceptional items however these items have been included separately in the segmental information.
### 3. Segmental information continued

The segment information provided to the Executive Committee for the reportable segments is as follows:

<table>
<thead>
<tr>
<th></th>
<th>UK Titles £m</th>
<th>2010 Trader £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment revenue</td>
<td>207.1</td>
<td>45.4</td>
<td>252.5</td>
</tr>
<tr>
<td>Inter-segment revenue</td>
<td>(1.6)</td>
<td>(1.6)</td>
<td></td>
</tr>
<tr>
<td>Revenue from external customers</td>
<td>205.5</td>
<td>45.4</td>
<td>250.9</td>
</tr>
<tr>
<td>EBITDA</td>
<td>96.9</td>
<td>18.9</td>
<td>115.8</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(10.3)</td>
<td>(0.7)</td>
<td>(11.0)</td>
</tr>
<tr>
<td>Exceptional items: impairments</td>
<td>(467.9)</td>
<td>(7.8)</td>
<td>(475.7)</td>
</tr>
<tr>
<td>Exceptional items: profit on sale</td>
<td>0.5</td>
<td>–</td>
<td>0.5</td>
</tr>
<tr>
<td>Exceptional items: other</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Segment operating (loss)/profit</td>
<td>(380.8)</td>
<td>10.4</td>
<td>(370.4)</td>
</tr>
<tr>
<td>Segment assets</td>
<td>403.8</td>
<td>63.3</td>
<td>467.1</td>
</tr>
</tbody>
</table>

Sales between segments are carried out at arm’s length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the income statement. Where external revenues combine magazine and web revenues into a single package, the magazine and web revenues are allocated across the relevant segments. Where costs are incurred by one segment on behalf of another, the costs are recharged.
3. Segmental information continued

A reconciliation of the total segment operating (loss)/profit to the loss before tax and discontinued operations is provided as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total segment operating (loss)/profit</td>
<td>(370.4)</td>
<td>49.3</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>(132.9)</td>
<td>(140.5)</td>
</tr>
<tr>
<td><strong>Loss before tax and discontinued operations</strong></td>
<td><strong>(503.3)</strong></td>
<td><strong>(91.2)</strong></td>
</tr>
</tbody>
</table>

Finance income and finance costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash and borrowings position of the group.

The Executive Committee do not review any balance sheet information by segment and as such only segment assets as required by IFRS 8 are disclosed in the segmental information. Segment assets are presented in a manner consistent with that of the financial statements and are allocated based on the operations of the segment and the physical location of the assets. Cash and cash equivalents, certain financial assets at fair value through profit or loss and deferred tax assets are excluded from the segments as these are managed and calculated centrally.

Reportable segments’ assets are reconciled to total assets per the consolidated balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets</td>
<td>467.1</td>
<td>921.9</td>
</tr>
<tr>
<td>Unallocated:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss: derivative asset</td>
<td>1.7</td>
<td>–</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>21.4</td>
<td>–</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>14.0</td>
<td>17.4</td>
</tr>
<tr>
<td>Current income tax assets</td>
<td>0.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Assets of disposal group classified as held for sale</td>
<td>–</td>
<td>6.7</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>53.7</td>
<td>62.0</td>
</tr>
<tr>
<td><strong>Total assets per the consolidated balance sheet</strong></td>
<td><strong>558.0</strong></td>
<td><strong>1,008.7</strong></td>
</tr>
</tbody>
</table>

The group is domiciled in the UK and the following table details external sales by location of customers and non-current assets (excluding deferred tax) by geographic area:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>214.5</td>
<td>239.9</td>
</tr>
<tr>
<td>Rest of world</td>
<td>36.4</td>
<td>40.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>250.9</strong></td>
<td><strong>279.9</strong></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>373.3</td>
<td>821.7</td>
</tr>
<tr>
<td>Rest of world</td>
<td>46.4</td>
<td>56.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>419.7</strong></td>
<td><strong>877.9</strong></td>
</tr>
</tbody>
</table>

Due to the large number of customers the group serves, there are no individual customers whose revenue is material compared to the group’s total revenue in both years.
### 4. Expenses by nature

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material and consumables</td>
<td>11.9</td>
<td>24.9</td>
</tr>
<tr>
<td>Change in inventories of finished goods and work in progress</td>
<td>1.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Staff costs (note 5)</td>
<td>64.9</td>
<td>80.5</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment (note 11)</td>
<td>6.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Amortisation of intangibles (note 10)</td>
<td>4.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Operating lease payments</td>
<td>3.8</td>
<td>5.6</td>
</tr>
<tr>
<td>Net foreign exchange gains</td>
<td>–</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>56.7</td>
<td>69.1</td>
</tr>
<tr>
<td><strong>Total cost of sales, distribution costs and administrative expenses</strong></td>
<td><strong>149.5</strong></td>
<td><strong>189.7</strong></td>
</tr>
</tbody>
</table>

#### Exceptional items:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment charges: goodwill (note 10)</td>
<td>470.8</td>
<td>49.3</td>
</tr>
<tr>
<td>Impairment charges: property, plant and equipment (note 11)</td>
<td>4.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Restructuring of group operations</td>
<td>2.2</td>
<td>11.7</td>
</tr>
<tr>
<td>Impairment charges on termination of operations</td>
<td>–</td>
<td>0.7</td>
</tr>
<tr>
<td>Other costs on termination of operations</td>
<td>–</td>
<td>1.1</td>
</tr>
<tr>
<td>Profit on sale of business</td>
<td>(0.5)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total cost of sales, distribution costs and administrative expenses</strong></td>
<td><strong>477.4</strong></td>
<td><strong>63.2</strong></td>
</tr>
</tbody>
</table>

The expenses above include £5.6 million (2009: £22.3 million) of costs relating to discontinued operations. Restructuring of group operations relates to costs incurred on the back office consolidation and single sales structure. The costs mainly represent redundancy costs and onerous lease costs.

#### Services provided by the company’s auditor

During the year, the group (including overseas subsidiaries) obtained the following services from the company’s auditors:

<table>
<thead>
<tr>
<th>Service</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees payable for the audit of the company and consolidated financial statements</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Fees payable for other services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– The audit of the company’s subsidiaries pursuant to legislation</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>– Tax services</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>– Services relating to corporate finance transactions entered into by the company or any of its associates</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total service fees</strong></td>
<td><strong>0.4</strong></td>
<td><strong>0.5</strong></td>
</tr>
</tbody>
</table>

Fees for the audit of the group’s circulation statistics were paid to Audit Bureau of Circulation of £21,000 (2009: £36,000).
5. Employees and directors

<table>
<thead>
<tr>
<th>Wages and salaries</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social security costs</td>
<td>6.4</td>
<td>7.2</td>
</tr>
<tr>
<td>Pension costs – defined contribution schemes (note 25)</td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Pension costs – defined benefit schemes (note 25)</td>
<td>0.2</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>67.1</strong></td>
<td><strong>88.8</strong></td>
</tr>
</tbody>
</table>

Within restructuring of group operations in note 4 is £2.2 million (2009: £8.3 million) of redundancy costs which has been included in wages and salaries.

The average monthly number of employees (including executive directors) employed by the group was as follows:

<table>
<thead>
<tr>
<th>Administration</th>
<th>2010 Number</th>
<th>2009 Number</th>
<th>Full time equivalent 2010 Number</th>
<th>2009 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>567</td>
<td>790</td>
<td>561</td>
<td>735</td>
</tr>
<tr>
<td>Sales</td>
<td>1,081</td>
<td>1,340</td>
<td>1,015</td>
<td>1,195</td>
</tr>
<tr>
<td>Production</td>
<td>438</td>
<td>730</td>
<td>404</td>
<td>650</td>
</tr>
<tr>
<td></td>
<td><strong>2,086</strong></td>
<td><strong>2,860</strong></td>
<td><strong>1,980</strong></td>
<td><strong>2,580</strong></td>
</tr>
</tbody>
</table>

6. Directors and key management remuneration

Directors’ emoluments

<table>
<thead>
<tr>
<th>Directors’ emoluments</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension contributions</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td><strong>1.2</strong></td>
<td><strong>1.2</strong></td>
</tr>
</tbody>
</table>

Two directors (2009: 2) were members of the group’s defined contribution scheme.

All the above remuneration was paid by Trader Publishing Limited.

The remuneration of the highest paid director was as follows:

<table>
<thead>
<tr>
<th>Aggregate emoluments</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension contributions</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td><strong>0.7</strong></td>
<td><strong>0.7</strong></td>
</tr>
</tbody>
</table>

John King and Zillah Byng-Maddick received remuneration in respect of their services as directors of the company and subsidiary undertakings. Andrew Miller received remuneration in respect of his services a director of the company and subsidiary undertakings up to the date of his resignation as Chief Financial Officer of the group. A sum of £0.1 million was paid to Andrew Miller as compensation for change of office. After this date he received no remuneration in respect of his services as a director of the company.

Nick Castro, Carolyn McCall, Tom Hall and Irina Hemmers received no remuneration in respect of their services as directors of the company. Guardian Media Group plc and Apax Partners received a total of £0.1 million (2009: £0.1 million) for provisions of directors’ services to the group (note 32).
6. Directors and key management remuneration continued

John King holds shares in the company. The shares held by Andrew Miller were bought back by the company on his resignation as Chief Financial Officer in August 2009 (note 32). Tom Hall and Irina Hemmers each have an indirect economic interest in the shares of the company held by funds managed by Apax Partners.

Key management compensation

Key management for the purposes of this disclosure comprises the members of the Executive Committee. The aggregate emoluments of all key management (including directors) were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and short term employee benefits</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Other long term benefits</td>
<td>–</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td><strong>3.3</strong></td>
<td><strong>3.2</strong></td>
</tr>
</tbody>
</table>

7. Discontinued operations

The analysis of the result of discontinued operations is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5.7</td>
<td>18.6</td>
</tr>
<tr>
<td>Expenses (note 4)</td>
<td>(5.6)</td>
<td>(18.0)</td>
</tr>
<tr>
<td>Expenses: exceptional items (note 4)</td>
<td>–</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Profit/(loss) before tax of discontinued operations</td>
<td>0.1</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Income tax (expense)/credit</td>
<td>(0.1)</td>
<td>0.1</td>
</tr>
<tr>
<td>Loss after tax of discontinued operations</td>
<td>–</td>
<td>(3.6)</td>
</tr>
<tr>
<td>(Loss)/gain on disposal of discontinued operations</td>
<td>(2.9)</td>
<td>10.6</td>
</tr>
<tr>
<td></td>
<td><strong>(2.9)</strong></td>
<td><strong>7.0</strong></td>
</tr>
</tbody>
</table>

The (loss)/gain on sale of subsidiary undertakings relates to the sale of wholly owned subsidiaries announced in the year as detailed below:

<table>
<thead>
<tr>
<th></th>
<th>Date disposed</th>
<th>2010 Net proceeds £m</th>
<th>2010 (Loss)/gain on sale £m</th>
<th>2009 Net proceeds £m</th>
<th>2009 (Loss)/gain on sale £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trader Media (TNT) Limited</td>
<td>26 February 2008</td>
<td>–</td>
<td>(0.6)</td>
<td>–</td>
<td>(0.2)</td>
</tr>
<tr>
<td>European Auto Trader BV</td>
<td>12 August 2008</td>
<td>–</td>
<td>0.1</td>
<td>17.5</td>
<td>10.8</td>
</tr>
<tr>
<td>Acorn Web Offset Limited</td>
<td>28 August 2009</td>
<td>1.5</td>
<td>(2.9)</td>
<td>17.5</td>
<td>10.6</td>
</tr>
</tbody>
</table>

An additional loss of £0.6 million has arisen on the sale of Trader Media (TNT) Limited as loan notes receivable that were issued by the purchaser in connection with the sale are not considered to be recoverable (note 18).
8. Finance income and finance costs

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on refund of corporation tax</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>On bank balances</td>
<td>0.4</td>
<td>2.3</td>
</tr>
<tr>
<td>On loan notes</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Net gain on debt buy back</td>
<td>14.1</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>14.6</td>
<td>31.1</td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On bank loans and overdrafts</td>
<td>19.5</td>
<td>55.3</td>
</tr>
<tr>
<td>On shareholders’ loans</td>
<td>43.3</td>
<td>49.7</td>
</tr>
<tr>
<td>Dividend on preference shares</td>
<td>56.5</td>
<td>48.9</td>
</tr>
<tr>
<td>Net losses on derivative financial instruments</td>
<td>16.4</td>
<td>6.7</td>
</tr>
<tr>
<td>Ineffectiveness on derivatives designated as cash flow hedges</td>
<td>(1.7)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Amortised debt issue costs</td>
<td>13.4</td>
<td>10.8</td>
</tr>
<tr>
<td>Unwinding of discount on provisions</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>147.5</td>
<td>171.6</td>
</tr>
</tbody>
</table>

Between February and May 2009 the group purchased part of the debt issued by Trader Media Corporation Limited, a subsidiary undertaking. The purchase of this debt, while an arms length transaction from parties external to the group, was at a discount to the debt’s nominal value and resulted in a profit to the group of £12.4 million in the period (2009: £28.6 million). Transaction costs associated with the purchase of this debt were £nil (2009: £0.4 million). The group has a right to repurchase further debt at a discount and the fair value of the gain on this transaction is £1.7 million (2009: £nil) (note 15).

9. Income tax credit

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK corporation taxation</td>
<td>1.1</td>
<td>–</td>
</tr>
<tr>
<td>Foreign taxation</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Relief for double taxation</td>
<td>(0.3)</td>
<td>–</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>0.3</td>
<td>(8.8)</td>
</tr>
<tr>
<td>Total current taxation</td>
<td>5.0</td>
<td>(5.3)</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>(7.9)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>(0.7)</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Total deferred taxation</td>
<td>(8.6)</td>
<td>(8.6)</td>
</tr>
<tr>
<td>Total income tax credit</td>
<td>(3.6)</td>
<td>(13.9)</td>
</tr>
</tbody>
</table>
9. **Income tax credit** continued

The differences between the total taxation shown above and the amount calculated by applying the standard rate of UK corporation taxation to the loss before taxation on continuing operations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loss before income tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(503.3)</td>
<td>(91.2)</td>
</tr>
</tbody>
</table>

Tax on loss on ordinary activities at the standard UK corporation tax rate of 28% (2009: 28%)

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(140.9)</td>
<td>(25.5)</td>
</tr>
</tbody>
</table>

Expenses not deductible for taxation purposes (primarily goodwill amortisation, impairment and certain finance charges including preference share interest)

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>147.8</td>
<td>30.4</td>
</tr>
</tbody>
</table>

Income not included for taxation purposes

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(10.0)</td>
<td>(3.6)</td>
</tr>
</tbody>
</table>

Adjustments in respect of foreign tax rates

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.4</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Depreciation in excess of capital allowances and other temporary differences

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(0.5)</td>
<td>(0.1)</td>
</tr>
</tbody>
</table>

Adjustments to taxation charge in respect of prior years

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(0.4)</td>
<td>(15.3)</td>
</tr>
</tbody>
</table>

**Total income tax credit**

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3.6)</td>
<td>(13.9)</td>
</tr>
</tbody>
</table>

The group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

The group’s overseas tax rates are lower than those in the UK, primarily because the profits earned in Ireland are taxed at a rate of 12.5%.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before tax £m</td>
<td>Tax charge £m</td>
</tr>
<tr>
<td>Actuarial gain/(loss) on post employment benefit obligations</td>
<td>25</td>
<td>0.4</td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>27</td>
<td>10.0</td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>28</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>10.7</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Current income tax</td>
<td>24</td>
<td>–</td>
</tr>
<tr>
<td>Deferred income tax</td>
<td>24</td>
<td>(2.9)</td>
</tr>
</tbody>
</table>

No income tax was (charged)/credited directly to equity during the year (2009: £nil).
### 10. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Goodwill £m</th>
<th>Software &amp; website development costs £m</th>
<th>Customer relationships £m</th>
<th>Technology £m</th>
<th>Trade names and trademarks £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 March 2008</td>
<td>1,103.8</td>
<td>15.1</td>
<td>4.9</td>
<td>1.8</td>
<td>0.8</td>
<td>1,126.4</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>6.6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6.6</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(3.7)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>1.2</td>
<td>–</td>
<td>0.2</td>
<td>–</td>
<td>–</td>
<td>1.4</td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td>1,105.0</td>
<td>18.0</td>
<td>5.1</td>
<td>1.8</td>
<td>0.8</td>
<td>1,130.7</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>12.9</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12.9</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>8.6</td>
<td>–</td>
<td>2.4</td>
<td>0.1</td>
<td>1.3</td>
<td>12.4</td>
</tr>
<tr>
<td>Disposals</td>
<td>(6.3)</td>
<td>(2.2)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(0.2)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>At 28 March 2010</strong></td>
<td><strong>1,107.1</strong></td>
<td><strong>28.7</strong></td>
<td><strong>7.5</strong></td>
<td><strong>1.9</strong></td>
<td><strong>2.1</strong></td>
<td><strong>1,147.3</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Goodwill £m</th>
<th>Software &amp; website development costs £m</th>
<th>Customer relationships £m</th>
<th>Technology £m</th>
<th>Trade names and trademarks £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated amortisation and impairments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 March 2008</td>
<td>213.3</td>
<td>11.5</td>
<td>1.6</td>
<td>0.5</td>
<td>0.2</td>
<td>227.1</td>
</tr>
<tr>
<td>Amortisation charge</td>
<td>–</td>
<td>1.8</td>
<td>0.7</td>
<td>0.3</td>
<td>0.1</td>
<td>2.9</td>
</tr>
<tr>
<td>Impairment</td>
<td>48.9</td>
<td>–</td>
<td>0.4</td>
<td>–</td>
<td>–</td>
<td>49.3</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(3.5)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>–</td>
<td>–</td>
<td>0.1</td>
<td>–</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td>262.2</td>
<td>9.8</td>
<td>2.8</td>
<td>0.8</td>
<td>0.3</td>
<td>275.9</td>
</tr>
<tr>
<td>Amortisation charge</td>
<td>–</td>
<td>3.7</td>
<td>0.8</td>
<td>0.3</td>
<td>0.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Impairment</td>
<td>470.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>470.8</td>
</tr>
<tr>
<td>Disposals</td>
<td>(6.3)</td>
<td>(2.2)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(8.5)</td>
</tr>
<tr>
<td><strong>At 28 March 2010</strong></td>
<td><strong>726.7</strong></td>
<td><strong>11.3</strong></td>
<td><strong>3.6</strong></td>
<td><strong>1.1</strong></td>
<td><strong>0.4</strong></td>
<td><strong>743.1</strong></td>
</tr>
</tbody>
</table>

**Net book value at 28 March 2010** 380.4 17.4 3.9 0.8 1.7 404.2

**Net book value at 29 March 2009** 842.8 8.2 2.3 1.0 0.5 854.8

The amortisation charge of £4.9 million (2009: £2.9 million) has been charged in administrative expenses in the income statement.

Goodwill is allocated to the group’s cash generating units (CGUs) identified according to the operating segment. An operating segment-level summary of the goodwill allocation is presented below.

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Titles</td>
<td>325.1</td>
<td>779.5</td>
</tr>
<tr>
<td>Overseas Titles</td>
<td>55.3</td>
<td>63.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>380.4</strong></td>
<td><strong>842.8</strong></td>
</tr>
</tbody>
</table>

The reportable segments were changed during the year (note 3) and as such the comparatives have been restated to be consistent.
10. Intangible assets continued

An impairment loss of £470.8 million (2009: £49.3 million) was charged in the year after an impairment review. The impairment loss was measured by reference to the calculated value in use of each CGU based on pre-tax cash flow projections in the most recent five year plan approved by the directors. Cash flows beyond the five year period were extrapolated using the growth rates shown below, which have been applied to the individual CGUs. These growth rates do not exceed the long term average growth rates for the sectors in which the CGUs operate. The growth rates which have been applied to the CGUs are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Titles</td>
<td>0.0 to 2.0</td>
</tr>
<tr>
<td>Overseas Titles</td>
<td>0.0 to 2.0</td>
</tr>
</tbody>
</table>

No comparatives have been given due to the reorganisation of the operating segment data reported to the chief operating decision maker.

Goodwill has been allocated to CGUs using an earnings before interest, tax, depreciation and amortisation weighting except where new CGUs arise as a result of an acquisition, in which case the goodwill arising on that acquisition is allocated to the CGU. The pre-tax discount rates which have been applied to individual CGUs for potential impairments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Titles</td>
<td>13.0 to 13.7</td>
</tr>
<tr>
<td>Overseas Titles</td>
<td>13.0 to 18.3</td>
</tr>
</tbody>
</table>

No comparatives have been given due to the reorganisation of the operating segment data reported to the chief operating decision maker.

Impairment charges arose in the UK Titles segment of £463.0 million (2009: £49.3 million) and the Overseas Titles segment of £7.8 million (2009: £nil).

The size of the impairment in the current year reflects a change in the segmental presentation of the business; as the operating segments of the group have been reassessed, so have the CGUs to which impairment tests are applied. As CGUs now include separate elements for the Auto Trader publishing and autotraderc.co.uk parts of the business, an impairment has been identified for the publishing CGU reflecting the effect of advertising spend migrating online. No other reasonably possible change in the key assumptions would cause any further impairments in the CGUs.
10. Intangible assets continued
On 3 June 2009 the group acquired 100% of the ordinary share capital of Trademail Holdings Limited (and its wholly owned subsidiary undertaking Auto Trade-mail Limited) for cash consideration of £11.7 million. Goodwill of £8.6 million resulted on acquisition as follows:

<table>
<thead>
<tr>
<th></th>
<th>Book value £m</th>
<th>Fair value adjustment £m</th>
<th>Fair value acquired £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>–</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>0.5</td>
<td>–</td>
<td>0.5</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(0.2)</td>
<td>–</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td>0.3</td>
<td>–</td>
<td>0.3</td>
</tr>
<tr>
<td>Deferred income tax liability (note 24)</td>
<td>–</td>
<td>(1.0)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Fair value of net assets acquired</strong></td>
<td></td>
<td></td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td></td>
<td></td>
<td>8.6</td>
</tr>
<tr>
<td><strong>Total consideration</strong></td>
<td></td>
<td></td>
<td>11.7</td>
</tr>
</tbody>
</table>
11. Property, plant and equipment

<table>
<thead>
<tr>
<th>Cost</th>
<th>Assets under construction £m</th>
<th>Land, buildings and leasehold improvements £m</th>
<th>Plant and equipment £m</th>
<th>Motor vehicles £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 March 2008</td>
<td>0.2</td>
<td>16.6</td>
<td>71.7</td>
<td>1.2</td>
<td>89.7</td>
</tr>
<tr>
<td>Additions</td>
<td>1.1</td>
<td>0.1</td>
<td>2.8</td>
<td>-</td>
<td>4.0</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(0.9)</td>
<td>(3.4)</td>
<td>(0.4)</td>
<td>(4.7)</td>
</tr>
<tr>
<td>Assets brought into use</td>
<td>(1.0)</td>
<td>-</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to disposal group classified as held for sale (note 19)</td>
<td>-</td>
<td>(4.2)</td>
<td>(8.6)</td>
<td>(0.1)</td>
<td>(12.9)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>-</td>
<td>0.5</td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td>0.3</td>
<td>11.6</td>
<td>64.0</td>
<td>0.7</td>
<td>76.6</td>
</tr>
<tr>
<td>Additions</td>
<td>0.5</td>
<td>0.1</td>
<td>1.3</td>
<td>-</td>
<td>1.9</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(0.7)</td>
<td>(11.9)</td>
<td>(0.2)</td>
<td>(12.8)</td>
</tr>
<tr>
<td>Assets brought into use</td>
<td>(0.1)</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
<td>-</td>
<td>(0.1)</td>
</tr>
<tr>
<td>At 28 March 2010</td>
<td>0.7</td>
<td>11.0</td>
<td>53.5</td>
<td>0.5</td>
<td>65.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Depreciation</th>
<th>Cost</th>
<th>Assets under construction £m</th>
<th>Land, buildings and leasehold improvements £m</th>
<th>Plant and equipment £m</th>
<th>Motor vehicles £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 March 2008</td>
<td>-</td>
<td>5.8</td>
<td>53.2</td>
<td>0.9</td>
<td>59.9</td>
<td></td>
</tr>
<tr>
<td>Charge for the year</td>
<td>-</td>
<td>0.6</td>
<td>7.0</td>
<td>-</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(0.7)</td>
<td>(3.4)</td>
<td>(0.4)</td>
<td>(4.5)</td>
<td></td>
</tr>
<tr>
<td>Transfer to disposal group classified as held for sale (note 19)</td>
<td>-</td>
<td>(1.2)</td>
<td>(8.1)</td>
<td>(0.1)</td>
<td>(9.4)</td>
<td></td>
</tr>
<tr>
<td>Exchange differences</td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>-</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td>-</td>
<td>4.5</td>
<td>49.1</td>
<td>0.5</td>
<td>54.1</td>
<td></td>
</tr>
<tr>
<td>Charge for the year</td>
<td>-</td>
<td>0.4</td>
<td>5.7</td>
<td>0.1</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>0.8</td>
<td>4.1</td>
<td>-</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(0.6)</td>
<td>(11.7)</td>
<td>(0.2)</td>
<td>(12.5)</td>
<td></td>
</tr>
<tr>
<td>Exchange differences</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>At 28 March 2010</td>
<td>-</td>
<td>5.1</td>
<td>47.4</td>
<td>0.4</td>
<td>52.9</td>
<td></td>
</tr>
</tbody>
</table>

Net book value at 28 March 2010 0.7 5.9 47.4 0.4 52.9

Depreciation expense of £2.6 million (2009: £3.3 million) has been charged in cost of sales and £3.6 million (2009: £4.4 million) in administrative expenses in continuing operations.

An impairment of £4.9 million (2009: £nil) has been recorded against certain assets in the remaining print business based on recent valuations obtained.
12. Investments
The principal trading and holding subsidiaries of the group are as follows:

<table>
<thead>
<tr>
<th>Subsidiary undertakings</th>
<th>Country of registration or incorporation</th>
<th>Principal activity</th>
<th>Class of shares held</th>
<th>Percentage owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Trade-mail Limited</td>
<td>England and Wales</td>
<td>Internet services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Edizeta srl</td>
<td>Italy</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>The Car Trader (Pty) Limited</td>
<td>South Africa</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trademail Holdings Limited</td>
<td>England and Wales</td>
<td>Internet services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trader Finance (2009) Limited</td>
<td>England and Wales</td>
<td>Financing company</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trader Media Corporation Limited</td>
<td>England and Wales</td>
<td>Holding company</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trader Publishing Limited</td>
<td>England and Wales</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Webzone Limited</td>
<td>Republic of Ireland</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
</tbody>
</table>

2nd Byte Limited was divisionalised into Trader Publishing Limited at the end of the previous year and Trader Data Systems Limited ceased to trade.

Acorn Web Offset Limited was sold on 28 August 2009 (note 7).

On 2 June 2009 the group acquired 100% of the issued ordinary share capital of Trademail Holdings Limited and its subsidiary undertaking Auto Trade-mail Limited (note 10).

The trade and net assets of Hurst Italia srl were transferred to Edizeta srl at the beginning of the financial year, and the company ceased trading.

A guarantee exists in respect of the three wholly owned subsidiaries that are incorporated in the Republic of Ireland (Webzone Limited, Trader Media Ireland and Trader Media (Holdings) Ireland Limited) and consolidated within these accounts. They have availed themselves of an exemption from filing their individual accounts as set out in Section 17 of the Companies (Amendment) Act, 1986, Ireland.

13. Financial instruments by category
The accounting policies for financial instruments have been applied to the line items below:

<table>
<thead>
<tr>
<th>2010</th>
<th>Loans and receivables £m</th>
<th>Fair value through profit and loss £m</th>
<th>Non financial assets £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets as per balance sheet:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>–</td>
<td>4.4</td>
<td>–</td>
<td>4.4</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>38.6</td>
<td>–</td>
<td>6.4</td>
<td>45.0</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>21.4</td>
<td>–</td>
<td>–</td>
<td>21.4</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>53.7</td>
<td>–</td>
<td>–</td>
<td>53.7</td>
</tr>
<tr>
<td>Total</td>
<td><strong>113.7</strong></td>
<td><strong>4.4</strong></td>
<td><strong>6.4</strong></td>
<td><strong>124.5</strong></td>
</tr>
</tbody>
</table>
### 13. Financial instruments by category

#### Financial liabilities as per balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>Other financial liabilities £m</th>
<th>Derivatives used for hedging £m</th>
<th>Non financial liabilities £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>(1,472.2)</td>
<td>–</td>
<td>–</td>
<td>(1,472.2)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(72.7)</td>
<td>–</td>
<td>(7.8)</td>
<td>(80.5)</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>–</td>
<td>(14.1)</td>
<td>–</td>
<td>(14.1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,544.9)</td>
<td>(14.1)</td>
<td>(7.8)</td>
<td>(1,566.8)</td>
</tr>
</tbody>
</table>

#### Financial assets as per balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>Loans and receivables £m</th>
<th>Fair value through profit and loss £m</th>
<th>Non financial assets £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>–</td>
<td>0.6</td>
<td>–</td>
<td>0.6</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>34.6</td>
<td>–</td>
<td>7.7</td>
<td>42.3</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>62.0</td>
<td>–</td>
<td>–</td>
<td>62.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>96.6</td>
<td>0.6</td>
<td>7.7</td>
<td>104.9</td>
</tr>
</tbody>
</table>

#### Financial liabilities as per balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>Other financial liabilities £m</th>
<th>Derivatives used for hedging £m</th>
<th>Non financial liabilities £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>(1,394.5)</td>
<td>–</td>
<td>–</td>
<td>(1,394.5)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(80.4)</td>
<td>–</td>
<td>(8.0)</td>
<td>(88.4)</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>–</td>
<td>(25.9)</td>
<td>–</td>
<td>(25.9)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,474.9)</td>
<td>(25.9)</td>
<td>(8.0)</td>
<td>(1,508.8)</td>
</tr>
</tbody>
</table>
14. Derivative financial instruments

<table>
<thead>
<tr>
<th></th>
<th>Assets £m</th>
<th>2010 Liabilities £m</th>
<th>Assets £m</th>
<th>2009 Liabilities £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap – cash flow hedge</td>
<td>–</td>
<td>14.1</td>
<td>–</td>
<td>25.9</td>
</tr>
<tr>
<td>Interest rate cap – cash flow hedge</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total non-current portion</strong></td>
<td>–</td>
<td>14.1</td>
<td>–</td>
<td>25.9</td>
</tr>
</tbody>
</table>

The fair values of derivative interest rate contracts are estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The ineffective portion recognised in the income statement that arises from the cash flow hedges amounts to a profit of £1.7 million (2009: profit of £0.1 million).

The notional principal amount of the outstanding interest rate swap contract at 28 March 2010 was £268.9 million (2009: £350.8 million). The fixed interest rate was 6.187% and the floating rate is based on 1 month LIBOR. The gain or loss recognised in equity (note 27) on the interest rate swap contract as of 28 March 2010 will be released to the income statement over the remaining life of the instrument.

The notional principal amount of the outstanding interest rate cap contract at 28 March 2010 was £115.2 million (2009: £150.3 million). The interest rate is capped at 6.3%.

15. Financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current asset: Customer list</td>
<td>2.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Current asset: Derivative asset</td>
<td>1.7</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4.4</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Customer lists are presented within operating activities as part of changes in working capital and derivative assets are presented within finance income in the cash flow statement (note 29).

Changes in fair values of customer lists are recorded in administrative expenses in the income statement and changes in fair values of derivative assets are recorded in finance income (note 8).

The customer list represents the right to purchase the customer list and is valued based on the number of customers in place at the end of the financial year, valued at a contractual rate. The derivative asset represents the right to repurchase debt and is valued on the difference between the nominal value of the debt and the amount the debt is likely to be repurchased for.
16. Inventories

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials and consumables</td>
<td>0.6</td>
<td>1.7</td>
</tr>
</tbody>
</table>

17. Other financial assets

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other financial assets</td>
<td>21.4</td>
<td>–</td>
</tr>
</tbody>
</table>

The group has invested in deposit accounts with a 6 month maturity period and restrictions on the withdrawal of funds.

18. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>40.7</td>
<td>34.0</td>
</tr>
<tr>
<td>Less: provision for impairment of trade receivables</td>
<td>(3.2)</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Trade receivables – net</td>
<td>37.5</td>
<td>31.2</td>
</tr>
<tr>
<td>Amounts owed by related undertakings (note 32)</td>
<td>0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Other receivables</td>
<td>0.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>6.4</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.0</strong></td>
<td><strong>42.3</strong></td>
</tr>
</tbody>
</table>

Other receivables include £0.6 million (2009: £0.7 million) relating to unsecured loan notes received on the disposal of Trader Media (TNT) Limited. An impairment provision of £0.6 million (2009: £nil) has been recorded against this receivable after full payment was not received on the due date and there is no indication that further payments will be made (note 7).

As of 28 March 2010, trade receivables of £29.0 million (2009: £27.2 million) were fully performing.

As of 28 March 2010 trade receivables of £8.0 million (2009: £3.5 million) were past due but not impaired. These relate to customers for whom there is no history of default but market factors are causing late payment. The ageing analysis of these trade receivables is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30 days</td>
<td>1.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Between 31 and 60 days</td>
<td>5.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Between 61 and 90 days</td>
<td>1.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Over 90 days</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8.0</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

Trade receivables are only classified as impaired when the debt meets one or more of a specific list of criteria. Otherwise all debts are deemed to be collectible. These criteria are:

- The debt has been handed over to lawyers for legal action;
- A final letter of demand has been sent to the customer;
- The customer has gone into liquidation or receivership; and
- The customer’s cheque has not cleared.

As at 28 March 2010 trade receivables of £3.7 million (2009: £3.3 million) were impaired. It was assessed that a portion of the receivables is expected to be recovered.
18. Trade and other receivables continued

Movements on the provision for impairment of trade receivables are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>2.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Provision for receivables impairment</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Receivables written off during the year as uncollectible</td>
<td>(1.4)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Unused amounts reversed</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Disposals and reclassification as held for sale</td>
<td>–</td>
<td>(0.1)</td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td>2.8</td>
</tr>
</tbody>
</table>

The creation and release of the provision for impaired receivables is included in administrative expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets, except where indicated. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable included within trade and other receivables. The group does not hold any collateral as security. Due to the large number of customers the group services, the credit quality of trade receivables is not deemed a significant risk.

The carrying amount of the group’s trade receivables is denominated in the following currencies:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK pound</td>
<td>36.3</td>
<td>28.8</td>
</tr>
<tr>
<td>Euro</td>
<td>3.8</td>
<td>4.7</td>
</tr>
<tr>
<td>South African rand</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>40.7</td>
<td>34.0</td>
</tr>
</tbody>
</table>

19. Disposal group classified as held for sale

The assets and liabilities related to Acorn Web Offset Limited were presented as held for sale in the previous year. This company was subsequently disposed of on 28 August 2009.

Certain items of property, plant and equipment of the Wiltshire printing division were placed for sale at their open market value in 2008 and 2009. An impairment of £0.7 million was recorded in 2009 reflecting deteriorating market prices for these assets.

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acorn Web Offset Limited disposal group held for sale:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment (note 11)</td>
<td>–</td>
<td>1.7</td>
</tr>
<tr>
<td>Other current assets</td>
<td>–</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>4.9</td>
</tr>
<tr>
<td>Non-current assets held for sale:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment (note 11)</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>1.8</td>
<td>6.7</td>
</tr>
<tr>
<td>Liabilities directly associated with the Acorn Web Offset Limited assets held for sale:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>–</td>
<td>1.2</td>
</tr>
</tbody>
</table>
### 20. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>28.7</td>
<td>21.0</td>
</tr>
<tr>
<td>Short-term bank deposits</td>
<td>25.0</td>
<td>41.0</td>
</tr>
<tr>
<td></td>
<td><strong>53.7</strong></td>
<td><strong>62.0</strong></td>
</tr>
</tbody>
</table>

The credit quality of cash at bank and short term deposits can be assessed by reference to external credit ratings (Moody’s) as follows:

<table>
<thead>
<tr>
<th>Rating</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA1</td>
<td>19.7</td>
<td>3.1</td>
</tr>
<tr>
<td>AA3</td>
<td>12.0</td>
<td>58.2</td>
</tr>
<tr>
<td>A1</td>
<td>20.0</td>
<td>–</td>
</tr>
<tr>
<td>A2</td>
<td>2.0</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td><strong>53.7</strong></td>
<td><strong>62.0</strong></td>
</tr>
</tbody>
</table>

### 21. Borrowings

#### Non-current

<table>
<thead>
<tr>
<th>Borrowing</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicated bank loans gross of unamortised debt issue costs</td>
<td>680.8</td>
<td>722.4</td>
</tr>
<tr>
<td>Debt issue costs</td>
<td>–</td>
<td>(13.4)</td>
</tr>
<tr>
<td>Syndicated bank loans net of unamortised debt issue costs</td>
<td>680.8</td>
<td>709.0</td>
</tr>
<tr>
<td>Series A and B shareholder loan notes</td>
<td>385.5</td>
<td>334.3</td>
</tr>
<tr>
<td>Cumulative irredeemable preference shares</td>
<td>405.9</td>
<td>351.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,472.2</strong></td>
<td><strong>1,394.5</strong></td>
</tr>
</tbody>
</table>

Syndicated bank loans gross of unamortised debt issue costs, shareholder loan notes and the irredeemable preference shares are repayable as follows:

<table>
<thead>
<tr>
<th>Repayable Amount</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than five years</td>
<td><strong>1,472.2</strong></td>
<td><strong>1,407.9</strong></td>
</tr>
</tbody>
</table>

The carrying amounts of borrowings approximate their fair values.

On 23 March 2007, the subsidiary undertakings Trader Media Corporation (2003) Limited and Trader Media Corporation Limited, entered into an £835 million Senior Facilities Agreement. This agreement was amended and restated on 29 May 2007 and the first utilisation was made on 8 June 2007 when £800 million was drawn to repay in full the previous bank borrowings and fund the financial restructuring of the group. Interest is charged at LIBOR plus a margin of between 2% and 2.125% depending on the consolidated leverage ratio of Trader Media Corporation (2003) Limited and its subsidiaries.

During the year a subsidiary undertaking purchased £31.8 million (2009: £55.6 million) of the syndicated bank loans. The purchase of this debt, while an arms length transaction from parties external to the group, was at a discount to the debt’s nominal value and a gain of £12.4 million (2009: £28.6 million) after transaction costs has been recognised in the income statement (note 8).
21. **Borrowings continued**

A £35 million Revolving Credit Facility is available but undrawn at the balance sheet date. If utilised it would incur interest at LIBOR plus a margin of between 2% and 2.125%.

Debt issue costs of £33.5 million were incurred in connection with the arrangement of this bank loan. These costs are charged to the income statement over their estimated useful life.

The group has elected to hedge a proportion of the interest obligation relating to the bank borrowings and details are set out in note 14.

On 8 June 2007 the company issued to GMG (TMG) Limited:

- Unsecured Series A shareholder loan notes falling due 7 June 2016 with consideration of a dividend in specie of £283.5 million; and
- 204 million cumulative irredeemable £1 preference shares with a nominal value of £204.0 million through the reclassification of existing ordinary shares with a nominal value of £52.0 million and the bonus issue out of profit and loss and capital contribution reserves of £152.0 million.

The preferences shares have been recorded at their fair value on the date of issue of £280.0 million. All 204 million of the preference shares are authorised, allotted, called up and fully paid.

On the same day GMG (TMG) Limited sold 49.9% of its interest in the ordinary shares, preference shares and Series A shareholder loan notes to Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl. Unsecured Series B shareholder loan notes totalling £6.5 million falling due 7 June 2016 were issued to GMG (TMG) Limited, Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl for cash consideration.

Interest on the preference shares is charged at 15% of their fair value at the date of issue and is rolled up into the principal twice a year in December and June.

Interest is charged at LIBOR plus a margin of 9% on both the Series A and Series B shareholder loan notes. Interest is payable annually in arrears on the anniversary of the issue date however was rolled up into the principal in June 2008 and June 2009.

The exposure of the group’s borrowings (excluding debt issue costs) to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 month or less</td>
<td>680.8</td>
<td>722.4</td>
</tr>
<tr>
<td>1 to 3 months</td>
<td>385.5</td>
<td>334.3</td>
</tr>
<tr>
<td>Over 3 months – fixed interest rates</td>
<td>405.9</td>
<td>351.2</td>
</tr>
<tr>
<td></td>
<td>1,472.2</td>
<td>1,407.9</td>
</tr>
</tbody>
</table>
22. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>6.6</td>
<td>8.2</td>
</tr>
<tr>
<td>Other taxes and social</td>
<td>7.1</td>
<td>6.7</td>
</tr>
<tr>
<td>security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>0.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Accruals and deferred</td>
<td>63.4</td>
<td>69.9</td>
</tr>
<tr>
<td>income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>–</td>
<td>2.2</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>77.7</td>
<td>88.4</td>
</tr>
<tr>
<td>Non-current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trade payables</td>
<td>2.8</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>80.5</td>
<td>88.4</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th>Onerous lease and dilapidations provision £m</th>
<th>Restructuring provision £m</th>
<th>Holiday pay provision £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>1.4</td>
<td>6.9</td>
<td>0.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Charged to the profit and</td>
<td>0.4</td>
<td>1.8</td>
<td>0.1</td>
<td>2.3</td>
</tr>
<tr>
<td>loss account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilised in the year</td>
<td>(1.1)</td>
<td>(7.3)</td>
<td>(0.1)</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Released in the year</td>
<td>(0.2)</td>
<td>–</td>
<td>–</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Reclassification from</td>
<td>0.7</td>
<td>–</td>
<td>–</td>
<td>0.7</td>
</tr>
<tr>
<td>non-current</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>1.2</strong></td>
<td><strong>1.4</strong></td>
<td><strong>0.4</strong></td>
<td><strong>3.0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Onerous lease and dilapidations provision £m</th>
<th>Restructuring provision £m</th>
<th>Holiday pay provision £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>3.3</td>
<td>–</td>
<td>–</td>
<td>3.3</td>
</tr>
<tr>
<td>Charged to the profit and</td>
<td>1.6</td>
<td>–</td>
<td>–</td>
<td>1.6</td>
</tr>
<tr>
<td>loss account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilised in the year</td>
<td>(0.1)</td>
<td>–</td>
<td>–</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Released in the year</td>
<td>(0.1)</td>
<td>–</td>
<td>–</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Reclassification to current</td>
<td>(0.7)</td>
<td>–</td>
<td>–</td>
<td>(0.7)</td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>4.0</strong></td>
<td>–</td>
<td>–</td>
<td><strong>4.0</strong></td>
</tr>
</tbody>
</table>

The group has provided for future lease payments and future rates and service charges in respect of unoccupied properties no longer suitable for commercial business use (“onerous lease provision”). Amounts have been provided in full until the earliest break clause and discounted at 3% (2009: 3%) per annum.

The onerous lease provision relates to eight properties with leases expiring between April 2011 and October 2017 (2009: eight properties with leases expiring between September 2009 and April 2016).

Dilapidations have been provided for on all United Kingdom and Ireland properties based on the estimate of costs upon exit of the lease. These provisions have been discounted at 3% (2009: 3%) to the exit date of the leases, which expire between April 2010 and August 2027 (2009: April 2009 and August 2027).

The restructuring provision relates to the reorganisation of the group’s business in the United Kingdom. All amounts are expected to be paid within nine months of the balance sheet date.

The holiday pay provision relates to liabilities for statutory holiday pay in Italy and South Africa, and a provision in relation to the UK operations for leave days accrued and not yet taken at the end of the financial year. These provisions are expected to reverse in the short term and have not been discounted.
24. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authorities.

The recoverability of deferred tax assets and liabilities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset to be recovered after more than 12 months</td>
<td>3.1</td>
<td>8.9</td>
</tr>
<tr>
<td>Deferred tax asset to be recovered within 12 months</td>
<td>10.9</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability to be recovered after more than 12 months</td>
<td>1.4</td>
<td>7.4</td>
</tr>
<tr>
<td>Deferred tax liability to be recovered within 12 months</td>
<td>0.4</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Accelerated capital allowances £m</th>
<th>Other temporary differences £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 March 2008</td>
<td>–</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Credited to the income statement</td>
<td>3.1</td>
<td>5.4</td>
<td>8.5</td>
</tr>
<tr>
<td>Charged directly to equity</td>
<td>–</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td>3.1</td>
<td>14.3</td>
<td>17.4</td>
</tr>
<tr>
<td>Credited/(charged) to the income statement</td>
<td>0.2</td>
<td>(0.7)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Charged directly to equity</td>
<td>–</td>
<td>(2.9)</td>
<td>(2.9)</td>
</tr>
<tr>
<td>At 28 March 2010</td>
<td>3.3</td>
<td>10.7</td>
<td>14.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Accelerated capital allowances £m</th>
<th>Other temporary differences £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 March 2008</td>
<td>1.6</td>
<td>8.6</td>
<td>10.2</td>
</tr>
<tr>
<td>(Credited)/charged to the income statement</td>
<td>(1.6)</td>
<td>1.4</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>–</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>At 29 March 2009</td>
<td>–</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td>Credited to the income statement</td>
<td>–</td>
<td>(9.1)</td>
<td>(9.1)</td>
</tr>
<tr>
<td>Acquisition of subsidiary (note 10)</td>
<td>–</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>At 28 March 2010</td>
<td>–</td>
<td>1.8</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Deferred income tax liabilities are not recognised on unremitted earnings of overseas group companies as the dividends by which these are remitted are expected to be tax exempt. Unremitted earnings totalled £6.3 million (2009: £2.5 million).
25. Retirement benefit obligations
Across the UK and overseas the group operates several pension schemes. All, except one, are defined contribution schemes. Within the UK, all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

The pension contributions to the group defined contribution scheme for the year amounted to £1.6 million (2009: £2.1 million). There are £0.2 million (2009: £nil) pension contributions outstanding relating to the group defined contribution scheme.

The defined benefit pension scheme provides benefits based on final pensionable pay and this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the group’s defined contribution scheme.

The most recent actuarial valuation was performed as at 1 May 2009 and updated to 28 March 2010 by a qualified independent actuary.

The amounts recognised in the balance sheet are determined as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of defined benefit obligation – fully funded</td>
<td>12.6</td>
<td>9.7</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>(13.0)</td>
<td>(9.5)</td>
</tr>
<tr>
<td>Effect of surplus cap</td>
<td>0.4</td>
<td>–</td>
</tr>
<tr>
<td>Net (asset)/liability recognised in the balance sheet</td>
<td>–</td>
<td>0.2</td>
</tr>
</tbody>
</table>

The amounts recognised in the income statement within administrative expenses (note 5) are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Interest cost</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(0.6)</td>
<td>(0.7)</td>
</tr>
<tr>
<td></td>
<td>0.2</td>
<td>–</td>
</tr>
</tbody>
</table>

The amounts recognised in the statement of other comprehensive income are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial gains/(losses) recognised in the period (before tax)</td>
<td>0.8</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Effect of surplus cap</td>
<td>(0.4)</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>0.4</td>
<td>(0.2)</td>
</tr>
</tbody>
</table>

The cumulative actuarial losses recognised in the statement of other comprehensive income (before tax) amount to £0.5 million (2009: £1.3 million).
25. Retirement benefit obligations continued
The movement in the defined benefit obligation over the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>9.7</td>
<td>11.5</td>
</tr>
<tr>
<td>Current service cost</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Interest cost</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Actuarial losses/(gains)</td>
<td>2.5</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(0.4)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>At end of year</td>
<td>12.6</td>
<td>9.7</td>
</tr>
</tbody>
</table>

The movement in the fair value of plan assets over the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>9.5</td>
<td>12.2</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Actuarial gains/(losses)</td>
<td>3.3</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(0.4)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>At end of year</td>
<td>13.0</td>
<td>9.5</td>
</tr>
</tbody>
</table>

The actual return on plan assets was a gain of £3.9 million (2009: loss of £2.5 million).

The principal actuarial assumptions used were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.8%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Rate of increase in salaries</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Rate of increase in deferred pensions</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Expected return on plan assets:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>6.6%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Property</td>
<td>6.6%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>5.8%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Gilts</td>
<td>4.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Cash</td>
<td>4.0%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>
25. Retirement benefit obligations continued
The group has assumed that mortality will be in line with nationally published PMA92 and PFA92 mortality tables related to members’ years of birth and incorporating projected medium-term improvements to life expectancy. The average life expectancy in years of members are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Male Years</th>
<th>Female Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member age 65 (current life expectancy)</td>
<td>88</td>
<td>91</td>
</tr>
<tr>
<td>Member age 45 (life expectancy at age 65)</td>
<td>90</td>
<td>93</td>
</tr>
</tbody>
</table>

The group does not expect to contribute to this defined benefit scheme in the next financial year.

The scheme’s assets are comprised as follows:

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>%</th>
<th>£m</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>9.4</td>
<td>72.3</td>
<td>7.0</td>
<td>73.2</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>3.6</td>
<td>27.7</td>
<td>2.5</td>
<td>26.8</td>
</tr>
<tr>
<td></td>
<td>13.0</td>
<td>100.0</td>
<td>9.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The expected return on assets is determined by considering the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
<th>2008 £m</th>
<th>2007 £m</th>
<th>2006 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of defined benefit obligation</td>
<td>12.6</td>
<td>9.7</td>
<td>11.5</td>
<td>13.0</td>
<td>12.4</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>(13.0)</td>
<td>(9.5)</td>
<td>(12.2)</td>
<td>(13.0)</td>
<td>(12.4)</td>
</tr>
<tr>
<td>(Surplus)/deficit</td>
<td>(0.4)</td>
<td>0.2</td>
<td>(0.7)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Experience adjustments on scheme liabilities</td>
<td>0.3</td>
<td>–</td>
<td>(2.0)</td>
<td>0.2</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Experience adjustments on scheme assets</td>
<td>3.3</td>
<td>(3.2)</td>
<td>(1.3)</td>
<td>0.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>
26. Ordinary shares and share premium

<table>
<thead>
<tr>
<th>Authorised</th>
<th>2010 Share capital £m</th>
<th>2010 Share premium £m</th>
<th>2009 Share capital £m</th>
<th>2009 Share premium £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>501,000 A ordinary shares of 10p each</td>
<td>0.1</td>
<td>–</td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td>499,000 B ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>10,000 C ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>0.1</td>
<td>–</td>
<td>0.1</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Allotted, called up and fully paid</th>
<th>2010 Share capital £m</th>
<th>2010 Share premium £m</th>
<th>2009 Share capital £m</th>
<th>2009 Share premium £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>501,000 A ordinary shares of 10p each</td>
<td>0.1</td>
<td>–</td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td>489,000 B ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>10,000 C ordinary shares of 10p each</td>
<td>–</td>
<td>0.9</td>
<td>–</td>
<td>0.9</td>
</tr>
<tr>
<td>10,000 deferred B ordinary shares of 10p each</td>
<td>–</td>
<td>0.9</td>
<td>–</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>0.1</td>
<td>0.9</td>
<td>0.1</td>
<td>0.9</td>
</tr>
</tbody>
</table>

In 2009, the company issued 848 of the 10p ordinary C shares for cash consideration (note 30). These were issued at a premium of £99.90 per share, all of which had been received by the year end.

Simultaneously, the company converted 848 of the 10p ordinary B shares into 848 deferred shares. The deferred shares have no voting rights and hence do not confer control of the company. The deferred shares accrue a fixed preference dividend of 0.01 pence per share per annum.

During 2010, the group repurchased 1,734 10p ordinary C shares for £nil consideration.

27. Retained deficit

<table>
<thead>
<tr>
<th>At beginning of year</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the financial year</td>
<td>(528.4)</td>
<td>(448.3)</td>
</tr>
<tr>
<td>Actuarial gain/(loss) on pension scheme, net of tax</td>
<td>(502.6)</td>
<td>(70.3)</td>
</tr>
<tr>
<td>Fair value gains/(losses) on cash flow hedges</td>
<td>0.3</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Deferred income tax on cash flow hedges (note 24)</td>
<td>10.0</td>
<td>(16.6)</td>
</tr>
<tr>
<td>At end of year</td>
<td>(1,023.5)</td>
<td>(528.4)</td>
</tr>
</tbody>
</table>

28. Other reserves

<table>
<thead>
<tr>
<th>Translation reserve £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 March 2008</td>
</tr>
<tr>
<td>Currency translation differences on foreign currency net investments</td>
</tr>
<tr>
<td>Currency translation differences on sale of foreign subsidiary</td>
</tr>
<tr>
<td>At 29 March 2009</td>
</tr>
<tr>
<td>Currency translation differences on foreign currency net investments</td>
</tr>
<tr>
<td>At 28 March 2010</td>
</tr>
</tbody>
</table>
29. Cash generated from operations

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss before income tax including discontinued operations</td>
<td>(506.1)</td>
<td>(84.3)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>6.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Amortisation</td>
<td>4.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Goodwill and other impairment charges</td>
<td>475.7</td>
<td>49.7</td>
</tr>
<tr>
<td>Profit on disposal of property, plant and equipment</td>
<td>(0.1)</td>
<td>–</td>
</tr>
<tr>
<td>Loss/(gain) on sale of businesses</td>
<td>2.4</td>
<td>(10.6)</td>
</tr>
<tr>
<td>Loss on termination of operations</td>
<td>–</td>
<td>1.8</td>
</tr>
<tr>
<td>Increase in retirement benefit obligations</td>
<td>0.2</td>
<td>–</td>
</tr>
<tr>
<td>Fair value gain on customer list asset</td>
<td>(2.1)</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs</td>
<td>147.5</td>
<td>171.6</td>
</tr>
<tr>
<td>Finance income</td>
<td>(0.5)</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Gain on debt buy back</td>
<td>(14.1)</td>
<td>(28.6)</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>–</td>
<td>(0.9)</td>
</tr>
</tbody>
</table>

Changes in working capital (excluding the effects of acquisitions, disposals and exchange differences on consolidation):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories (including engineering spares)</td>
<td>1.1</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(3.3)</td>
<td>4.1</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(2.7)</td>
<td>(6.2)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(4.8)</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>104.3</td>
<td>107.4</td>
</tr>
</tbody>
</table>

The cash flows of discontinued operations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows</td>
<td>(0.1)</td>
<td>0.1</td>
</tr>
<tr>
<td>Investing cash flows</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Financing cash flows</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total cash flows</strong></td>
<td>(0.1)</td>
<td>0.1</td>
</tr>
</tbody>
</table>

The aggregate cash flows arising on the disposal of Acorn Web Offset Limited are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>1.6</td>
</tr>
<tr>
<td>Current assets</td>
<td>3.2</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Net assets disposed of</td>
<td>3.9</td>
</tr>
<tr>
<td>Net loss on disposal</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Sales proceeds</td>
<td>1.5</td>
</tr>
<tr>
<td>Less: cash and cash equivalents</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Net cash inflow on sale</td>
<td>1.3</td>
</tr>
</tbody>
</table>
30. Share based payments
A number of the group’s senior managers have been invited to become shareholders in the company and during the previous year 848 ordinary C shares were issued at fair value for cash consideration. The fair value of the shares was determined by reference to the amount paid by Apax for similar shares on 8 June 2007.

The Articles of Association of the company define “Good Leavers” and “Bad Leavers” where a Bad Leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or breach of restrictive covenants within 12 months of leaving. All other employee-shareholders leaving the business are Good Leavers.

On leaving the business, the Articles require that a C shareholder sell their shares to such persons as may be nominated by the Board of Directors. A Bad Leaver receives the lower of fair value and the cost for which the shares were acquired.

A Good Leaver receives a value determined as follows:

(a) if the Good Leaver leaves within eighteen months of acquiring the shares, they will receive the lower of fair value and the cost for which the shares were acquired;
(b) if the Good Leaver leaves between eighteen months and four years of acquiring the shares, they will receive the lower of fair value and cost between 62.5% and 0% of their shares, determined on a straight line basis by reference to the period of months before leaving. They will receive fair value for the remainder of their shares;
(c) if the Good Leaver leaves after four years from acquiring the shares, they will receive fair value for their total shareholding.

During the year, the group has repurchased the shares of 3 leavers (2009: nil). This repurchase is considered to be cash settled. The remaining shares are also deemed to be cash settled and the shares are deemed to have vested on issue. No expense was recognised in the year as the consideration received for the ordinary C shares was equal to the fair value of the shares.

31. Commitments and contingencies
Capital commitments relating to the purchase of property, plant and equipment at the end of the financial year for which no provision has been made were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted for but not provided</td>
<td>2.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Not contracted</td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.0</td>
<td>0.4</td>
</tr>
</tbody>
</table>

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010 £m</td>
<td>2009 £m</td>
</tr>
<tr>
<td>No later than 1 year</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Later than 1 year and no later than 5 years</td>
<td>9.6</td>
<td>10.8</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>10.2</td>
<td>11.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22.8</td>
<td>25.5</td>
</tr>
</tbody>
</table>

A service provider to the South African subsidiary, The Car Trader (Proprietary) Limited, has instituted proceedings against the company for loss of earnings of £1.6 million. It is highly unlikely that the claim would result in a liability as no contract between the company and the service provider exists.
31. Commitments and contingencies continued
The following undertakings have jointly and severally guaranteed the borrowings under the syndicated bank loan:

2nd Byte Limited
Auto Trader Holland Limited
Faxpress Limited
Hurst Italia Limited
Trader Finance (2009) Limited
Trader Media Corporation (2003) Limited
Trader Media Corporation Limited
Trader Media (Earls Court) Group Limited
Trader Media (Earls Court) Holdings Limited
Trader Publishing Limited

32. Related party transactions
The group is jointly owned by GMG (TMG) Limited, Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl. These companies have made shareholder loans to, and hold preference shares in, the group. The balances at the end of the year including accrued interest and dividends payable on these debt instruments are disclosed below:

<table>
<thead>
<tr>
<th>Shareholder loans and accrued interest</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMG (TMG) Limited</td>
<td>(209.9)</td>
<td>(188.2)</td>
</tr>
<tr>
<td>Apax Crystal A Holdco Sàrl</td>
<td>(79.4)</td>
<td>(71.2)</td>
</tr>
<tr>
<td>Apax Crystal B1 Holdco Sàrl</td>
<td>(129.6)</td>
<td>(116.2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preference shares and accrued dividends</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMG (TMG) Limited</td>
<td>(210.6)</td>
<td>(182.3)</td>
</tr>
<tr>
<td>Apax Crystal A Holdco Sàrl</td>
<td>(79.7)</td>
<td>(69.0)</td>
</tr>
<tr>
<td>Apax Crystal B1 Holdco Sàrl</td>
<td>(130.1)</td>
<td>(112.6)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest and dividends payable charged to the income statement</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMG (TMG) Limited</td>
<td>(50.0)</td>
<td>(49.4)</td>
</tr>
<tr>
<td>Apax Crystal A Holdco Sàrl</td>
<td>(18.9)</td>
<td>(18.7)</td>
</tr>
<tr>
<td>Apax Crystal B1 Holdco Sàrl</td>
<td>(30.9)</td>
<td>(30.5)</td>
</tr>
</tbody>
</table>

Guardian Media Group plc and Apax Partners received £42,754 each for the provision of directors’ services to the group (2009: £41,564). The balance outstanding at the end of the year was £25,120 (2009: £86,043).
32. Related party transactions continued
During the course of the year certain group companies have traded with companies in which Guardian Media Group plc has an interest. Trading was in the normal course of operations and on an arm’s length basis. Transactions during the year and balances outstanding at the year end are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guardian Media Group plc and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>subsidiary undertakings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales – printing</td>
<td>4.8</td>
<td>5.2</td>
</tr>
<tr>
<td>Purchases – printing</td>
<td>(0.8)</td>
<td>–</td>
</tr>
<tr>
<td>Purchases – advertising and</td>
<td>(0.3)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>other purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recharges from – salaries</td>
<td>(0.2)</td>
<td>–</td>
</tr>
<tr>
<td>and other costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net balance outstanding at</td>
<td>0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>the year end</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Transactions with directors
During the year the group repurchased 1,060 ordinary C shares of 10p each held by Andrew Miller, a director of the company, for nil cash consideration (note 30).

33. Ultimate controlling parties
The company is jointly controlled by Guardian Media Group plc, a company incorporated in England and Wales, (through its holding of 100% of the ordinary shares of GMG (TMG) Limited), Apax Crystal A Topco Sàrl (indirectly holding 18.582% of the ordinary shares) and Apax Crystal B1 Topco Sàrl (indirectly holding 30.318% of the ordinary shares). Apax Crystal A Topco Sàrl and Apax Crystal B1 Topco Sàrl are incorporated under the laws of Luxembourg.
Independent auditors' report

We have audited the parent company financial statements of Trader Media Group Limited for the year ended 28 March 2010 which comprises the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors’ responsibilities set out on page 36 the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Opinion on financial statements
In our opinion the parent company financial statements:

• give a true and fair view of the state of the company’s affairs as at 28 March 2010;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors’ Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter
We have reported separately on the group financial statements of Trader Media Group Limited for the year ended 28 March 2010.

Alan Kinnear (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
7 June 2010
## Company Balance Sheet

As at 28 March 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>4</td>
<td>499.4</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>5</td>
<td>18.8</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18.8</td>
</tr>
<tr>
<td><strong>Creditors: Amounts falling due within one year</strong></td>
<td>6</td>
<td>(47.9)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td></td>
<td>(29.1)</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td></td>
<td>470.3</td>
</tr>
<tr>
<td>Creditors: Amounts falling due after more than one year</td>
<td>7</td>
<td>(715.4)</td>
</tr>
<tr>
<td><strong>Net liabilities</strong></td>
<td></td>
<td>(245.1)</td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called up share capital</td>
<td>8</td>
<td>0.1</td>
</tr>
<tr>
<td>Share premium</td>
<td>9</td>
<td>0.9</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>9</td>
<td>(246.1)</td>
</tr>
<tr>
<td><strong>Total equity shareholders’ deficit</strong></td>
<td>10</td>
<td>(245.1)</td>
</tr>
</tbody>
</table>

The financial statements on pages 89 to 95 were approved by the board of directors on 7 June 2010 and were signed on its behalf by:

**Z Byng-Maddick**  
Director
1. Accounting policies

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies are set out below all of which have been applied consistently throughout the year and the preceding year.

In accordance with Section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account. The result of the company for the financial year is disclosed in note 9.

Cash flow statement
The cash flows of the company are included in the consolidated statements of the group, which are publicly available. Consequently the company has taken advantage of the exemption available under paragraph 5 of Financial Reporting Standard 1 Cash Flow Statements (revised 1996) from preparing a cash flow statement.

Debt
Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the interest cost in respect of the accounting period and reduced by payments made in the year. Interest and issue costs associated with debt are charged to the profit and loss account at a constant rate over the period from the date of issue to the point where there is a genuine commercial possibility that the commercial life of the instrument will expire.

Preference shares are treated as debt where in substance they have the features of debt instruments. The related dividends are recognised as an interest expense.

Investments
Fixed asset investments are shown at cost less any provision for impairment. Dividends received are credited to the profit and loss account in the period in which they are approved by shareholders.

Annually, the directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Related party transactions
The company is exempt from the requirements to disclose details of related party transactions as these are disclosed in the consolidated financial statements of the group.

Taxation
UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.
1. **Accounting policies** continued

**Deferred taxation**
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**Share based payments**
Equity settled awards are valued at grant date, and the grant date fair value is charged as an expense in the profit and loss account spread over the vesting period. The credit side of the entry is recorded in equity. Cash settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as liability.

Where awards are granted to employees of subsidiary companies, instead of a charge being recognised as an expense in the company’s individual accounts, it is debited to investments as the award represents a further investment in the company’s subsidiaries.

2. **Employee information and directors remuneration**
The average number of persons (excluding directors) employed during the year was nil (2009: nil). As such, no staff costs arose during either year.

Directors remuneration is disclosed in the consolidated financial statements of Trader Media Group Limited. The remuneration of the directors was paid by Trader Publishing Limited and not recharged. The allocation of this remuneration in relation to their services as directors of the company is £0.1 million (2009: £0.1 million).

3. **Services provided by the company’s auditor**
Fees payable for the audit of the company and consolidated financial statements are £0.1 million (2009: £0.1 million).
4. Fixed asset investments

Cost and net book value
At beginning and end of year 499.4

The company owns 100% of the ordinary share capital of Trader Media Group (2003) Limited, a holding company registered in England and Wales.

The company holds the following principal subsidiaries through its interest in Trader Media Group (2003) Limited:

<table>
<thead>
<tr>
<th>Subsidiary undertakings</th>
<th>Country of registration or incorporation</th>
<th>Principal activity</th>
<th>Class of shares held</th>
<th>Percentage owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Trade-mail Limited</td>
<td>England and Wales</td>
<td>Internet services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Edizeta srl</td>
<td>Italy</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>The Car Trader (Pty) Limited</td>
<td>South Africa</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trademail Holdings Limited</td>
<td>England and Wales</td>
<td>Internet services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trader Finance (2009) Limited</td>
<td>England and Wales</td>
<td>Financing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trader Media Corporation Limited</td>
<td>England and Wales</td>
<td>Holding company</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Trader Publishing Limited</td>
<td>England and Wales</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Webzone Limited</td>
<td>Republic of Ireland</td>
<td>Publishing</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
</tbody>
</table>

2nd Byte Limited was divisionalised into Trader Publishing Limited at the end of the previous year, and Trader Data Systems ceased to trade.

Acorn Web Offset Limited was sold on 28 August 2009.

On 2 June 2009, the group acquired 100% of the issued ordinary share capital of Trademail Holdings Limited and its subsidiary undertaking Auto Trade-mail Limited.

The trade and net assets of Hurst Italia srl were transferred to Edizeta srl at the beginning of the financial year, and the company ceased trading.

An impairment review has been performed at a consolidated level in the group financial statements.

5. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owed by group undertakings</td>
<td>10.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>8.1</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>18.8</td>
<td>21.9</td>
</tr>
</tbody>
</table>

Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

Deferred taxation is provided as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other timing differences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>11.0</td>
<td></td>
</tr>
<tr>
<td>(Charged)/credited to the profit and loss account</td>
<td>(2.9)</td>
<td>11.0</td>
</tr>
<tr>
<td>At end of year</td>
<td>8.1</td>
<td>11.0</td>
</tr>
</tbody>
</table>
6. Creditors: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals</td>
<td>47.9</td>
<td>54.2</td>
</tr>
</tbody>
</table>

7. Creditors: Amounts falling due after more than one year

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A and B Shareholder loan notes</td>
<td>385.5</td>
<td>334.3</td>
</tr>
<tr>
<td>Cumulative irredeemable preference shares</td>
<td>329.9</td>
<td>275.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>715.4</strong></td>
<td><strong>609.5</strong></td>
</tr>
</tbody>
</table>

On 8 June 2007, the company issued to GMG (TMG) Limited:

- Unsecured Series A Shareholder loan notes falling due 7 June 2016 with consideration of a dividend in specie of £283.5 million; and
- 204 million cumulative irredeemable £1 preference shares with a nominal value of £204.0 million through the reclassification of existing ordinary shares with a nominal value of £52.0 million and the bonus issue out of profit and loss and capital contribution reserves of £152.0 million.

The preference shares have been recorded at their nominal value. The fair value of the preference shares at the date of issue was £280.0 million. All 204 million of the preference shares are authorised, allotted, called up and fully paid.

On the same day GMG (TMG) Limited sold 49.9% of its interest in the ordinary shares, preference shares and Series A Shareholder loan notes to Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl. Unsecured Series B Shareholder loan notes totalling £6.5 million falling due 7 June 2016 were issued to GMG (TMG) Limited, Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl for cash consideration.

Interest on the preference shares is charged at 15% of their fair value at date of issue and is rolled up into the principal twice a year in December and June.

Interest is charged at LIBOR plus a margin of 9% on both the Series A and Series B shareholder loan notes. Interest is payable annually in arrears on the anniversary of the issue date however was rolled up into the principal in June 2008 and June 2009.
8. Called up share capital

<table>
<thead>
<tr>
<th>Authorised</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>501,000 A ordinary shares of 10p each</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>499,000 B ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>10,000 C ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Allotted, called-up and fully-paid</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>501,000 A ordinary shares of 10p each</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>489,000 B ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>10,000 C ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>10,000 deferred B ordinary shares of 10p each</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

In July 2008, the company issued 848 of the 10p ordinary C shares for cash consideration (note 11). These were issued at a premium of £99.90 per share, all of which has been received by the year end.

Simultaneously, the company converted 848 of the 10p ordinary B shares into 848 deferred shares. The deferred shares have no voting rights and hence do not confer control of the company. The deferred shares accrue a fixed preference dividend of 0.01 pence per share per annum.

During 2010, the group repurchased 1,734 10p ordinary C shares for £nil consideration.

9. Reserves

<table>
<thead>
<tr>
<th>Share premium £m</th>
<th>Profit and loss account £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>0.9</td>
</tr>
<tr>
<td>Loss for the financial year</td>
<td>–</td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>0.9</strong></td>
</tr>
</tbody>
</table>

10. Reconciliation of movements in equity shareholders’ deficit

<table>
<thead>
<tr>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening equity shareholders’ deficit</td>
<td>(142.4)</td>
</tr>
<tr>
<td>Loss for the financial year</td>
<td>(102.7)</td>
</tr>
<tr>
<td><strong>Closing equity shareholders’ deficit</strong></td>
<td><strong>(245.1)</strong></td>
</tr>
</tbody>
</table>
11. Share based payments

A number of the group’s senior managers have been invited to become shareholders in the company and during the previous year 848 ordinary C shares were issued at fair value for cash. The fair value of the shares was determined by reference to the amount paid by Apax for similar shares on 8 June 2007.

The Articles of Association of the company define “Good Leavers” and “Bad Leavers” where a Bad Leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or breach of restrictive covenants within 12 months of leaving. All other employee-shareholders leaving the business are Good Leavers.

On leaving the business, the Articles require that a C shareholder sell their shares to such persons as may be nominated by the Board of Directors. A Bad Leaver receives the lower of fair value and the cost for which the shares were acquired. A Good Leaver receives a value determined as follows:

(a) if the Good Leaver leaves within eighteen months of acquiring the shares, they will receive the lower of fair value and the cost for which the shares were acquired;
(b) if the Good Leaver leaves between eighteen months and four years of acquiring the shares, they will receive the lower of fair value and cost between 62.5% and 0% of their shares, determined on a straight line basis by reference to the period of months before leaving. They will receive fair value for the remainder of their shares;
(c) if the Good Leaver leaves after four years from acquiring the shares, they will receive fair value for their total shareholding.

During the year, the company has repurchased the shares of 3 leavers (2009: nil). This repurchase is considered to be cash settled as the value paid for the shares was less than or equal to fair value. The remaining shares are also deemed to be cash settled and the shares are deemed to have vested on issue. No expense was recognised in the year as the consideration received for the ordinary C shares was equal to the fair value of the shares.
Background

The group’s mission is to be the automotive marketplace where buyers and sellers come together, working with its customers to ensure it remains the Number 1 UK market place for motorists.

Trader Media Group Limited and its subsidiary undertakings (TMG / the group) operate online in the UK using the flagship autotrader.co.uk website, through magazines and from this year Auto Trader can also be found via mobile telephone. It operates globally within the Republic of Ireland, Italy and South Africa.

Autotrader.co.uk is the most visited motoring website in the UK with up to 10 million unique users every month.

The year witnessed the continued transition to an online business model for the group (82% of turnover online in 2010 versus 72% in 2009).

How we deliver

Online

Autotrader.co.uk is the UK’s most popular automotive website. As customers move increasingly online, we respond with ever evolving technology.

Mobile

Auto Trader Mobile advertising is used by dealers as a flexible and adaptable platform that works in conjunction with the online function.

Offline

Auto Trader remains the market-leading publication. Value for money remains a hallmark of the Auto Trader print range.

Hello!

You can view our 2010 annual report online at www.tradermediagroup.com/ar10
Where BUYERS & SELLERS come together