

**Company Number 06172239**



**Internet plc**

**Consolidated half yearly results 2013**

**6 months ended 30 September 2013**



## Highlights and Chairman's Statement

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Daily Internet plc, the hosting and cloud infrastructure provider, is pleased to announce its unaudited interim results for the six months ended 30 September 2013.

### Highlights

Period under review:

- Revenue of £802,000 (six months ended 30 September 2012: £764,000);
- Gross profit of £377,000 (six months ended 30 September 2012: £390,000);
- Number of active domains increased to 173,000; and
- Number of active hosting services increased to 21,000.

Post period end:

- Acquisition of Netplan Internet Solutions Limited adding critical mass and significantly expanding the Group's product reach;
- Excluding the acquisition Daily Internet is cash neutral before PLC costs on a monthly basis;
- Including the acquisition Daily Internet is cash positive on a monthly basis; and
- Group trading in-line with expectations with rationalised costs and business wins in all areas.

### Chairman's statement

Daily Internet continued to make steady progress in the period, showing growth in revenues from new business wins and strong recurring revenue. Revenue grew 5% against the prior period and as at 30 September 2013 Daily Internet provided web hosting services to over 50,000 customers throughout the UK, with 63% of these customers bringing repeat business.

During the period the Company further diversified its service range introducing new complementary products in-line with its strategic aim of becoming a one-stop provider for hosting products for SMEs and individuals.

Post the period end on 22 October 2013, the Group announced its intention, subject to shareholder approval, to make its first acquisition in-line with its stated 'buy and build' strategy, and a placing to raise £3 million to fund the cash consideration payable in respect of the acquisition. In November 2013, the Group subsequently acquired 100% of the share capital of Netplan Internet Solutions Limited ("Netplan"), an established managed hosting and cloud infrastructure provider based in Coventry. The acquisition of Netplan and its addition to the Group puts Daily Internet in a strong position to take advantage of the fast growing cloud infrastructure market whilst underpinning and accelerating Daily Internet's continued growth. Netplan not only diversifies the Group's product range but also moves the Group up the value chain where revenues per service are significantly higher and stickier in nature. We were delighted with the support shown by investors for the acquisition and fundraising, including both new and existing institutional investors, and look forward to creating shareholder value throughout continued growth in both businesses.

Following the acquisition, the Company is proceeding with streamlining the Group's operations with the goal of maximising synergies and cross selling opportunities with Netplan while emphasising continued organic growth in both companies. The Group has also been able to rationalise costs for the combined Group which will increase gross margins and accelerate the profitability of the Group.

The Group is currently trading in-line with market expectations with growth in both the original Daily Internet brand product set and contracts wins for Netplan since its acquisition. We consider the acquisition of Netplan to be a pivotal step for the Company, and the Board is confident that 2014 will see further growth and progress in creating a one-stop supplier of reliable, scalable, high performance and resilient infrastructure based hosting products within the fast-growing UK and European markets with a multi-brand and multi-location strategy.

Michael Edelson  
**Chairman**  
**20 December 2013**

## Consolidated Interim Statement of Comprehensive Income

Six months ended 30 September 2013

|  | Notes    | Unaudited<br>six months<br>to<br>30 Sep 2013<br>£,000 | Restated<br>Unaudited<br>six months<br>to<br>30 Sep 2012<br>£,000 | Audited<br>year<br>to<br>31 Mar 2013<br>£,000 |
|--|----------|---|---|---|
| <b>Revenue</b>   |          | 802   | 764   | 1,557   |
| Cost of sales  |          | (425)   | (374)   | (765)   |
| <b>Gross profit</b>  |          | 377   | 390   | 792   |
| Operating expenses before amortisation,<br>depreciation, Phase II pre-launch costs and<br>share based payments |          | 666   | 373   | 961   |
| Depreciation and other amortisation  |          | 52  | 45  | 104   |
| Phase II pre-launch costs  |          | -   | 98  | 278   |
| AIM flotation costs  |          | -   | -   | 234   |
| Share based payments   |          | -   | -   | 24  |
| <b>Administrative expenses</b>   |          | (718)   | (516)   | (1,601)                                       |
| <b>Loss from operations</b>  |          | (341)   | (126)   | (809)   |
| Investment income  |          | -   | -   | -   |
| Finance costs  |          | (60)  | (47)  | (91)  |
| <b>Loss before taxation</b>  |          | (401)   | (173)   | (900)   |
| Taxation   |          | -   | -   | -   |
| <b>Total comprehensive loss attributable to<br/>the equity holders of the company</b>                          |          | <b>(401)</b>  | <b>(173)</b>  | <b>(900)</b>                                  |
| <b>Basic and fully diluted loss per share</b>  | <b>2</b> | £0.003  | £0.003  | £0.011  |

The Group's results are derived from continuing operations.

## Consolidated Interim Statement of Financial Position

As at 30 September 2013

|   | Unaudited<br>30 Sep 2013<br>£,000 | Restated<br>Unaudited<br>30 Sep 2012<br>£,000 | Audited<br>31 Mar 2013<br>£,000 |
|---|-----------------------------------|---|---------------------------------|
| <b>Assets</b>   |                                   |   |                                 |
| <b>Non-current assets</b>   |                                   |   |                                 |
| Goodwill  | 392                               | 392   | 392                             |
| Intangible assets   | -                                 | 2   | -                               |
| Plant, property and equipment                                       | 278                               | 192   | 330                             |
|   | 670                               | 586   | 722                             |
| <b>Current assets</b>   |                                   |   |                                 |
| Trade and other receivables   | 42                                | 38  | 49                              |
| Cash and cash equivalents   | 263                               | 577   | 373                             |
|   | 305                               | 615   | 422                             |
| <b>Total Assets</b>   | <b>975</b>                        | <b>1,201</b>                                  | <b>1,144</b>                    |
| <b>Equity and Liabilities</b>                                       |                                   |   |                                 |
| <b>Equity attributable to the equity shareholders of the parent</b> |                                   |   |                                 |
| Called up share capital   | 595                               | 459   | 595                             |
| Share premium reserve   | 3,438                             | 3,055   | 3,438                           |
| Share based payment reserve   | 173                               | 242   | 173                             |
| Retained losses   | (5,061)                           | (4,035)                                       | (4,660)                         |
|   | (855)                             | (279)   | (454)                           |
| <b>Non current liabilities</b>                                      |                                   |   |                                 |
| Obligations under finance leases                                    | 82                                | 48  | 127                             |
| Convertible loan notes  | 269                               | 269   | 260                             |
| Other loans   | 605                               | 405   | 405                             |
|   | 956                               | 722   | 792                             |
| <b>Current liabilities</b>  |                                   |   |                                 |
| Trade and other payables  | 791                               | 726   | 730                             |
| Obligations under finance leases                                    | 83                                | 32  | 76                              |
|   | 874                               | 758   | 806                             |
| <b>Total Equity and Liabilities</b>                                 | <b>975</b>                        | <b>1,201</b>                                  | <b>1,144</b>                    |

## Consolidated Interim Statement of Changes in Equity

Six months ended 30 September 2013

|  | Attributable to equity holders of the parent |                                |                        |                             |                |
|--|--|--------------------------------|------------------------|-----------------------------|----------------|
|  | Share capital<br>£,000                       | Share premium account<br>£,000 | Other reserve<br>£,000 | Accumulated losses<br>£,000 | Total<br>£,000 |
| <b>At 1 April 2012</b>                             | <b>313</b>                                   | <b>2,629</b>                   | <b>242</b>             | <b>(3,862)</b>              | <b>(678)</b>   |
| Loss and total comprehensive income for the year   | -  | -                              | -                      | (173)                       | (173)          |
| Issue of share capital                             | 146  | 426                            | -                      | -                           | 572            |
| <b>At 30 September 2012 (restated)</b>             | <b>459</b>                                   | <b>3,055</b>                   | <b>242</b>             | <b>(4,035)</b>              | <b>(279)</b>   |
| Loss and total comprehensive income for the period | -  | -                              | -                      | (727)                       | (727)          |
| Issue of share capital                             | 136  | 440                            | -                      | -                           | 576            |
| Expenses of share issue                            | -  | (57)                           | -                      | -                           | (57)           |
| Movement in share option reserve                   | -  | -                              | (78)                   | 102                         | 24             |
| Equity element of convertible loan note            | -  | -                              | 9                      | -                           | 9              |
| <b>At 31 March 2013</b>                            | <b>595</b>                                   | <b>3,438</b>                   | <b>173</b>             | <b>(4,660)</b>              | <b>(454)</b>   |
| Loss and total comprehensive income for the period | -  | -                              | -                      | (401)                       | (401)          |
| <b>At 30 September 2013</b>                        | <b>595</b>                                   | <b>3,438</b>                   | <b>173</b>             | <b>(5,061)</b>              | <b>(855)</b>   |

The following describes the nature and purpose of each reserve within equity:

| Reserve            | Description and purpose  |
|--------------------|--|
| Share Premium      | Amount subscribed for share capital in excess of nominal values.                                       |
| Other Reserve      | Amount reserved for share based payments to be released over the life of the instruments.              |
| Accumulated losses | All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere. |



## Consolidated Interim Statement of Cash Flows

### Six months ended 30 September 2013

|  | Unaudited<br>six months<br>to<br>30 Sep 2013<br>£,000 | Restated<br>Unaudited<br>six months<br>to<br>30 Sep 2012<br>£,000 | Audited<br>year<br>to<br>31 Mar 2013<br>£,000 |
|--|---|---|---|
| <b>Cash flows used in operating activities</b>                 |   |   |   |
| Loss generated from operations                                 | (341)   | (126)   | (809)   |
| Adjustments for:   |   |   |   |
| Depreciation and other amortisation                            | 52  | 45  | 104   |
| Share based payments   | -   | -   | 24  |
| Operating cash flows before movement in working capital        | (289)   | (81)  | (681)   |
| Decrease/(increase) in trade and other receivables             | 7   | 9   | (2)   |
| Increase in trade and other payables                           | 42  | 18  | 3   |
| Net cash used in operating activities                          | (240)   | (54)  | (680)   |
| <b>Cash flows from investing activities</b>                    |   |   |   |
| Payments to acquire property, plant & equipment                | -   | (4)   | (242)   |
| Net cash used in investing activities                          | -   | (4)   | (242)   |
| <b>Cash flows from financing activities</b>                    |   |   |   |
| Issue of ordinary share capital                                | -   | 572   | 1,091   |
| Drawdown of loan facility                                      | 200   | -   | -   |
| Interest paid  | -   | (5)   | (5)   |
| Loan note interest paid  | (13)  | (13)  | (26)  |
| Interest element of finance lease payments                     | (19)  | (8)   | (20)  |
| Capital repayment of finance leases                            | (38)  | (19)  | (54)  |
| New lease finance secured on assets                            | -   | -   | 201   |
| Net cash from financing activities                             | 130   | 527   | 1,187   |
| Net (decrease)/increase in cash and cash equivalents           | (110)   | 469   | 265   |
| Cash and cash equivalents at the beginning of the Period/year  | 373   | 108   | 108   |
| <b>Cash and cash equivalents at the end of the period/year</b> | <b>263</b>  | <b>577</b>  | <b>373</b>                                    |

## Notes to the Consolidated Interim Financial Statements Six months ended 30 September 2013

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### 1 Accounting policies

The financial information for the year ended 31 March 2013 set out in this half yearly report does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The figures for the year ended 31 March 2013 have been extracted from the Group financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and included an independent auditor's report, which was unqualified and did not contain a statement under section 493 of the Companies Act 2006.

The half yearly financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 March 2014. The Group financial statements for the year ended 31 March 2013 were prepared under International Financial Reporting Standards as adopted by the European Union. These half yearly financial statements have been prepared on a consistent basis and format with the Group financial statements for the year ended 31 March 2013. The comparative half year financial statements to 30 September 2012 previously prepared under UK GAAP have been restated under IFRS. The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

The half year financial statements to 30 September 2013 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board

### 2 Loss per share

|  | <b>Unaudited<br/>six months<br/>to<br/>30 Sep 2013<br/>£,000</b> | <b>Unaudited<br/>six months<br/>to<br/>30 Sep 2012<br/>£,000</b> | <b>Audited<br/>year<br/>to<br/>31 Mar 2013<br/>£,000</b> |
|--|--|--|--|
| Loss for the financial year attributable to shareholders | £401,000   | £173,000   | £900,000   |
| Weighted number of equity shares in issue                | 118,984,892  | 63,260,254   | 84,800,825   |
| Basic/diluted loss per share                             | £0.003   | £0.003   | £0.011   |

Since the conversion of potential ordinary shares to ordinary shares would decrease the net loss per share, they are not dilutive. Accordingly diluted loss per share is the same as basic loss per share.

### 3 Post balance sheet events

On 18 November 2013 Daily Internet PLC raised £3 million in a share placing to fund the initial consideration of the acquisition of Netplan Internet Solutions Ltd. At this time £719,626 of debt was capitalised. Full details can be found at <http://www.daily.co.uk/investors/company-announcements.html>.



## Corporate Information

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### **Company Number**

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