Trader Media Corporation (2003) Limited
and subsidiary undertakings

Directors' report and financial statements for the year ended 30 March 2008

Registered number 03592155

Directors' report

For the year ended 30 March 2008

The directors present their annual report on the affairs of the group, together with the audited consolidated financial statements of the company and the group for the year ended 30 March 2008

Principal activity, business review and future developments

The principal activity of the group is the classified advertising of motor vehicles and other related products, both online and through magazines The group operates primarily in the UK, with a branch located in the Republic of Ireland and subsidiary companies in Holland, Italy and South Africa

The principal activity of the company is that of an intermediate holding company, within the Trader Media Group Limited group of companies

Business Review

Financial Overview

This has been a significant year of change for Trader Media Corporation (2003) Limited and its subsidiaries ("TMG") Consumer usage of advertising media continues to shift to online based delivery methods This is a positive development for the group but requires continual transformation of the group's back office and print operations associated with the more traditional magazine based solutions

The automotive market in which TMG operates faces a challenging time but despite this group turnover rose £9 2 million to £325 5 million Excluding revenue from discontinued businesses of £16 4 million (2007 £21 2 million) revenue from continuing businesses rose 4 7% to £309 1 million driven in the main by Auto Trader, the core product of TMG

Underlying operating profit (before goodwill amortisation, impairment and exceptional charges) at £109 5 million (2007 £110 3 million) was slightly below last year as growth in the core Auto Trader brand was offset by decline elsewhere in the group's portfolio, particularly in the Print and Specialist titles segments Underlying operating profit from continuing businesses was up marginally at £111 2 million (2007 £110 6 million)

Turnover	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Auto Trader	217 6	1 5	219 1	203 7	0 6	204 3
National titles	17 9	-	17 9	18 8	-	18 8
Overseas titles	29 4	-	29 4	29 6	-	29 6
Specialist titles	13 2	7 6	20 8	14 5	9 2	23 7
Print	57 1	6 0	63 1	57 0	6 5	63 5
Property	-	1 3	1 3	-	4 9	4 9
Inter-segment	(26 1)	-	(26 1)	(28 5)	-	(28 5)
Total	309 1	16 4	325 5	295 1	21 2	316 3

Underlying Operating Profit	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Auto Trader	90 0	(3 9)	86 1	86 4	(4 4)	82 0
National titles	9 0	-	9 0	8 2	-	8 2
Overseas titles	5 7	-	5 7	6 1	-	6 1
Specialist titles	4 4	2 9	7 3	5 6	3 3	8 9
Print	2 1	(0 7)	1 4	4 3	(0 2)	4 1
Property	-	-	-	-	1 0	1 0
Total	111 2	(1 7)	109 5	110 6	(0 3)	110 3

Significant change has also occurred in the group's capital structure On 8 June 2007 GMG (TMG) Limited (formerly Trader Media Group Limited) sold a 49 9% interest in Trader Media Group Limited (formerly Trader Media Investments Limited) to Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl (together "Apax", one of the world's leading private equity groups) In connection with the transaction TMG repaid its existing bank debt and entered into a new £835 million Senior Facilities Agreement More details are given below in the *Net debt and cash flow* section of this Business Review

The partnership between Guardian Media Group ("GMG") and Apax has brought increased impetus for change going forward with John King joining as Chief Executive Officer John brings extensive knowledge of the classified market place and how it handles a successful transition online from his role as CEO of Sensis in Australia The strategy being followed by the group centres on developing solutions for the automotive sector to ensure that consumers have the most choice and that advertisers receive the best response both online and offline

Disposals and closures

TMG's strategic focus is primarily on advertising solutions in the automotive sector and as such the group has disposed of some non-core assets in the year Vebra, a provider of software to estate agents and the operator of the property portal www thinkproperty com, was sold to GMG for £20 0 million on 8 June 2007 The specialist titles Marine Trader and TNT Magazine were disposed in late 2007 for combined consideration of £8 3 million

The business also closed two loss making and non-core assets In February 2008 the announcement was made that Trader Data Systems ("TDS"), Auto Trader's own brand vehicle provenance checking provider, would be closed and that the ongoing service would be provided by a third party On 25 April 2008, following a 90 day consultation with employees and the UNITE union, the group's Wiltshire printing plant was closed and the production of Auto Trader titles transferred to another group facility

Together the discontinued businesses sold or closed during the year contributed £16 4 million of turnover (2007 £21 2 million) and an operating loss of £7 3 million (2007 loss £17 1 million) including goodwill amortisation and impairment of £5 6 million (2007 £16 8 million)

Directors' report (continued)

For the year ended 30 March 2008

Restructuring

In addition to the strategic disposals and closures the group remains committed to its ongoing programme of effectively allocating its resources in order to ensure the delivery of TMG's growth objectives Back office consolidation continued at pace during 2007/08 with the opening of a national private call centre, the creation of a second finance shared service centre dedicated to transaction processing and credit control, plus the centralisation of employee administration including the introduction of an electronic document management system As well as promoting a common set of processes and business practices, including a consistency of service to employees and customers, this restructuring has enabled the group to reduce the number of mainland UK property leases down from 48 a year ago to 40 today

A new single sales structure for the mainland UK business has been created, unifying the offline and online teams, moving from numerous regional sales teams to a single sales organisation with shared objectives TMG will continue to build market leading brands, both online and offline and by investing heavily in technology to provide a first class service to customers whichever channel they choose

Restructuring of this scale has come at a cost, and when combined with the business closure activity, resulted in a £6 2 million expense for the year (2007 £3 0 million), mainly for redundancy and property charges The business closures occurred relatively late in the year and as such £5 3 million (2007 £2 2 million) of the restructuring provision remained outstanding at the year end

In summary, TMG achieved a strong financial performance for the year in the face of a tough media and car market place – plus major strategic change and business restructuring The flagship brand Auto Trader continues to grow during a transition to online/digital delivery solutions supported by upweighted marketing investment Both the transition online and higher investment in restructuring and marketing will continue into the next financial year

Auto Trader

	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Turnover	217 6	1 5	219 1	203	0 6	204 3
Underlying operating profit/(loss)	90 0	(3 9)	86 1	86	(4 4)	82 0
Average headcount in the year	2,140	49	2,189	2,195	53	2,24[illegible]

The UK car market continued to face uncertain trading conditions in 2007/08, with private used car sales down 1% for the year Despite this Auto Trader's performance was strong Turnover from continuing activities increased 6 8% to £217 6 million and underlying operating profit (before goodwill amortisation, impairment and exceptional charges) by 4 2% to £90 0 million The transition to online products away from more traditional magazine based solutions continues to put this revenue growth under pressure as the digital advertising yields for the Auto Trader brand are lower The revenue growth in the year came in a large part through volume gains in dealer services products targeted at car manufacturers and their network of franchised dealers plus an increase in e-commerce revenues (e g finance, insurance and banner advertising) Given these revenue pressures the ongoing restructuring programme to reduce back office costs is essential in order to minimise the impact on margin

Investment in the Auto Trader product was increased significantly in the year In February TMG relaunched under a refreshed Auto Trader logo, its web site and magazine, supported by marketing costs of over £4 million The marketing investment positioned Auto Trader as *"The world of cars made easy"* and was based on exhaustive research with both motorists and customers, including dealers, motoring brands and agencies This commitment to involve and communicate with customers continues and remains core to our marketing approach

These actions are already showing commercial results with Auto Trader reinforcing its clear leadership of the UK automotive classified sector In March 2008 the website recorded a record number of unique users (10 3 million) and unique cars on the site (414,000) and the magazine continues to perform strongly with weekly circulation (including Ireland) over 250,000 even with this transition online The core reach of the brand can be seen in the table below

	2008	2007
Consumer Audience		
Average unique users* in the year (million per month) www autotrader co uk	8 1	6 4
Average page impressions* in the year (million per month) www autotrader co uk	553	387
Average weekly circulation (number of copies '000) Copy sales – Auto Trader (excluding Ireland)	168	198
Stock / Content		
Average number of cars on website during the year www autotrader co uk ('000)	401	345
Average number of pages per issue	319	305

* as defined by IFABC Global Web Standards (www ifabc org)

Product innovation through Auto Trader also continues including an improved new car offering across both the website and the magazine, Telesafe (anti canvasser / car crime phone technology to protect our advertisers from nuisance calls), Auto Trader car insurance and finance, editorial and supplements – all supported by the improved look, feel and easier navigation of both the web site and magazine This innovation is set to continue with further product launches this year This combined with strong partnerships with leading portals and motoring specific websites means that Auto Trader continues to have the best reach across the UK automotive classified sector

However, the competitive environment in the automotive classified sector continues to be challenging with strong web brands joining the traditional publishing competition, offering different options for consumers and customers alike Added to this, the demands of Auto Trader's customers are changing Private advertisers for example now predominantly want to be in both the offline and online channels Trade customers are changing how they interact with Auto Trader through the steady growth of large multi-site "branded" dealer chains, concentrating the stock of cars in the UK into fewer dealers

The migration to an online channel means that circulation of the Auto Trader magazine is falling Copy sales across mainland UK in 2007/08 fell 15% in the year but the magazine still provides excellent response to advertisers and has increased average issue pagination through additional editorial content and introduced extra supplements to stimulate demand

Despite these pressures underlying operating profit (before goodwill amortisation, impairment and exceptional charges) from Auto Trader has grown ensuring that the brand continues to transition to an online channel in a positive way It has achieved this by reducing its cost base through rationalising the back office functions

National titles

	2008 £m Continuing	2007 £m Continuing
Turnover	17 9	18 8
Underlying operating profit	9 0	8 2
Average headcount in the year	112	127

The group's National titles predominately sell offline products and as such face similar market conditions to the offline channel of Auto Trader Strong performances from Truck Trader and Farmers Trader ensured that revenue fell by only 5% and underlying operating profit (before goodwill amortisation, impairment and exceptional charges) improved nearly 10% as back office consolidation and careful cost control mitigated against the lost turnover from other titles New branding, strong retail activity and extension of the web offering for each of these products is planned to ensure a better performance in the future

Overseas titles

	2008 £m Continuing	2007 £m Continuing
Turnover	29 4	29 6
Underlying operating profit	5 7	6 1
Average headcount in the year	386	423

The overseas businesses in Holland, South Africa and Italy had challenging years but performed well with revenue marginally lower than prior year Turnover was aided by net favourable foreign exchange gains of £0 4 million as the euro strengthened over the year whilst the South African rand weakened However, the reverse was true at an underlying operating profit (before goodwill amortisation, impairment and exceptional charges) level as the net foreign exchange impact was a loss of £0 2 million, reflecting the profit contribution from South Africa Profits were also adversely impacted by the cost of an ongoing strategic review of these businesses at a cost of £0 7 million in the year (2007 £nil)

Specialist titles

	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Turnover	13 2	7 6	20 8	14 5	9 2	23 7
Underlying operating profit	4 4	2 9	7 3	5 6	3 3	8 9
Average headcount in the year	223	61	284	274	80	354

Following the sale of Marine Trader and TNT during the year the only non-automotive classified advertising business TMG now operates is AdTrader for which the results for the year are disclosed as continuing

AdTrader operates in localised geographic areas of the UK and like all players in the "general classified" sector it continues to face the challenge of migrating online with strong external competitors As such its circulation decreased 13% year on year but this compares favourably to other competitors, where declines of c 25% are being experienced Online revenues in contrast rose c 20% in 2007/08 and it is in this area that extra advertising revenue is targeted for the brand going forward Investment has been made to achieve this, hence the decline in profit

Print

	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Turnover from non-TMG group companies	31 0	6 0	37 0	28 5	6 5	35 0
Turnover from TMG group companies	26 1	-	26 1	28 5	-	28 5
Total turnover	57 1	6 0	63 1	57 0	6 5	63 5
Underlying operating profit/(loss)	2 1	(0 7)	1 4	4 3	(0 2)	4 1
Average headcount in the year	378	157	535	390	159	549

The print division has performed well to hold revenues broadly flat in a difficult market sector Non-group revenue was supported by winning some key external contracts TMG group revenue rose despite the circulation decline, as print runs did not fall as sharply as magazine sales due to a focus on improving availability and an increase in the average number of pages per Auto Trader issue

The restructuring of the division through the closure of the loss making Wiltshire plant and transfer of group titles will increase the operating efficiency of the remaining two printing plants with the objective of preserving 2007/08 profitability levels going forward

Property

	2008 £m Discontinued	2007 £m Discontinued
Turnover	1 3	4 9
Underlying operating profit	-	1 0
Average headcount in the year	20	74

The Property division was discontinued on 8 June 2007 when the Vebra group of companies were sold During the period prior to disposal, profits from the software business were re-invested in the www thinkproperty com portal such that the division broke-even

Reported profit

A reconciliation of the group's underlying operating profit (before goodwill amortisation, impairment and exceptional charges) to retained loss for the year is presented below

	2008 £m	2007 £m
Underlying operating profit	109 5	110 3
Amortisation of goodwill	(35 0)	(35 7)
Impairment	(5 5)	(14 0)
Exceptional item Disposal costs	(13 5)	(3 5)
Operating profit	55 5	57 1
Non-operating exceptional items		
Profit on sale of businesses	2 1	-
Loss on termination of operations	(5 6)	-
Associate undertaking	-	0 1
Interest receivable and other income	2 9	39 2
Interest payable and similar charges	(90 7)	(22 5)
(Loss)/profit on ordinary activities before taxation	(35 8)	73 9
Taxation	(5 9)	(19 6)
(Loss)/profit on ordinary activities after taxation	(41 7)	54 3
Dividend paid	(1 4)	(564 1)
Retained loss for the financial year	(43 1)	(509 8)

Amortisation in the year was lower than 2006/07 due to disposals and the impact of the prior year impairment offset by a full year's charge for acquisitions made last year The impairment charge for the year of £5 5 million (2007 £14 0 million) included a further £4 1 million charge ahead of the disposal of the specialist titles in the year to add to the £13 0 million booked last year

Operating profit for the year includes a £13 5 million (2007 £3 5 million) charge for disposal costs incurred in connection with the disposal by GMG of a 49 9% interest in the group to Apax Most of the charge relates to fees paid to professional advisors, accountants and lawyers and has been identified as an exceptional item this year by virtue of its size

Non-operating exceptional items include a £2 1 million (2007 £nil) profit on disposal of the Vebra group of companies to GMG on 8 June 2007 and a £5 6 million charge (2007 £nil) for loss on termination of the Wiltshire printing press and vehicle provenance checking business, TDS

Interest receivable and other income in the year includes a £1 1 million (2007 £nil) profit on close out of an interest rate swap and an extra £1 2 million from bank interest, reflecting average cash balances of £26 3 million compared to £8 1 million in the previous year Prior year interest was higher due to £38 8 million of interest receivable on balances held with parent companies, and these balances were settled in full before the previous year end

The £68 2 million increase in interest payable and similar charges in the year reflects the additional debt incurred in connection with the refinancing on 8 June 2007 The charge for the year of £90 7 million (2007 £22 5 million) includes £33 5 million (2007 £nil) of debt issue costs incurred in connection with the refinancing of the group These costs were initially capitalised on 8 June 2007 and have been amortised over the period to the earliest possible date of repayment

Interest on bank loans and overdrafts rose from £19 7 million last year to £55 9 million in 2007/08, reflecting an increase in the average amount outstanding under bank loans from £333 3 million in 2006/07 to £704 3 million in 2007/08 together with an increase in the interest rate payable Prior to the refinancing bank debt was subject to LIBOR plus a margin between 0 8% and 1%, but post 8 June 2007 interest has been paid on bank debt at a rate of LIBOR plus a margin of 2 125% During the year the LIBOR payable by the group was in the range 5 4% to 6 3% (2007 4 6% to 5 4%)

The group tax charge fell in the year to £5 9 million (2007 £19 6 million) due mainly to a £14 1 million reduction in UK corporation tax payable Less tax is payable in the UK due to the increase in tax deductible interest arising from higher external bank debt

Net debt and cash flow

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") fell £10 4 million in the year to £107 6 million If exceptional disposal costs of £13 5 million (£3 5 million) are excluded, 2007/08 EBITDA was in line with previous year as profit growth in the core Auto Trader brand was offset by reduced contribution from the Print segment, other titles and restructuring activity Free cash flow was £12 8 million lower in the year at £41 0 million, due primarily to higher interest costs following the refinancing, and payment of disposal costs Capital expenditure was modest in the year as the emphasis was on internal development of systems and processes rather than the purchase of third party equipment

	2008 £m	2007 £m
Operating profit	55 5	57 1
Depreciation	11 6	11 2
Goodwill amortisation	35 0	35 7
Impairment of goodwill and associated undertaking	5 5	14 0
EBITDA	107 6	118 0
Foreign exchange losses and FRS 17 non-cash adjustment	0 1	0 2
Loss/(profit) on disposal of tangible fixed assets	0 1	(0 4)
Net movement in working capital and loss on termination of operations	4 2	(56 4)
Net cash inflow from operating activities	112 0	61 4
Net interest (payable)/receivable	(52 3)	18 7
Taxation	(12 0)	(15 8)
Capital expenditure (net of sale proceeds)	(6 7)	(10 5)
Free cash flow	41 0	53 8
Acquisitions	(3 8)	(37 0)
Disposals	24 6	-
Net dividends paid	(1 4)	(564 0)
Cash inflow / (outflow) before financing	60 4	(547 2)

Refιnancιng

Net debt decreased by £27 6 mιllιon ιn the year to £317 1 mιllιon followιng the refinancιng of the group ιn connectιon wιth the dιsposal of 49 9% of the company to Apax The previous bank debt of £332 7 mιllιon was repaιd and £800 mιllιon drawn under a new syndιcated loan facιlιty (excludιng debt ιssue costs of £33 5 mιllιon) A £423 5 mιllιon loan was made to an ιntermedιate parent company, financed through the ιncrease ιn the bank debt

	2008 £m	2007 £m
Net debt at begιnnιng of year	(344 7)	226 6
Net repayment / (drawdown) of prevιous bank debt	332 7	(3 5)
Repayment of other debt	22 0	2 8
Issue of new bank debt (net of ιssue costs)	(766 5)	-
Repayment of new bank debt	22 0	-
Repayment of prevιous shareholder loan	-	(557 2)
Issue of new shareholder loan	423 5	-
Cash flow from debt financιng	33 7	(557 9)
Amortιsatιon of debt ιssue costs	(33 7)	(1 8)
Acquιsιtιons	-	(22 8)
Increase ιn cash	27 7	11 8
Exchange movement	(0 1)	(0 6)
Net debt at end of year	(317 1)	(344 7)

Principal risks and uncertainties

Market risk

TMG operates primarily in the automotive market place and is therefore exposed to changes in this market The level of advertising spend by our customers may decline due to changes in consumer patterns for purchases of vehicles or through increased and more costly regulation TMG'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 that Auto Trader not only delivers the best response to advertisers, but better value for money than its competitors Our strategy to operate a single sales structure, unifying the offline and online teams, is already proving successful and we continue to simplify our product range and rate card

Customer credit and bad debt risk

A reduction in the amount of credit provided to those purchasing vehicles (i e from a "credit crunch") may dampen the underlying activity in the market and over the longer term adversely impact dealer profitability However, in the short term (i e one year) customer spend on advertising is not expected to be adversely affected Where the impact on TMG of reduced or more expensive credit is greater relates to those customers who advertise their financial services products with the group When the supply of credit is tighter these display advertisers tend either to reduce advertising as they themselves are not able to access credit at financially viable levels or the lack of supply in the market means that their products no longer need advertising as often as before

If market activity slows and customer margins are placed under pressure, the risk to TMG 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

Channel risk

All TMG 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 in this channel and TMG continues to mitigate this threat by leading the industry in this area

Financial risk management

In the course of its business the group is exposed primarily to price risk, foreign exchange risk, interest risk, credit risk, leverage risk and liquidity risk The overall aim of the group's financial risk management policies is to minimise potential adverse effects on the financial performance and the 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

Price risk

The group is exposed to commodity risk as a result of its operations However, given the size 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 size or nature The group manages paper price risk in the United Kingdom through purchasing agreements with related undertakings at fixed prices The group has no exposure to equity securities as it holds no listed or other equity investments

Foreign exchange risk

The group operates in a number of overseas regions, being mainly Holland, 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 United Kingdom, thereby minimising the impact of exchange rate volatility on the balance sheet Forward currency contracts are entered into when appropriate to eliminate exposures on dividend income from non-UK subsidiaries

Interest rate risk

The group has interest bearing debt that is predominantly sterling denominated Such borrowings are subject to floating rates of interest linked to LIBOR The group enters into interest rate swap and cap agreements to manage its interest rate exposure as disclosed in note 16 of the financial statements

Credit risk

The group minimises its counterparty credit risk exposures by dealing with only a limited range of financial institutions with secure credit ratings Counterparty credit ratings are regularly monitored, and there is no significant concentration of credit risk with any single counterparty

Leverage risk

The group is highly leveraged with £740 6 million of external net debt (2007 £344 7 million) The risk that the leveraged nature of the group affects the future development of the group has been mitigated through the structure of the debt financing The £835 million Senior Facilities Agreement ("SFA") is an arrangement whereby the group is not required to adhere to performance related leverage or interest cover ratios or to restrict capital expenditure Whilst both the Revolving Credit Facility and Term Loan B elements of the SFA can be repaid without penalty, there is no requirement to settle all or part of these debt packages earlier than their respective termination dates of 8 June 2014 and 8 June 2015 Restrictions do exist to limit the level of additional indebtedness incurred, the extent of dividends payable and to repay a proportion of any excess cash flow but these are not expected to impact materially the planned organic growth of TMG This debt structure, when taken in conjunction with the projected cash flows, is considered sufficiently flexible to ensure that TMG can continue to service its obligations as they fall due even if the group suffered a significant reduction in trading performance Further detail on the group's borrowings is set out in note 16 and an analysis of group cash flows is presented in note 22 of the financial statements

Liquidity risk

The group's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations whilst minimising the need to carry significant net debt over the medium term The group's principal borrowing facilities are in the form of a term loan and revolving credit facility secured on the net assets of the company, its immediate subsidiary and certain other subsidiary undertakings The quantum of committed borrowing facilities available to the group is reviewed regularly and is designed to exceed forecast peak gross debt levels

Results and dividends

The group's loss for the financial year was £41 7m (2007 profit £54 3m)

A final dividend of £1,417 per share in respect of the year ended 30 March 2008 (2007 £563,530) was paid during the year

Directors

The directors who served during the year and up to the date of the signing of the financial statements were as follows

A A	Miller	Chief Financial Officer	
S	Glithero	Group Financial Controller	
G N	Storey	Chief Operating Officer	(Appointed 1 August 2007 and resigned 18 April 2008)

Supplier payment policy

The group's policy is to settle terms of payment with 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 creditors of the group at 30 March 2008 were equivalent to 39 (2007 28) 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 2010, 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

Paper is sourced from a number of suppliers in the UK and overseas and TMG has entered into purchasing arrangements with members of the GMG group to obtain better prices and service than would perhaps otherwise be available on a standalone basis

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 company intranet TMG sees the relationship with its employees as key to its success and during 2007/08 the group commissioned a full employee survey The objective of this survey was to understand the views of the employees towards the group and to act upon their concerns

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 & 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 six years ago and has created a solid health and safety framework and culture within TMG

Sustainability

The environmental policy of the group has primarily been focused on the Print division which following the closure of the Wiltshire plant contains two printing facilities These plants operate to environmental standards as set out in ISO14001 and OHSAS 18001 and carry out procedures as detailed within the Environmental Legislative Register e g Paper Policy, Climate Change For example the Acorn Web Offset print site has achieved Paper "Chain of Custody" certification from both the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) global forest certification schemes Certification to these two global forestry standard certification schemes allows Acorn to offer customers requiring sustainably sourced paper the option of printing a valid and certified "green" claim on their printed product 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 At the Apple Web plant a regenerative thermal oxidiser has been introduced which alone has reduced carbon emissions by 900 tonnes per annum

Through its arrangement with COMAG, TMG 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 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

Community

Over the last two years, the group has developed its Community policy by supporting The Samaritans through a corporate donation, fund raising at all centres and matching of staff donations Throughout the business staff are encouraged to work with The Samaritans branch in their local area and as a result four members of staff are training to become Samaritan volunteers Beyond this TMG helps The Samaritans promote their aims through its publications, website and marketing events At the 2007 Motor Show a Samaritan flyer was put in each of TMG's 10,000 promotional bags The group also supports Fix-It UK Limited, a Wycombe based charity that helps disadvantaged young people gain qualifications and get back into mainstream education

Political and charitable contributions

During the year the group made charitable donations of £0 1 million (2007 £0 1 million) There were no political contributions in either year

Land and buildings

The market value of land and buildings is estimated by the directors to be approximately £2 8 million greater than its balance sheet value of £10 9 million

Directors indemnities

The group maintains liability insurance for its directors and officers

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

Statement of directors' responsibilities
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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Statement of disclosure of information to auditors
The directors confirm, so far as each director is aware, that there is no relevant audit information of which the company's auditors are unaware Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

6, Thatcham Business Village
Colthrop Lane
Thatcham
Berkshire
RG19 4LW

19 June 2008

On behalf of the Board,

A A Miller
Director

Independent auditors' report to the members of Trader Media Corporation (2003) Limited

We have audited the group and parent company financial statements (the "financial statements") of Trader Media Corporation (2003) Limited for the year ended 30 March 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of Trader Media Corporation (2003) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 30 March 2008 and of the group's loss and cash flows for the year then ended, have been properly prepared in accordance with the Companies Act 1985, and the information given in the directors report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading
20 June 2008

Consolidated profit and loss account

For the year ended 30 March 2008

	Note	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Turnover	2	309 1	16 4	325 5	295 1	21 2	316 3
Cost of sales		(87 4)	(9 2)	(96 6)	(82 3)	(10 7)	(93 0)
Gross profit		221 7	7 2	228 9	212 8	10 5	223 3
Distribution costs		(1 1)	-	(1 1)	(1 4)	-	(1 4)
Administrative expenses		(157 8)	(14 5)	(172 3)	(137 2)	(27 6)	(164 8)
Operating profit/(loss)		62 8	(7 3)	55 5	74 2	(17 1)	57 1
Non-operating exceptional items Profit on sale and loss on termination of operations	5	-	(3 5)	(3 5)	-	-	-
Share of profits of associated undertakings				-			0 1
Interest receivable and other income	3			2 8			39 1
Interest payable and similar charges	3			(90 7)			(22 5)
Other finance income	3			0 1			0 1
(Loss)/profit on ordinary activities before taxation	4			(35 8)			73 9
Tax on (loss)/profit on ordinary activities	8			(5 9)			(19 6)
(Loss)/profit on ordinary activities after taxation	19,20			(41 7)			54 3
Dividends paid	9,19,20			(1 4)			(564 1)
Loss for the financial year				(43 1)			(509 8)

There are no material differences between the consolidated (loss)/profit on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

Consolidated statement of total recognised gains and losses
For the year ended 30 March 2008

	Note	2008 £m	2007 £m
(Loss)/profit for the financial year			
Group		(41 7)	54 2
Associate		-	0 1
		(41 7)	54 3
Actuarial loss on pension scheme	24	-	(0 1)
Share of other recognised gains and losses of associated undertaking	12	-	0 1
Currency translation differences on foreign currency net investments	19,20	0 5	(0 5)
Total recognised gains and losses relating to the year		(41 2)	53 8

Consolidated balance sheet

As at 30 March 2008

	Note	2008 £m	2007 £m
Fixed assets			
Intangible assets	10	389 4	452 7
Tangible assets	11	33 6	43 7
Investments	12	-	0 4
		423 0	496 8
Current assets			
Stocks	13	2 7	2 2
Debtors	14	482 3	51 1
Cash at bank and in hand	23	38 6	10 8
		523 6	64 1
Creditors: Amounts falling due within one year	15	(62 1)	(109 1)
Net current assets/(liabilities)		461 5	(45 0)
Total assets less current liabilities		884 5	451 8
Creditors: Amounts falling due after more than one year	16	(780 0)	(305 8)
Provisions for liabilities and charges	17	(8 6)	(7 5)
Net assets		95 9	138 5
Capital and reserves			
Called-up share capital	18	-	-
Share premium account	19	16 2	16 2
Non distributable reserve	19	-	12 9
Profit and loss account	19	79 7	109 4
Equity shareholder's funds	20	95 9	138 5

Company balance sheet

As at 30 March 2008

	Note	2008 £m	2007 £m
Fixed assets			
Investments	12	707 8	707 8
Current assets			
Debtors	14	41 0	20 0
Cash at bank and in hand		-	-
		41 0	20 0
Creditors Amounts falling due within one year	15	(0 2)	(0 2)
Net current assets		40 8	19 8
Net assets		748 6	727 6
Capital and reserves			
Called-up share capital	18	-	-
Share premium account	19	16 2	16 2
Non distributable reserve	19	-	13 3
Profit and loss account	19	732 4	698 1
Equity shareholder's funds	20	748 6	727 6

The financial statements on pages 20 to 59 were approved by the board of directors on 19 June 2008 and signed on its behalf by

A A Miller

Director

Consolidated cash flow statement

For the year ended 30 March 2008

	Note	2008 £m	2007 £m
Net cash inflow from operating activities	21	112 0	61 4
Return on investments and servicing of finance	22	(53 7)	(545 3)
Taxation	22	(12 0)	(15 8)
Capital expenditure and financial investment	22	(6 7)	(10 5)
Acquisitions and disposals	22	20 8	(37 0)
Cash inflow / (outflow) before financing		60 4	(547 2)
Financing	22	(32 7)	559 0
Increase in cash in the year	23	27 7	11 8

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

During the year, an amendment to Financial Reporting Standard 3 *Reporting Financial Performance* became effective and has been adopted by the company There is no impact on the financial statements arising from the adoption of this amendment

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

In accordance with Section 230 of the Companies Act 1985, 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 19

Basis of consolidation

The group financial statements consolidate the financial statements of Trader Media Corporation (2003) Limited (the company) and all of its subsidiary undertakings drawn up to 30 March 2008 For associated undertakings the group includes its share of profits and losses in the consolidated profit and loss account and its share of post acquisition retained profits or accumulated deficits in the consolidated balance sheet The consolidated financial statements are based on financial statements which are coterminous with those of the parent company Accounting policies have been applied consistently across the group

The acquisition method of accounting has been adopted Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the year Finance 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

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or, if appropriate, at the forward contract rate Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss and taken to the profit and loss account in the period in which it arises

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves All other exchange differences are included in the profit and loss account

Intangible assets

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and written off over a period of approximately 20 years This is deemed an appropriate period of amortisation for goodwill acquired by the group and provision is made for any impairment Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited directly to the profit and loss account in the period(s) expected to benefit Impairments are assessed when a triggering event has occurred and are assessed by comparing the carrying value of the goodwill attributable to a cash generating unit to its value in use

Other intangible assets are stated at cost net of amortisation Cost includes the original purchase price of the asset plus incidental expenses Amortisation is provided at rates calculated to write off the cost less estimated residual value on a straight line basis over its expected useful economic life

Investments

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost less provisions for impairment Dividends received are credited to the company's 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

Leases

All leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease, even if the payments are not made on such a basis

1 Accounting policies (continued)

Pension costs

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 group operates a defined benefit scheme, the assets of which are held separately from those of the group in independently administered funds Pension scheme assets are measured using market value Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The increase in the present value of the liabilities of the group's defined benefit scheme expected to arise from employee service in the period is charged to operating profit The expected return on the scheme's liabilities arising from the passage of time, are included in other finance income Actuarial gains and losses are recognised in the statement of total recognised gains and losses Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

For defined contribution schemes the assets of the scheme are held separately from those of the group in an independently administered fund The pension cost charge to the profit and loss account represents contributions payable by the group to the fund in the period

Provisions

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, 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 Provisions are discounted where the effect is material

Related party transactions

Under the provisions of Financial Reporting Standard 8 *Related Party Disclosures*, the group is exempt from the requirement to disclose details of certain related party transactions as it is a wholly owned subsidiary of Trader Media Group Limited, whose consolidated financial statements are publicly available

Share based payments

Some of the group's employees have received share-based payment awards from Trader Media Group Limited These equity settled awards are accounted for in accordance with UITF 44 *Group and Treasury Share Transactions* resulting in the grant date fair value being charged to the profit and loss account over the vesting period and being credited to equity

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value using a first in first out valuation method For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal levels of activity Provision is made for obsolete, slow moving and defective items where appropriate

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life

Freehold buildings	50 years
Leasehold improvements	life of lease
Leasehold land and buildings	life of lease
Motor vehicles	5 years
Plant and equipment	3 - 10 years

Assets in the course of construction are recorded as tangible fixed assets and are transferred to the appropriate tangible fixed asset classification when complete, and depreciated from that date

Taxation

UK corporation tax and foreign 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

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

1 Accounting policies (continued)

Turnover

Turnover comprises

- Fees for advertising on the group's websites and web related activities, which are recognised when the service is provided,
- Fees for advertising in the group's publishing titles and the sale of the publication, which are recognised on the date of publication,
- Fees for computer software supplied, and
- Amounts invoiced for print services provided, which are recognised on dispatch of goods to the customer

Turnover is only recognised when considered recoverable and is stated net of discounts and value added tax Maintenance contracts and licence fees, where invoiced in advance, are deferred and recognised on a straight line basis over the period to which they relate Accrued income is recognised where advertisements have been published but an invoice has yet to be raised

Web site developments costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred

2 Turnover and segmental analysis

Full segmental disclosures required by SSAP 25 *Segmental Reporting* are detailed in the consolidated financial statements of the parent company, Trader Media Group Limited However segmental disclosures have been provided in these financial statements to assist with the understanding of the performance of the business in the current and previous year

The analysis of turnover by destination is not materially different from turnover by origin as disclosed below

The results of businesses acquired during the year have not had a significant impact on the turnover or profit for the year

By class of business.

	Turnover	
	2008	2007
	£m	£m
Continuing:		
Auto Trader	217 6	203 7
National titles	17 9	18 8
Overseas titles	29 4	29 6
Specialist titles	13 2	14 5
Print	57 1	57 0
Inter-segment	(26 1)	(28 5)
	309 1	295 1
Discontinued.		
Auto Trader	1 5	0 6
Specialist titles	7 6	9 2
Print	6 0	6 5
Property	1 3	4 9
	16 4	21 2
Total	325 5	316 3

Classes of business are defined as

Auto Trader	Classified automotive advertising provided under the Auto Trader brand in the UK and Ireland
National titles	Classified automotive advertising provided in national titles, including Bike Trader, Caravan Trader, Classic American, Farmers Trader, Top Marques and Truck Trader
Overseas titles	Classified automotive advertising provided in Italy, Holland and South Africa
Specialist titles	Classified advertising outside the automotive sector provided in the following titles AdTrader, TNT and Marine Trader
Print	Print operations Mainly to print the magazine titles for the group supplemented by contract printing for third party customers
Property	Provision of software solutions to estate agents

2 Turnover and segmental analysis (continued)

	2008					
	Operating profit/(loss) before amortisation & impairment	Amortisation	Impairment	Operating profit/(loss)	Non-operating exceptional items	Profit/(loss) before interest & taxation
	£m	£m	£m	£m	£m	£m
Continuing						
Auto Trader	90 0	(27 2)	(1 4)	61 4	-	61 4
National titles	9 0	(2 0)	-	7 0	-	7 0
Overseas titles	5 7	(1 8)	-	3 9	-	3 9
Specialist titles	4 4	(1 8)	-	2 6	-	2 6
Print	2 1	(0 7)	-	1 4	-	1 4
Disposal costs	(13 5)	-	-	(13 5)	-	(13 5)
	97 7	(33 5)	(1 4)	62 8	-	62 8
Discontinued.						
Auto Trader	(3 9)	-	-	(3 9)	(2 6)	(6 5)
Specialist titles	2 9	(1 3)	(4 1)	(2 5)	-	(2 5)
Print	(0 7)	-	-	(0 7)	(3 1)	(3 8)
Property	-	(0 2)	-	(0 2)	2 2	2 0
	(1 7)	(1 5)	(4 1)	(7 3)	(3 5)	(10 8)
Total	96 0	(35 0)	(5 5)	55 5	(3 5)	52 0
Net interest payable and similar income						(87 8)
Loss on ordinary activities before taxation						(35 8)

Disposal costs mainly represent fees paid to professional advisors, accountants and lawyers in connection with the disposal by GMG (TMG) Limited of a 49 9% interest in Trader Media Group Limited, to Apax Disposal costs have not been allocated against segments as they relate to the disposal of the business as a whole and are considered to be an exceptional item

2 Turnover and segmental analysis (continued)

	2007					
	Operating profit/(loss) before amortisation & impairment	Amortisation	Impairment	Operating profit/(loss)	Share of profit from associated undertakings	Profit/(loss) before interest & taxation
	£m	£m	£m	£m	£m	£m
Continuing:						
Auto Trader	86 4	(26 7)	-	59 7	0 1	59 8
National titles	8 2	(2 0)	-	6 2	-	6 2
Overseas titles	6 1	(1 7)	-	4 4	-	4 4
Specialist titles	5 6	(1 8)	-	3 8	-	3 8
Print	4 3	(0 7)	-	3 6	-	3 6
Disposal costs	(3 5)	-	-	(3 5)	-	(3 5)
	107 1	(32 9)	-	74 2	0 1	74 3
Discontinued:						
Auto Trader	(4 4)	(0 1)	(1 0)	(5 5)	-	(5 5)
Specialist titles	3 3	(2 0)	(13 0)	(11 7)	-	(11 7)
Print	(0 2)	-	-	(0 2)	-	(0 2)
Property	1 0	(0 7)	-	0 3	-	0 3
	(0 3)	(2 8)	(14 0)	(17 1)	-	(17 1)
Total	106 8	(35 7)	(14 0)	57 1	0 1	57 2
Net interest receivable and similar income						16 7
Profit on ordinary activities before taxation						73 9

Geographical segmental analysis:

	Turnover	
	2008	2007
	£m	£m
Continuing:		
UK and Ireland	279 7	265 2
Rest of Europe	17 6	17 4
Rest of World	11 8	12 5
	309 1	295 1
Discontinued:		
UK and Ireland	16 4	21 2
Total	325 5	316 3

3 Interest

	2008 £m	2007 £m
Interest receivable and other income		
Interest on refund of corporation tax	0 2	0 1
On bank balances	1 4	0 2
On financial instruments	1 2	-
On inter group balances	-	38 8
	2 8	39 1
Interest payable and similar charges		
On bank loans and overdrafts	55 9	19 7
On vendor loan notes	-	0 3
On inter group balances	-	0 1
On financial instruments	0 8	0 3
Amortised debt issue costs on bank loans (note 5)	33 7	1 8
Unwinding of discount on provisions	0 3	0 3
	90 7	22 5
Other finance income		
Net pension finance income (note 24)	0 1	0 1

Amortised debt issue costs include accelerated debt issue costs of £0 2 million (2007 £1 3 million) relating to the Previous Bank Debt (note 16) and £33 5 million incurred in connection with the refinancing of the group (note 16)

4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)

	2008 £m	2007 £m
Depreciation of owned tangible fixed assets (note 11)	11 6	11 2
Impairment of owned tangible fixed assets (note 11)	2 2	-
Amortisation of goodwill (note 10)	35 0	35 7
Impairment of goodwill (note 10)	5 4	14 0
Impairment of investment in associate (note 12)	0 1	-
Loss/(profit) on disposal of tangible fixed assets	0 1	(0 4)
Operating lease rentals		
- plant and machinery	0 1	0 1
- other	5 7	5 3
Compensation for loss of office	-	1 3
Amortisation of debt issue costs (note 16)	33 7	1 8
Disposal costs (note 2)	13 5	3 5

Services provided by the group's auditor

	2008 £m	2007 £m
Fees payable for the audit of the company's financial statements	0 1	-
Fees payable for other services		
- For the audit of the financial statements of associates of the company pursuant to legislation (including that of countries and territories outside Great Britain)	0 3	0 3
- Other services related to taxation	0 1	0 1
- Services relating to corporate finance transactions entered into by the company or any of its associates	0 9	2 4
	1 4	2 8

Fees for the audit of the group's circulation statistics were paid to Audit Bureau of Circulation of £68,000 (2007 £48,000)

5 Exceptional Items

	2008 £m	2007 £m
Profit on sale of subsidiary undertakings	2 1	-
Loss on termination of operations	(5 6)	-
Profit on sale and loss on termination of operations	(3 5)	-

Attributable to these exceptional items is a tax charge of £0 9 million

The profit above relates to the sale of wholly owned subsidiaries announced in the year as detailed below

Disposals	**Date Disposed**	**Operating (loss)/profit relating to disposals** £m
Vebra Investments Limited and subsidiary undertakings	8 June 2007	(0 2)
Marine Trader Media Limited and subsidiary undertaking	12 November 2007	(2 9)
Contact Advantage Group Limited and subsidiary undertakings	7 December 2007	(0 4)
Trader Media (TNT) Limited	26 February 2008	0 4

The operating (loss)/profit above relates to the consolidated (losses)/profits made by each of the entities up to the date of disposal

Further information relating to the discontinued activities can be found in note 2

The profit on sale represents the difference between the book value of assets disposed of and the proceeds received for them

During the year the group announced the closure of its Wiltshire printing plant and vehicle provenance checking business, Trader Data Systems The redundancy and related costs associated with those terminations are reported in the loss above and include a fixed asset impairment charge of £2 2 million

Within continuing operating profit, exceptional charges of £13 5 million (2007 £3 5 million) have been recorded relating to the disposal by GMG (TMG) Limited of a 49 9% interest in Trader Media Group Limited to Apax These disposal costs mainly represent fees paid to professional advisors, accountants and lawyers

Within interest payable is £33 5 million (2007 £nil) of debt issue costs incurred in connection with the refinancing of the group These costs were capitalised on 8 June 2007 and have been amortised over the period to the earliest possible date of repayment

6 Employee information

The average monthly number of employees (including executive directors) was as follows

	Total headcount		Full time equivalent	
	2008	2007	2008	2007
Administration	888	1,014	838	905
Sales	1,513	1,629	1,290	1,402
Production	1,126	1,132	951	996
	3,527	3,775	3,079	3,303

Their aggregate remuneration comprised

	2008 £m	2007 £m
Wages and salaries	91 2	84 7
Social security costs	8 7	8 3
Pension contributions to defined contribution schemes (note 24)	2 4	2 8
Other pension costs (note 24)	0 1	0 1
	102 4	95 9

The company had no employees during the year (2007 nil) As such, no staff costs arose during either year

7 Directors' remuneration

The directors who served in the year, the companies for which they received remuneration for their services as directors and the financial statements in which their remuneration is disclosed are as follows

Director	Services as director of 2008	Disclosure 2008	Services as director of 2007	Disclosure 2007
A A Miller	Trader Media Group Limited and subsidiary undertakings[1]	Trader Media Group Limited[1]	GMG (TMG) Limited and subsidiary undertakings[2]	GMG (TMG) Limited[2]
G N Storey	Trader Media Group Limited and subsidiary undertakings[1]	Trader Media Group Limited[1]	GMG (TMG) Limited and subsidiary undertakings[2]	GMG (TMG) Limited[2]
S Glithero	Trader Media Group (2003) Limited and subsidiary undertakings	Trader Media Group (2003) Limited	Trader Media Group Limited and subsidiary undertakings[1]	Trader Media Group Limited[1]

[1] Trader Media Group Limited formerly Trader Media Investments Limited

[2] GMG (TMG) Limited formerly Trader Media Group Limited

The allocation of this remuneration in relation to their services as directors of the company and its subsidiaries was as follows

	2008 £m	2007 £m
Directors' emoluments	1 2	0 4
Pension contributions	-	-
	1 2	0 4

Three directors (2007 3) were members of the group's defined contribution scheme

All the above remuneration was paid by Trader Publishing Limited, a group company and has not been recharged to the company

The remuneration of the highest paid director was as follows	2008 £m	2007 £m
Aggregate emoluments	0 6	0 2
Pension contributions	-	-
	0 6	0 2

The allocation of this remuneration in relation to their services as directors of the company was £58,000 (2007 £nil)

8 Tax on (loss)/ profit on ordinary activities

Current taxation	2008 £m	2007 £m
UK corporation taxation	1 0	15 1
Foreign taxation	3 7	3 0
Adjustments in respect of prior years	1 3	0 8
Total current taxation	6 0	18 9
Deferred taxation		
Origination and reversal of timing differences (notes 14 and 17)	(0 1)	0 7
Total deferred taxation	(0 1)	0 7
Total taxation	5 9	19 6

The differences between the total current taxation shown above and the amount calculated by applying the standard rate of UK corporation taxation to the profit before taxation are as follows

	2008 £m	2007 £m
(Loss)/profit on ordinary activities before taxation	(35 8)	73 9
Less share of associates' profit before taxation	-	(0 1)
Group (loss)/profit on ordinary activities before taxation	(35 8)	73 8
Tax on (loss)/profit on ordinary activities at the standard UK corporation tax rate of 30% (2007 30%)	(10 7)	22 1
Expenses not deductible for taxation purposes (primarily goodwill amortisation and impairment)	18 6	15 4
Lower taxation rates on overseas earnings	0 3	(0 1)
Depreciation in excess of capital allowances and other timing differences	1 8	0 2
Double tax relief	(1 5)	-
Income not taxable	(0 5)	-
Withholding tax on overseas dividends	0 5	0 4
Timing differences on pension accounting	-	(0 3)
Adjustments to taxation charge in respect of prior years	1 3	0 8
Payment for brought forward losses	(0 1)	-
Losses brought forward and utilised	-	(0 5)
Losses carried forward	-	0 1
Payment for use of non-trading deficits	-	(2 6)
Group relief	(3 7)	(16 6)
Current taxation charge for the year	6 0	18 9

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 and South Africa are taxed at rates of 12 5% and 29% respectively

9 Dividends

	2008 £m	2007 £m
Equity shares		
Final paid of £1,417 (2007 £563,530) per 10p ordinary share	1 4	564 1

10 Intangible fixed assets

Group

	Goodwill £m	Trade names £m	Total £m
Cost			
At beginning of year	727 2	-	727 2
Additions	2 7	-	2 7
Disposals	(54 7)	-	(54 7)
Reclassifications	(0 1)	0 1	-
At end of year	675 1	0 1	675 2
Amortisation			
At beginning of year	274 5	-	274 5
Charge for year	35 0	-	35 0
Impairment	5 4	-	5 4
Disposals	(29 1)	-	(29 1)
Reclassifications	-	-	-
At end of year	285 8	-	285 8
Net book value			
At end of year	389 3	0 1	389 4
At beginning of year	452 7	-	452 7

An impairment loss of £1 3 million (2007 £14 1 million) was charged in the year after an impairment review identified a number of income generating units ("IGUs") that had a permanent diminution in value The impairment loss was measured by reference to the calculated value in use of each IGU based on the most recent five year plan approved by the directors Goodwill has been allocated to IGUs using an earnings before interest, tax, depreciation and amortisation weighting except where new IGUs arise as a result of an acquisition, in which case the goodwill arising on that acquisition is allocated to the IGU

A further £4 1 million (2007 £nil) of impairment was incurred in respect of businesses subsequently disposed

The real discount rates used to measure each IGU that has been impaired ranged from 8 2% to 10 5%

The company had no intangible fixed assets at 30 March 2008 (2007 £nil)

10 Intangible fixed assets (continued)

On 28 June 2007 the group acquired the remaining 70% of the ordinary share capital of Autofocus (UK) Limited for cash consideration of £2 7 million

Goodwill of £3 0 million resulted on acquisition as follows

	Book value £m	Fair value adjustment £m	Fair value acquired £m
Tangible assets	0 1	(0 1)	-
Current assets			
Debtors	0 2	-	0 2
Cash at bank and in hand	-	-	-
	0 2	-	0 2
Creditors Amounts falling due within one year	(0 2)	-	(0 2)
Net current assets	-	-	-
Total assets less current liabilities	0 1	(0 1)	-
Provisions for liabilities and charges	-	-	-
Fair value of net assets acquired	0 1	(0 1)	-
Goodwill			3 0
Associate balance from investments (note 12)			(0 3)
Total consideration			2 7

Following the disposal of Vebra Investments Limited on 8 June 2007, the deferred consideration payable by the group in June 2009 has been fixed at £2 2 million resulting in a decrease to the goodwill recorded on the original acquisition in August 2006 of £0 3 million The discounted deferred consideration at the end of the year was £2 0 million (2007 £2 3 million)

The sale of wholly owned subsidiaries by the group meant that goodwill was written off through the profit and loss account as follows

	2008 £m	2007 £m
Vebra Investments Limited and subsidiary undertakings	18 4	-
Marine Trader Media Limited and subsidiary undertakings	1 5	-
Trader Media (TNT) Limited	5 7	-
	25 6	-

11 Tangible fixed assets

Group	Assets under construction £m	Land, buildings and leasehold improvements £m	Plant and equipment £m	Motor vehicles £m	Total £m
Cost					
At beginning of year	2 0	18 9	88 9	1 9	111 7
Additions for the year	3 7	0 2	2 9	0 1	6 9
Disposals	-	(2 7)	(1 7)	(0 8)	(5 2)
Assets brought into use	(5 0)	0 3	4 7	-	-
At end of year	0 7	16 7	94 8	1 2	113 4
Depreciation					
At beginning of year	-	5 3	61 4	1 3	68 0
Charge for the year	-	0 7	10 7	0 2	11 6
Impairment	-	-	2 2	-	2 2
Disposals	-	(0 2)	(1 2)	(0 6)	(2 0)
At end of year	-	5 8	73 1	0 9	79 8
Net book value					
At end of year	0 7	10 9	21 7	0 3	33 6
At beginning of year	2 0	13 6	27 5	0 6	43 7

The net book value of land, buildings and leasehold improvements comprises

	2008 £m	2007 £m
Freehold	6 7	9 3
Long leasehold	2 8	2 9
Short leasehold	0 1	0 1
Leasehold improvements	1 3	1 3
	10 9	13 6

Land, buildings and leasehold improvements includes £8 5 million (2007 £11 2 million) of depreciable assets

The company had no tangible fixed assets at 30 March 2008 (2007 £nil)

12 Fixed asset investments

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Shares in subsidiary undertakings	-	707 8	-	707 8
Associated undertakings	-	-	0 4	-
	-	707 8	0 4	707 8

Shares in subsidiary undertakings

	Company £m
Cost and net book value	
At beginning and end of the year	707 8

The company owns 100% of the ordinary share capital of Trader Media Corporation Limited, a holding company registered in England and Wales

Associated undertaking

	Group 2008 £m
Share of net assets	
At beginning of year	0 4
Share of profit for the year	-
Share of taxation for the year	-
Impairment	(0 1)
Transfer to subsidiary undertaking	(0 3)
At end of year	-

Share of profits of associated undertaking is stated after crediting £2,000 (2007 £nil) of interest received and charging £2,000 (2007 £14,000) of taxation and £4,000 (2007 £16,000) of goodwill amortisation

12 Fixed asset investments (continued)

The principal trading and holding subsidiaries of the group are as follows

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned
2nd Byte Limited	England and Wales	Internet services	Ordinary	100%
Acorn Web Offset Limited	England and Wales	Printing	Ordinary	100%
Autofocus (UK) Limited	England and Wales	Photographic services	Ordinary	100%
Edizeta srl	Italy	Publishing	Ordinary	100%
European Auto Trader BV	Holland	Publishing	Ordinary	100%
Hurst Italia srl	Italy	Publishing	Ordinary	100%
The Car Trader (Pty) Limited	South Africa	Publishing	Ordinary	100%
Trader Data Systems Limited	England and Wales	Vehicle provenance checking	Ordinary	100%
Trader Media Corporation Limited	England and Wales	Holding company	Ordinary	100%
Trader Publishing Limited	England and Wales	Publishing	Ordinary	100%
Webzone Limited	Republic of Ireland	Publishing, via the web	Ordinary	100%

Boat Shop 24 Software GmbH, Contact Advantage Limited, Marine Trader Media Limited, Real Estate Technology Limited, Trader Media (TNT) Limited and Vebra Solutions Limited were sold during the year (note 5)

13 Stocks

	Group 2008 £m	Group 2007 £m
Raw materials and consumables	2 4	1 9
Work in progress	0 3	0 2
IT consumable stock	-	0 1
	2 7	2 2

The company had no stocks at 30 March 2008 (2007 £nil)

14 Debtors

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Trade debtors	38 2	-	38 9	-
Deferred tax asset	0 1	-	0 1	-
Amounts owed by group undertakings	431 0	41 0	4 6	20 0
Amounts owed by related undertakings	1 5	-	-	-
Other debtors	3 2	-	0 4	-
Prepayments and accrued income	8 3	-	5 9	-
Deferred debt issue costs (note 16)	-	-	1 2	-
	482 3	41 0	51 1	20 0

Amounts owed by group undertakings are non-interest bearing, unsecured and repayable on demand and include a £423 5 million (2007 £nil) shareholder loan with a parent undertaking

Other debtors include £1 3 million (2007 £nil) relating to unsecured loan notes received on the disposal of Trader Media (TNT) Limited, of which £0 7 million falls due 26 February 2009 and the remainder falls due 26 February 2010

Deferred taxation	Group 2008 £m	Group 2007 £m
At beginning of year	0 1	-
Credit to the profit and loss account	-	0 1
Undiscounted deferred taxation asset	0 1	0 1
Deferred tax is provided as follows		
Other timing differences	0 1	0 1
Undiscounted deferred taxation asset	0 1	0 1

15 **Creditors:** Amounts falling due within one year

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Syndicated bank loans	-	-	30 0	-
Vendor loan notes	0 6	-	0 5	-
Trade creditors	12 0	-	8 3	-
Amounts owed to group undertakings	11 0	0 2	24 3	0 2
Amounts owed to related undertakings	0 1	-	-	-
Corporation tax	8 2	-	15 5	-
Other taxes and social security	8 0	-	7 5	-
Other creditors	1 2	-	1 6	-
Accruals and deferred income	20 4	-	20 8	-
Contingent consideration	-	-	0 1	-
Redeemable preference shares	0 6	-	0 5	-
	62 1	0 2	109 1	0 2

Vendor loan notes of £0 6 million (2007 £0 5 million) are non-interest bearing

Of the amounts owed to group and related undertakings by the group £nil (2007 £1 6 million) include an interest charge of nil% (2007 LIBOR plus 0 5%) and the remaining £11 1 million (2007 £22 7 million) are non-interest bearing These balances are unsecured and are repayable on demand

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

On 23 November 2007 750,000 preference shares and 750,000 loan notes were redeemed at par for £1 1 million The remaining 750,000 preference shares and 750,000 loan notes totalling £1 2 million will be redeemed in financial year 2009

16 Creditors Amounts falling due after more than one year

	Group 2008 £m	Group 2007 £m
Syndicated bank loans gross of unamortised debt issue costs	778 0	302 7
Debt issue costs	-	(0 2)
Syndicated bank loans net of unamortised debt issue costs	778 0	302 5
Vendor loan notes	-	0 5
Deferred consideration	2 0	2 3
Redeemable preference shares	-	0 5
	780 0	305 8

Syndicated bank loans gross of unamortised debt issue costs are repayable as follows

	Group 2008 £m	Group 2007 £m
Between one and two years	-	30 0
Between two and five years	-	272 7
More than five years	778 0	-
	778 0	302 7

On 23 March 2007, the company and Trader Media Corporation Limited, entered into an £835 million Senior Facilities Agreement ("the New Bank Debt") in connection with the sale by GMG (TMG) Limited of 49 9% of its interest in Trader Media Group Limited and its subsidiaries The New Bank Debt was amended and restated on 29 May 2007 and the first utilisation was made on 8 June 2007 when £800 0 million was drawn to repay in full the syndicated bank loans that existed at 1 April 2007 ("Previous Bank Debt") 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 the company and its subsidiaries

Debt issue costs of £33 5 million (2007 £1 2 million) were incurred in connection with the arrangement of the New Bank Debt These costs have been charged to the profit and loss account 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

Accelerated debt issue costs of £0 2 million (2007 £1 3 million) relating to the Previous Bank Debt were charged to the profit and loss account prior to the drawdown of the New Bank Debt

The group has elected to hedge a proportion of the New Bank Debt by the purchase of an interest rate swap which hedges a reducing obligation from a maximum of £441 0 million in October 2007 to a minimum of £185 2 million at maturity in June 2011 Over the life of the swap the group pays interest at 6 187% and receives LIBOR

16 Creditors. Amounts falling due after more than one year (continued)

The group has also purchased an interest rate cap which hedges a reducing spiral of obligation of the New Bank Debt from a maximum of £189 0 million in October 2007 to a minimum of £79 4 million at maturity in June 2011 Interest is capped at 6 3% over the life of the instrument

The fair values of the interest rate swap and cap at the balance sheet date were a liability of £9 6 million and an asset of £0 3 million, respectively These fair values have not been recognised in the balance sheet

A proportion of the Previous Bank Debt was hedged by an interest rate swap which hedged a reducing obligation from a maximum of £271 6 million in March 2005 to a minimum of £154 9 million at the originally expected maturity date of March 2008 Over the life of the swap the group paid interest of 5 11% and received LIBOR The fair value of the hedge at 1 April 2007 was £1 0 million and this was not recognised as an asset in the balance sheet at that date On 31 May 2007 this interest rate swap was closed out for cash proceeds of £1 1 million

Interest on the Previous Bank Debt was subject to interest at LIBOR plus rates between 0 8% and 1%

The company had no creditors falling due after more than one year at 30 March 2008 (2007 £nil)

17 Provisions for liabilities and charges

	Deferred taxation	Onerous lease and dilapidations provision	Restructuring provision	Holiday pay provision	Total
	£m	£m	£m	£m	£m
Group					
At beginning of year	0 8	4 3	2 2	0 2	7 5
Charged/(credited) to the profit and loss account	(0 1)	1 2	6 2	0 3	7 6
Utilised in the year	0 1	(0 7)	(3 0)	(0 2)	(3 8)
Released in the year	-	(2 6)	(0 1)	-	(2 7)
At end of year	0 8	2 2	5 3	0 3	8 6

17 Provisions for liabilities and charges (continued)

Deferred tax	Group 2008 £m	Group 2007 £m
Deferred tax is provided as follows		
Accelerated capital allowances	1 6	1 9
Other timing differences	(0 8)	(1 1)
Total deferred tax liability	0 8	0 8

All deferred tax is provided for in full

The UK government has announced that the standard rate of corporation tax will be reduced from 30% to 28% with effect from 1 April 2008 and the withdrawal of industrial building allowances between 2008 and 2011 The new rate and allowances were used as a basis for the calculation of the deferred tax provision Under the new corporation tax rules the deferred tax liability at the balance sheet date would have reduced by £0 4 million in 2007

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 6% per annum

The onerous lease provision relates to three properties with leases expiring between October 2008 and June 2009 (2007 eight properties with leases expiring between September 2007 and October 2017)

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 6% to the exit date of the leases, which expire between September 2008 and August 2027 (2007 September 2007 and October 2017)

The restructuring provision relates to the reorganisation of the group's business in the United Kingdom and to compensation for loss of office payable to senior management All amounts are expected to be paid within six months of the balance sheet date The holiday pay provision relates to liabilities for statutory holiday pay in Holland, Italy and South Africa, these provisions are expected to reverse in the short term and have not been discounted

The company had no provision for liabilities and charges at 30 March 2008 (2007 £nil)

18 Called-up share capital

	2008 £m	2007 £m
Authorised		
89,956,780 ordinary shares of 10p each	9 0	9 0
Allotted, called-up and fully-paid		
1,001 ordinary shares of 10p each	-	-

19 Reserves

Group	Non distributable reserve £m	Share premium account £m	Profit and loss account £m
At beginning of year	12 9	16 2	109 4
Loss for the financial year	-	-	(41 7)
Dividends paid (note 9)	-	-	(1 4)
Release of non-distributable reserve	(12 9)	-	12 9
Currency translation differences on foreign currency net investments	-	-	0 5
At end of year	-	16 2	79 7

Company	Non distributable reserves £m	Share premium account £m	Profit and loss account £m
At beginning of year	13 3	16 2	698 1
Profit for the financial year	-	-	22 4
Dividends paid (note 9)	-	-	(1 4)
Release of non-distributable reserve	(13 3)	-	13 3
At end of year	-	16 2	732 4

The non-distributable reserve arose from the profit on an intra-group disposal of Trader Media (TNT) Group Limited and subsidiary undertakings in 2004 This group of companies was subsequently re-acquired in the previous financial year and sold during the current year to a third party (note 5), resulting in the realisation of this profit in the non-distributable reserve

20 Reconciliation of movements in equity shareholder's funds

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Opening equity shareholders' funds	138 5	727 6	632 6	406 7
(Loss)/profit for the financial year	(41 7)	22 4	54 3	868 8
Dividends paid	(1 4)	(1 4)	(564 1)	(564 1)
Share premium on shares issued	-	-	16 2	16 2
Actuarial loss on pension scheme	-	-	(0 1)	-
Other recognised gains and losses	0 5	-	(0 4)	-
Closing equity shareholders' funds	95 9	748 6	138 5	727 6

In the previous year, the company allotted 1 ordinary share of 10p in consideration for the release of an inter-company payable of £16 2 million

21 Reconciliation of operating profit to net cash flow from operating activities

	2008 £m	2007 £m
Operating profit	55 5	57 1
Depreciation of tangible fixed assets	11 6	11 2
Amortisation of goodwill	35 0	35 7
Goodwill and associate impairments	5 5	14 0
Loss/(profit) on disposal of tangible fixed assets	0 1	(0 4)
Net foreign exchange gains	-	0 1
FRS17 non-cash pension adjustment	0 1	0 1
(Increase)/decrease in stocks	(0 5)	0 7
Increase in debtors	(4 0)	(82 6)
Increase in creditors	5 4	23 5
Increase in provisions	3 3	2 0
Net cash inflow from operating activities	112 0	61 4

The net cash flow from operating activities of acquisitions in the year was £nil (2007 £4 8 million)

22 Analysis of cash flows

	2008 £m	2007 £m
Return on investments and servicing of finance		
Interest received	1 6	39 2
Interest rate swap proceeds	1 1	-
Interest paid on syndicated bank loan	(52 9)	(20 0)
Interest paid on vendor loan notes	-	(0 4)
Interest paid on bank overdraft	-	(0 1)
Other interest paid	(0 8)	-
Premium paid to acquire interest rate cap instrument	(1 3)	-
Dividends paid to parent undertaking	(1 4)	(564 1)
Dividends received from associated undertaking	-	0 1
Net cash outflow	(53 7)	(545 3)
Taxation		
UK corporation tax paid	(9 2)	(14 7)
Foreign corporation tax paid	(2 8)	(3 7)
Payment for non-trading deficits	-	2 6
Net cash outflow	(12 0)	(15 8)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(6 9)	(11 4)
Sale of tangible fixed assets	0 2	0 9
Net cash outflow	(6 7)	(10 5)
Acquisitions and disposals		
Cash balances acquired with subsidiary undertakings (note 10)	-	1 5
Purchase of subsidiary undertakings (note 10)	(2 7)	(25 6)
Purchase of associated undertaking (note 12)	-	(0 3)
Sale of subsidiary undertakings	26 6	-
Payment of deferred consideration	(0 1)	-
Cash balances disposed with subsidiary undertakings	(2 0)	-
Redemption of preference shares (note 15)	(0 5)	(1 0)
Redemption of loan notes (note 15)	(0 5)	(11 6)
Net cash inflow/(outflow)	20 8	(37 0)

22 Analysis of cash flows (continued)

Financing	2008 £m	2007 £m
Drawdown of previous syndicated bank debt	-	49 5
Repayment of syndicated bank debt	(332 7)	(46 0)
Issue of new syndicated bank debt	800 0	-
Debt issue costs paid	(33 5)	-
Repayment of other debt	(21 0)	(1 7)
Repayment of new syndicated bank debt	(22 0)	-
Repayment of previous shareholder loan	-	557 2
Issue of new shareholder loan	(423 5)	
Net cash (outflow)/inflow	(32 7)	559 0

23 Analysis and reconciliation of net debt

	At beginning of year £m	Cash flows £m	Other non cash changes £m	Exchange movement £m	At end of year £m
Cash in hand and at bank	10 8	27 7	-	0 1	38 6
Shareholder loan due within 1 year	-	423 5	-	-	423 5
Debt due within 1 year	(51 5)	51 5	(0 5)	(0 1)	(0 6)
Debt due after 1 year	(303 0)	(441 8)	(33 2)	-	(778 0)
Preference shares within 1 year	(0 5)	0 5	(0 5)	(0 1)	(0 6)
Preference shares after 1 year	(0 5)	-	0 5	-	-
Net debt	(344 7)	61 4	(33 7)	(0 1)	(317 1)

Other non cash changes relate to the amortisation of debt issue costs

23 Analysis and reconciliation of net debt (continued)

Reconciliation of net cash flow to movement in net debt

	2008 £m	2007 £m
Increase in cash in the year	27 7	11 8
Cash flow from increase/(decrease) in debt financing	33 7	(557 9)
Change in net debt resulting from cash flows	61 4	(546 1)
Translation difference	(0 1)	(0 6)
Acquisitions	-	(22 8)
Other non cash changes	(33 7)	(1 8)
Movement in net debt in year	27 6	(571 3)
Net (debt)/funds at beginning of year	(344 7)	226 6
Net debt at end of year	(317 1)	(344 7)

24 Pension arrangements

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 £2 4 million (2007 £2 8 million) There were no unpaid contributions at the end of the year (2007 £nil)

One printing plant operates a pension scheme providing benefits based on final pensionable pay, ("Wiltshire (Bristol) Limited Retirement Benefits Scheme"), 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 contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method Under the projected unit method the current service cost will increase as the members of the scheme approach retirement

The most recent review was at 1 May 2006 The assumptions, which have the most significant effect on the results of the valuation is that relating to the rate of return on investments, it was assumed that pre-retirement investment returns would be 6 0% (post-retirement 4 75%) per annum The review carried out at 1 May 2006 demonstrated that the market value of the scheme's assets was £12 4 million representing 106% of the benefits accrued to members creating a fund surplus of £0 7million

The pension contributions for the year amounted to £nil (2007 £0 1 million) It is expected that no further contributions will be made

24 Pension arrangements (contınued)

Thıs actuarıal valuatıon was updated at 30 March 2008 by AON, an ındependent qualıfied actuary, and the major assumptıons used for thıs FRS 17 *Retırement Benefits* valuatıon were (ın nomınal terms)

	2008 %	2007 %
Rate of ıncrease ın salarıes	-	-
Rate of ıncrease ın pensıons ın payment	3 60%	3 10%
Rate of ıncrease of deferred pensıons	3 60%	3 10%
Dıscount rate	5 90%	5 20%
Inflatıon assumptıon	3 60%	3 10%

The faır value of the assets ın the scheme, the present value of the lıabılıtıes ın the scheme and the expected rate of return at the balance sheet date were

	2008 %	2008 £m	2007 %	2007 £m
Equıtıes	6 40%	8 5	6 40%	9 5
Bonds	5 90%	3 8	4 80%	3 5
Total faır value of assets		12 3		13 0
Present value of scheme lıabılıtıes		(11 6)		(12 4)
Surplus ın the scheme		0 7		0 6
Effect of surplus cap		(0 7)		(0 6)
Related deferred tax asset		-		-
Net pensıon asset		-		-

The surplus ın the scheme at eıther year end ıs not consıdered recoverable

Analysıs of the amounts charged to operatıng profit

	2008 £m	2007 £m
Current servıce cost	0 1	0 1
Total operatıng charge	0 1	0 1

24 Pension arrangements (continued)

Analysis of net finance income of pension scheme

	2008 £m	2007 £m
Expected return on pension scheme assets	0 7	0 7
Interest on pension liabilities	(0 6)	(0 6)
Net finance income	0 1	0 1
Effect of surplus cap	-	-
Total net finance income	0 1	0 1

Analysis of amounts recognised in the statement of total recognised gains and losses

	2008 £m	2007 £m
Actual return less expected return on pension scheme assets	(1 3)	0 1
Experience losses arising on the scheme liabilities	-	(0 5)
Changes in the financial assumptions underlying the scheme liabilities	1 4	0 9
Actuarial gain	0 1	0 5
Adjustment due to surplus cap	(0 1)	(0 6)
Net actuarial loss recognised	-	(0 1)

Movement in scheme deficit during the year

	2008 £m	2007 £m
At beginning of year	-	-
Current service cost	(0 1)	(0 1)
Contributions	-	0 1
Net finance income	0 1	0 1
Net actuarial loss	-	(0 1)
At end of year	-	-

24 Pension arrangements (continued)

History of experience gains and losses

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Difference between the expected and actual returns on scheme assets					
Amount	(1 3)	0 1	1 1	0 1	0 5
Percentage of scheme assets	(11%)	1%	9%	1%	11%
Experience gains and losses on scheme liabilities.					
Amount	-	(0 5)	0 4	0 7	-
Percentage of scheme liabilities	0%	(4%)	3%	7%	-
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses.					
Amount	-	(0 1)	(1 8)	0 3	0 3
Percentage of scheme liabilities	0%	1%	14%	(3%)	(3%)

25 Share based payments

A number of the group's senior managers have been invited to become shareholders in a parent company, Trader Media Group Limited, and during the year 9,152 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 Trader Media Group Limited define "Good Leavers" and "Bad Leavers" where a Bad Leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or in 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 of Trader Media Group Limited 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

25 Share based payments (continued)

The group does not have a past practice of repurchasing the shares of leavers and does not expect to do so in the future Accordingly, every award is considered to be equity 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 those shares

26 Financial commitments

Capital commitments at the end of the financial year for which no provision has been made were as follows

	Group 2008 £m	Group 2007 £m
Contracted for but not provided	0 4	1 4
Not contracted	1 0	0 4
	1 4	1 8

Capital commitments relate to the purchase of plant and equipment and improvements to leasehold buildings

Annual commitments of the group under non-cancellable operating leases are as follows

	Land and buildings		Other	
Group	2008 £m	2007 £m	2008 £m	2007 £m
Operating leases which expire				
- within one year	0 1	0 3	0 3	0 3
- between two and five years	1 0	0 7	1 4	1 3
- over five years	2 3	2 4	-	-
	3 4	3 4	1 7	1 6

The company had no capital or annual commitments under non-cancellable operating leases at 30 March 2008 (2007 £nil)

26 Financial commitments (continued)

Credit commitments

Prior to 8 June 2007 the company was a guarantor of the Previous Bank Debt (note 16) of its subsidiary undertaking, Trader Media Corporation Limited Post 8 June 2007 the company and certain subsidiaries of Trader Media Corporation Limited have jointly and severally guaranteed the borrowings under the new syndicated debt facility, the New Bank Debt (note 16) The following group undertakings jointly and severally guaranteed the Previous Bank Debt prior to its repayment on the 8 June 2007

Acorn Colour Print Limited
Acorn Web Offset Limited
Anglia Auto Trader Limited
Apple Web Offset Limited
Auto Trader Dormant 2006 Limited
Auto Trader Holland Limited
Auto Trader Limited
Auto Trader National Magazines Limited
Auto Trader National Sales Limited
Auto Trader Norway Limited
Auto Trader Publications (GMG) Limited
Avon Imaging Limited
Edizeta srl
European Auto Trader BV
Graphics Communique Limited
Hurst Group Holdings Limited
Hurst Italia Limited
Irish Auto Trader Limited
Ironglove Limited
Link Magazines
Marine Trader Dormant 2006 Limited
Marine Trader Limited
Midland Auto Trader Limited
Midland Supermart Limited
North East Auto Trader Limited
North East Supermart Limited
North West Auto Trader Limited
Planedge Limited
Purescope Limited
Resort Marketing & Publishing Limited
Scottish Auto Trader Limited
Scottish Supermart Limited
South East Publishing Limited
South London Auto Trader Limited
South West Free Ads Limited
Trader Media Corporation Limited
GMG (TME) Limited (formerly Trader Media Equity Limited)
Trader Media Finance Limited
Trader Media Group (2003) Limited
Trader Media Group Holdings Limited
GMG (TMG) Limited (formerly Trader Media Group Limited)
Trader Media Holdings Limited
Trader Media Group Limited (formerly Trader Media Investments Limited)
Trader Media Limited
Trader Publishing Limited
Western Regional Publishing Limited
Western Trader Limited
Wiltshire (Bristol) Limited

The following undertakings have jointly and severally guaranteed the borrowings of the New Bank Debt

2nd Byte Limited
Acorn Web Offset Limited
Auto Trader Holland Limited
Faxpress Limited
Hurst Italia Limited
Trader Media Corporation (2003) Limited
Trader Media Corporation Limited
Trader Media (Earls Court) Group Limited (formerly Trader Media (TNT) Group Limited)
Trader Media (Earls Court) Holdings Limited (formerly Trader Media (TNT) Holdings Limited)
Trader Publishing Limited

27 Ultimate controlling parties

The company's immediate parent company is Trader Media Finance Limited, which is incorporated in Great Britain and registered in England and Wales

The largest group in which the results of the company were consolidated was that headed by Trader Media Group Limited The consolidated financial statements are available to the public and will be filed with the registrar of companies

The company is ultimately jointly controlled by Guardian Media Group plc, a company incorporated in England and Wales, (indirectly holding 50 1% of the ordinary shares), Apax Crystal A Topco Sàrl (indirectly holding 18 614% of the ordinary shares) and Apax Crystal B1 Topco Sàrl (indirectly holding 30 371% of the ordinary shares) Apax Crystal A Topco Sàrl and Apax Crystal B1 Topco Sàrl are incorporated under the laws of Luxembourg