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Introduction & Highlights

Strategy

- To enter the fast growing SME Internet Hosting market with a broad suite of products with low CAPEX requirements and become one of the top 10 Internet solutions providers to SMEs in Europe by 2012
- To operate with an experienced management team from a low cost base
- To focus on product differentiation with key new features at competitive pricing
- To introduce additional services to provide the customer with a one-stop shop for all their Internet requirements
- To deliver highly automated and integrated systems to minimise overheads
- A commitment to a high level of customer service to encourage customer migration and recommendation, to maintain low churn rates and to develop the Daily Brand
- Potential to consolidate the second wave of host providers through acquisitions

Highlights 2008

Turnover*	£524,000
Earnings before interest, taxation, depreciation, amortisation and FRS 20 share based payments	(£1,188,000)
Cash at bank	£325,000
Number of customer sign ups	23,500
Number of Active services	49,500

- Invoiced sales reached a run rate of £1 million during the period
- Successful marketing campaigns reduced marketing cost per customer acquisition
- By the end of the period over 50% of new sales were received from existing customers
- Investment in headcount to support existing and planned growth in 2008/09

* Daily offers a subscription basis for hosting sales and defers any payments received in advance for hosting services. The total amount of invoiced sales in the period was £660,000.

Chairman's Statement

I am delighted to present the first period accounts for Daily Internet plc.

Performance Summary

The past twelve months represent an extremely positive trading period following launch into the UK hosting market in April 2007 and admittance to PLUS during March 2008.

Domain and hosting service numbers have shown excellent quarter-on-quarter growth, with the Quarter 4 figure of almost 50,000 active services representing an increase of over 450% on Quarter 1.

Daily.co.uk Service Numbers



Active Service numbers 000's

	Q1	Q2	Q3	Q4
Domains	7.0	16.1	25.8	39.2
Hosting Services	1.9	4.7	7.2	10.3
	8.9	20.8	33.0	49.5

We have continued to invest appropriately in developing our infrastructure and bringing new products to market in order to maintain our competitive edge and service standards, and have been able to make significant improvements in marketing efficiency which enabled us to reduce unnecessary marketing spend whilst improving market share.

Outlook

In addition to the solid foundation provided by a strong and experienced management team, Daily Internet has a clearly defined strategy to develop shareholder value and deliver our stated vision of becoming one of the top 10 Internet solutions providers to SMEs in Europe by 2012.

Our business operates on a subscription model whereby customers pay for services at intervals on the rolling contracts typical to the web hosting industry. Therefore, it is essential that we develop an expanding range of high quality products and services and that we achieve strong customer loyalty and thus the greatest possible customer longevity in order to maximise revenue-per-customer.

After a strong entry into the UK web hosting market with a range of high volume, highly competitive products with low CAPEX requirements, the management team now aims to diversify our product offerings to leverage higher unit revenues on top of its growing existing customer base. We aim to fund the CAPEX requirement for this using additional equity.

In addition, we will develop and source new services to augment the existing range and therefore provide improved up-sell and cross-sell opportunities within our range.

We will continue to place emphasis on delivering an exemplary level of customer service with an approachable and personal feel, thereby driving a high level of customer acquisition and strong customer loyalty. Our experienced and accessible support is a key differentiating factor in a market of telephone menus, non-technical sales teams, and script-based support.

I take this opportunity to thank all our shareholders for their continued support and to look forward on behalf of the management team to continued growth in the coming year.

Abby Hardoon

Chairman and CEO
29 August 2008

Operational & Financial Review

Overview

Daily Internet PLC ("the Company") was initially incorporated as Cobco 828 PLC on 20 March, 2007. It acquired Daily Internet Services Ltd ("the subsidiary") for a consideration of 16 million 0.5p shares at a valuation of £400,000 on 1 May, 2007 and changed its name to Daily Internet PLC on 4 May, 2007. Net assets acquired were £8,000, giving rise to goodwill of £392,000 which has been amortised over a period of 5 years.

Daily Internet Services Ltd was incorporated in England and Wales on 15 March, 2006. During the first period of trading, a fully automated web hosting, e-mail services and billing platform was developed. The capital expenditure and costs during this period were funded privately by Abby Hardoon (Chairman) and an asset financing facility provided by Barclays Bank plc. The web hosting business was launched in 2007 and the first revenues were received in April 2007.

The Group was admitted to PLUS on 11 March 2008.

Profit and Loss

Since Daily Internet's launch in April 2007 there has been strong month on month revenue growth and steadily improving gross profit margins. The quarter to 31 March, 2008 showed a 34% increase in revenue compared to the previous quarter and the gross profit margin* has shown improvement from 23% in the quarter to 30 June, 2007 to 45% in the quarter to 31 March, 2008.

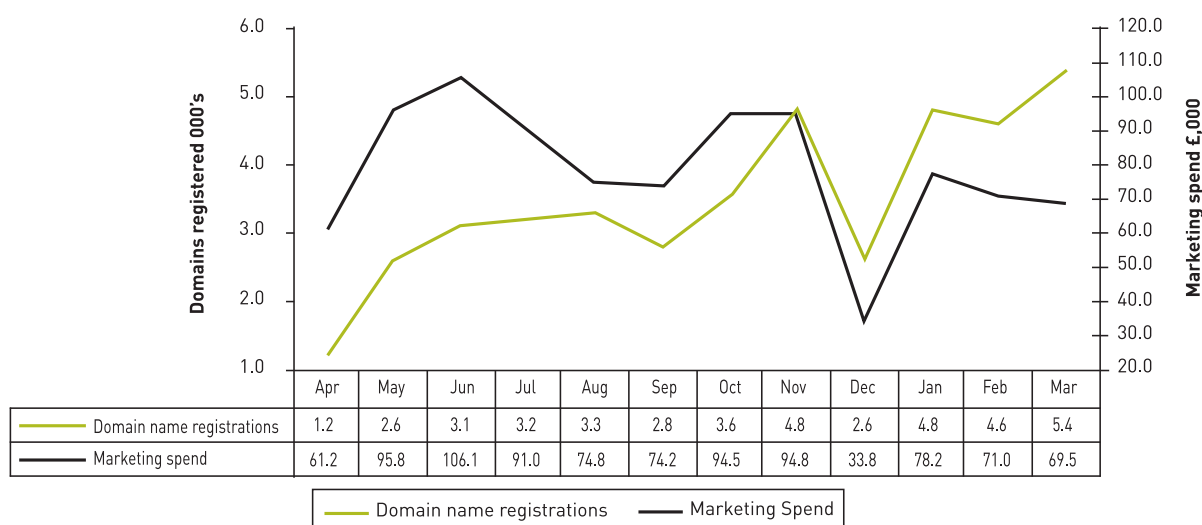
Daily Internet's sales receipts for the period amounted to £660,000; and during the quarter to 31 March 2008 we achieved a run rate of £1 million in invoiced sales. As explained in the Chairman's report, the Company offers a subscription basis for hosting sales, i.e. we take payments in advance. As such, the revenue attributable to future periods is deferred and the amount of reported revenue is therefore lower. The revenue for the eleven months reported in the consolidated profit and loss account is £524,000. There is deferred revenue of £125,000 which will be released to profit in future periods.

Marketing represents the majority of our operating expenses, and having seen significant improvements in marketing performance we have been able to reduce marketing spend by 17% in the quarter to 31 March, 2008 as compared with the quarter to 30 June 2007 whilst increasing the numbers of new registrations as shown below.

Other operating costs have been closely controlled, generally resulting in savings against the operating budget.

As required by the Accounting Standards Board, Daily has adopted FRS 20 for accounting for share-based payments. This accounting standard essentially charges the estimated benefit as a cost. The cost charged against profit for this financial period is £215,000 however this has no impact on cash.

The consolidated operating loss for the period, before share based costs as explained above, is in line with expectations at £1,394,000, which includes non-operating costs associated with fund raising activities amounting to £73,000 which is non recurring cost.



*Gross profit margin is measured as turnover minus cost of sales divided by turnover.

Operational & Financial Review continued

Balance sheet

Daily has continued to invest in its infrastructure during 2008, having spent an additional £37,000 to bring new products to market. The cost to date of Daily's tangible fixed assets amounts to £322,000, the fair value of these assets being reported at £201,000.

Cash at bank at the period end was reasonably strong at £325,000, the Company having raised £524,000 before costs at the IPO.

Creditors falling due within one year are reported at £451,000. However, included within this figure is £125,000 of deferred revenue which will be released to profit in future periods.

Creditors falling due after one year are reported at £275,000. This includes the fair value of convertible loan notes at £261,000 which were issued on 9 January, 2008.

Treasury

The group has raised through debt and equity an amount of £1,649,500 before expenses during the period to fund growth and raise the profile of Daily Internet as follows:

- 8 June 2007, 10,000,000 0.5p ordinary shares issued at 5p per share
- 31 August 2007, 3,455,000 0.5p ordinary shares issued at 10p per share
- 9 January 2008, £280,000 Convertible loan note
- 14 March 2008, 5,240,000 0.5p ordinary shares issued at 10p per share

As part of our fundraising activities, 11,237,001 Warrants were also issued during the period. Details can be found at note number 5 in the financial statements.

It is our intention to raise additional financing in the following year to fund our expansion into higher revenue generating products and services.

Julie Joyce

Finance Director
29 August 2008

Board of Directors & Senior Managers

Board

Abby Hardoon

Chairman and Founder

Mr. Hardoon is a Business Administration graduate from George Washington University. He was a founder of NETDesign Limited and Magic Moments Internet plc. Following the admission of Magic Moments to trading on AIM in September 1999 he served as Chief Executive Officer. Magic Moments was then renamed Host Europe plc and, under Mr. Hardoon's leadership, acquired two other Hosting companies, WebFusion Internet Solutions Limited and One2One Limited. Mr. Hardoon successfully grew the combined business into profitability until it was sold in April 2004 to PIPEX Communications plc for over £30 million.

Julie Joyce

Finance Director

Mrs. Joyce is a Fellow of the Chartered Association of Certified Accountants. She was employed as Finance Manager of WebFusion Internet Solutions Limited, an Internet Hosting company which was sold to Magic Moments Internet plc in May 2000. She became Group Financial Controller for Host Europe plc and its group companies and continued in this role for the SME hosting division of PIPEX Communications plc after the sale to PIPEX in April 2004. She also has extensive auditing and private practice experience, having spent ten years in this sector prior to her move into commerce and industry.

Robert Khalastchy

Non-Executive Director

Mr. Khalastchy is a graduate from the University of Sussex where he received a Bachelor's degree in Electronic Engineering. For the past 15 years he has worked in commercial property management. For the last 6 years he has been a director of RK Management Limited, a property management company managing commercial property portfolios worth in excess of £35 million.

Senior Managers

Alison Curry-Taylor

Operations Director

Mrs. Curry-Taylor worked with WebFusion Internet Solutions Limited since its formation and continued to work for Host Europe plc post-acquisition. During her tenure with both companies, she successfully directed the growth of the SME hosting business unit and was responsible for delivering several key projects and products.

Simon Amor

Research & Development Director

Mr. Amor worked with WebFusion Internet Solutions Limited and Host Europe plc for nearly 6 years. He was pivotal in the development of the major systems deployed by Host Europe plc. In addition to his technical contribution to Host Europe he also successfully managed the Research and Development team.

Report of the Directors

The Directors present their Annual Report and Audited Financial Statements for the period 20 March, 2007 to 31 March, 2008.

Principal Activities

The principal activities of the group during the period were the provision of web hosting, e-mail and domain name registration services.

Business Review and Future Developments

A review of the group's operations and performance during the financial period, setting out the position at the year end, significant changes in the period and providing an indication of the outlook for the future is contained in the Chairman's Report on page 3 and the Operational and Financial Review on pages 4 to 5.

Principal risks and uncertainty

In line with the nature, size and complexity of the business the senior management team work very closely to identify and evaluate areas of risk, and to develop and monitor action plans to deal with any potential threats. All outcomes are reported to the Board and support is given as necessary to ensure actions are carried out.

Identifiable areas of risk include:

- Moving the group to a cash flow generative position
- Market pressures on product pricing
- Maintaining a healthy cash balance to allow future investment in products
- Improving average revenue per customer by developing and sourcing new products
- Best use of marketing spend to maximise growth and profitability
- Optimisation of human resource skills

Results and Dividends

The consolidated Profit and Loss account for the year is set out on page 14.

The Directors do not propose the payment of a Dividend for the period ended 31 March 2008.

Directors

The Directors of the Company who held office during the year are as follows:

- | | |
|---------------------|------------------------|
| • Abby Hardoon | Chairman |
| • Julie Joyce | Finance Director |
| • Robert Khalastchy | Non-Executive Director |

The interest of current Directors in shares and options are detailed in the Board Report on Directors' Remuneration on pages 9 to 10.

Significant Shareholdings

Except for the current Directors' Interests shown on page 9, the Directors have been notified that there are no shareholders that have interests in 3% or more of the Company's ordinary share capital as at 31 March 2008.

Employees

It is the policy of the group that there should be no unfair discrimination in recruiting and promoting staff, including applicants who are disabled. The Directors are committed to maintaining and developing communication and consultation processes with employees, who in turn are encouraged to develop an awareness of the issues affecting the group. The Directors place considerable emphasis on employees sharing in the success of the group. This is achieved through the participation in share option schemes. Due to the nature and size of the business, employees are constantly encouraged to communicate with the Company's senior management to discuss business issues and potential improvements.

Supplier Payment Policy

It is the Company's policy to settle debts with its suppliers, in the absence of any dispute, in accordance with the terms and conditions agreed with each supplier. The number of supplier days outstanding at 31 March, 2008 based on the amounts invoiced by suppliers in March 2008 was 29 days.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Political and charitable donations

The company made no political or charitable donations during the year but supports charities through the provision of discounted services.

Going Concern

The Directors have reasonable expectation that the group have adequate resources to continue to operate for the foreseeable future. For this reason they adopt the going concern basis for preparing the financial statements.

Report of the Directors continued

Annual General Meeting

The Annual General Meeting will be held on 23 September 2008 at 2pm at the offices of Loeb Aron and Company Ltd, Georgian House, 63 Coleman Street, London EC2R 5BB.

The full wording of the resolutions to be tabled at the forthcoming Annual General Meeting is set out in the notice of the meeting on pages 29 to 30. At the Annual General Meeting a resolution will be proposed that the Company may send or supply documents to members by making them available on a website or by other electronic means in accordance with the provisions of the Companies Act 2006.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Sharpe Fairbrother Chartered Accountants be reappointed as auditors of the group will be put to the Annual General Meeting.

By order of the board

Julie Joyce

Finance Director
29 August 2008

Directors' Remuneration Report

Introduction

Whilst the group is not obliged to comply with the Directors' Remuneration Report Regulations 2007, the Directors have agreed to adopt the ethos of those regulations and to disclose information relating to the current Directors.

The report is not subject to audit and resolution to approve it will be proposed at the annual general meeting.

Remuneration Policy

Daily Internet has a policy to attract, motivate and reward individuals of the highest calibre who are committed to growing the value of the business and to maximising returns to shareholders.

The policy is as relevant to Executive Directors as it is to employees, as we aim to reward Executive Directors and senior employees aligned to the performance of the group.

The remuneration structure for all employees considers remuneration rates of competitors to ensure continuity and commitment.

Directors' Service Contracts

Copies of Directors' service contracts will be available at the annual general meeting.

Pension Arrangements

The group does not operate a final salary pension scheme. Executive Directors who are entitled to receive pension contributions may nominate a defined contribution scheme into which the company makes payments on their behalf.

Directors' Remuneration

A summary of the total remuneration paid to current Directors is set out below:

	Salary £,000	Benefits in kind	Total 2008
Abby Hardoon	5	-	5
Julie Joyce	47	1	48
Robert Khalastchy	1	-	1

Directors' Interests in Ordinary Shares of Daily Internet plc

The Directors in office at the end of the period end had interests in the ordinary share capital of the company as shown below:

	Number of Ordinary Shares	Percentage Interest
Abby Hardoon	20,090,770	57.91%
Julie Joyce	150,000	0.43%
Robert Khalastchy	253,846	0.73%

Directors' Remuneration Report continued

Directors' Interests in Share Options

The Directors had interests in options over ordinary shares of the Company as shown below:

Employee	No. of Ordinary Shares and Price				Total	Grant Date	Expiry Date
	5p	10p	15p	20p			
Abby Hardoon	-	-	250,000	100,000	350,000	24.8.07	24.8.17
Julie Joyce	25,000	25,000	200,000	100,000	350,000	24.8.07	24.8.14
Robert Khalastchy	15,000	5,000	100,000	100,000	220,000	24.8.07	24.8.17

These options cannot be exercised until their 3rd anniversary and have no performance criteria attached to them.

Directors' Warrants

The Directors held the following warrants over the ordinary shares of the Company:

Employee	No. of Warrants and Exercise price		Total	Grant Date	Expiry Date
	10p	15p			
Abby Hardoon	100,000	-	100,000	01.12.07	30.11.09
Abby Hardoon	-	1,050,000	1,050,000	09.01.08	08.01.13
Abby Hardoon	-	66,667	66,667	11.03.08	10.03.10
Julie Joyce	25,000	-	25,000	01.12.07	30.11.09

The above warrants can be exercised at any time up to the expiry date.

Statement of the Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Directors' 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 group and the parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 group and the parent company will continue in business.

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

They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Shareholders of Daily Internet plc

We have audited the Group and Parent Company's financial statements which comprise the Consolidated Profit and Loss account, Group and Parent Company's Balance Sheets, Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing 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).

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Operating and Financial Review and Directors Remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it. Our responsibilities do not extend to any other information.

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 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 Shareholders of Daily Internet plc

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 and parent company's affairs as at 31 March 2008 and of its loss for the period then ended;
- the financial statements 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.

Sharpe Fairbrother
Chartered Accountants
Registered Auditor

29 August 2008
67/69 George Street
London W1U 8LT

Consolidated Profit And Loss Account for the Period Ended 31 March 2008

	Notes	2008 Group £,000
Turnover	2	524
Cost of sales		(304)
Gross profit		220
Operating expenses before amortisation, depreciation and share based payments		1,408
Goodwill Amortisation		72
Depreciation and other amortisation		134
Share based payments		215
Operating expenses		(1,829)
Operating loss	3	(1,609)
Interest payable and similar charges	6	(3)
Loss before taxation		(1,612)
Taxation	7	(20)
Retained loss for the period		(1,632)
Basic and fully diluted loss per share		£0.07

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There are no recognised gains or losses in the period apart from the loss for the period.

The Group's results are derived from continuing operations

The notes on pages 7 to 27 form part of these financial statements.

Balance Sheets as at 31 March 2008

	Notes	Group 2008 £,000	£,000	Company 2008 £,000	£,000
Fixed assets					
Tangible assets	8		201		-
Intangible assets	9		110		-
Investments	10		320		400
			631		400
Current assets					
Debtors	11	62		1,213	
Cash at bank and in hand		325		304	
		387		1,517	
Creditors: amounts falling due within one year	12	(451)		(45)	
Net current assets (liabilities)			(64)		1,472
Total assets less current liabilities			567		1,872
Creditors: amounts falling due after one year	13		(275)		(261)
Net assets			292		1,611
Capital and reserves					
Called up share capital	16		173		173
Share premium account	17		1,525		1,525
Other reserves	17		226		213
Profit and loss account	17		(1,632)		(300)
Shareholders' funds			292		1,611

Approved by the Board and authorised for issue on 29 August 2008

Julie Joyce
Finance Director

Consolidated Cash Flow Statement for the Period Ended 31 March 2008

	Notes	2008 £,000
Net cash outflow from operating activities	21	(1,197)
Returns on investments and servicing of finance		
Interest element of finance lease payments		(3)
Capital expenditure		
Payments to acquire tangible assets	8	(27)
Payments to acquire intangible assets	9	(10)
Net cash acquired on acquisition of subsidiary		13
Purchase of subsidiary	10	(400)
Net cash outflow from capital expenditure		(424)
Net cash outflow before management of liquid resources and financing		(1,624)
Financing		
Issue of ordinary share capital net of expenses		1,698
Issue of Convertible loan notes	15	272
Repayment of finance leases		(21)
Net cash inflow from financing		1,949
Increase in cash in the period	22	325

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information presented.

Basis of preparation

The accounts have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently,

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 March 2008. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated Profit and Loss Account from the date of acquisition or up to the date of disposal.

Under Section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own Profit and Loss Account

Goodwill

The goodwill is the purchase goodwill on the acquisition of Daily Internet Services Limited by Daily Internet Plc and is stated at cost. The goodwill is being written off over its economic life of 5 years.

Revenue recognition

Revenue from the sale of domain name registrations is recognised when the domain name is registered or renewed. Revenue from value added services is recognised as these services are delivered. Revenue from hosting services is recognised over the life of each contract.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Website design	3 years straight line
Furniture and equipment	3-5 years reducing balance

Research and Development

Research expenditure is written off to the profit and loss account in the period in which the expenditure occurs. Development expenditure is treated in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is to benefit.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Deferred Taxation

Deferred Taxation is provided in full in respect of taxation deferred by timing differences between certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

Share based payments

The Group has adopted FRS 20 share based payments in respect of the current accounting period.

The fair value of employee options granted is recognised as an expense within the profit and loss account with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of supplier warrants is recognized as an expense within the profit and loss account with a corresponding increase in equity. The fair value is measured at grant date and charged against profit when the services are received.

The fair value of the options granted is measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted.

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

2 Analysis of turnover

Turnover, all of which arises from the group's principal activity, and from the UK, can be analysed into its main components as follows:

	2008 £,000	2008 %
By geographical location		
UK	508	97.0%
Europe	8	1.5%
Rest of World	8	1.5%
	524	
By Segment		
Domain Names	332	63.4%
Hosting	153	29.2%
Other	39	7.4%
	524	

3 Loss on ordinary activities before taxation

	2008 £,000
Auditors remuneration:	
Group: Audit	12
Fees paid to the auditors in respect of other services	27
Company: Audit	3
Fees paid to the auditors in respect of other services	5
Depreciation of fixed assets:	
Owned	63
Held under finance leases	22
Amortisation of intangible fixed assets	
Goodwill amortisation	72
Share based payments	215
Rentals payable under operating leases	21

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

4 Staff numbers and costs

The average number of full time persons employed by the group, including executive directors during the period was:

	2008
Research and Development	3
Technical Support	5
Executive and Administration	3
	11

The aggregate payroll costs including executive directors were as follows:

	2008 £,000
Wages and salaries	339
Social security costs	36
Benefits in kind	2
Staff option costs	13
	390

The emoluments paid to the highest paid Director during the period was £48,000. More information regarding directors' remuneration and share options can be found in the Directors Remuneration Report on page 9

5 Share based payments and warrants

The Company has adopted an approved employee share option scheme. Under the Scheme the directors have the discretion to grant options to subscribe for Ordinary Shares up to a maximum of 10 per cent of the Company's issued share capital. Options can be granted to any employee of the Company. The options cannot be exercised for a period of at least three years from the date of grant. Options must be exercised in their entirety or not at all.

At 31 March 2008 rights to options over ordinary shares of the company were outstanding as follows:

		No. of Ordinary Shares and Price					Total
Grant Date	Expiry Date	2.5p	5p	10p	15p	20p	
25-May-07	24-May-17	53,846	53,846	107,692	592,307	269,230	1,076,921
24-Aug-07	23-Aug-17	-	25,000	25,000	200,000	100,000	350,000
24-Aug-07	23-Aug-14	-	15,000	5,000	350,000	200,000	570,000
		53,846	93,846	137,692	1,142,307	569,230	1,996,921

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

5 Share based payments and warrants continued

The options have been valued, using the Black Scholes method, using the following assumptions

Number of instruments granted	53,846	53,846	107,692	592,307	269,230
Grant date	25-May-07	25-May-07	25-May-07	25-May-07	25-May-07
Expiry date	24-May-17	24-May-17	24-May-17	24-May-17	24-May-17
Contract term (years)	10	10	10	10	10
Exercise price	2.5p	5p	10p	15p	20p
Share price at granting	5p	5p	5p	5p	5p
Annual risk free rate (%)	5%	5%	5%	5%	5%
Annual expected dividend yield (%)	0%	0%	0%	0%	0%
Volatility (%)	50%	50%	50%	50%	50%
Fair value per grant instrument	3.96p	3.36p	2.64p	2.19p	1.88p

Number of instruments granted	25,000	25,000	200,000	100,000
Grant date	24-Aug-07	24-Aug-07	24-Aug-07	24-Aug-07
Expiry date	23-Aug-17	23-Aug-17	23-Aug-17	23-Aug-17
Contract term (years)	10	10	10	10
Exercise price	5p	10p	15p	20p
Share price at granting	5p	5p	5p	5p
Annual risk free rate (%)	5%	5%	5%	5%
Annual expected dividend yield (%)	0%	0%	0%	0%
Volatility (%)	50%	50%	50%	50%
Fair value per grant instrument	3.36p	2.64p	2.19p	1.88p

Number of instruments granted	15,000	5,000	350,000	200,000
Grant date	24-Aug-07	24-Aug-07	24-Aug-07	24-Aug-07
Expiry date	23-Aug-14	23-Aug-14	23-Aug-14	23-Aug-14
Contract term (years)	7	7	7	7
Exercise price	5p	10p	15p	20p
Share price at granting	5p	5p	5p	5p
Annual risk free rate (%)	5%	5%	5%	5%
Annual expected dividend yield (%)	0%	0%	0%	0%
Volatility (%)	50%	50%	50%	50%
Fair value per grant instrument	2.9p	2.02p	1.54p	1.21p

Share Warrants

At 31 March 2008 there were 11,237,001 outstanding warrants to subscribe for the ordinary share capital of the company as follows:

Grant date	Expiry Date	No. of Warrants and Exercise Price		Total
		10p	15p	
01.12.07	30.11.09	1,977,500	-	1,977,500
09.01.08	08.01.13	-	2,800,000	2,800,000
11.03.08	10.03.10	-	2,990,001	2,990,001
01.12.07	30.11.09	3,469,500	-	3,469,500

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

6 Interest payable and similar charges

	2008 £,000
Interest payable on finance leases	3

7 Taxation

	2008 £,000
Current tax charge	-
Deferred tax	
Timing differences	20
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(1,612)
Loss on ordinary activities before taxation multiplied by the Standard rate of UK corporation tax of 30%	(484)
Effect of:	
tax losses	484
Current tax charge	-

8 Tangible fixed assets

Group	Website design £,000	Furniture and equipment £,000	Total £,000
Cost			
Acquired from the subsidiary on 1st May 2007	165	130	295
Additions	1	26	27
Disposals	-	-	-
At 31 March 2008	166	156	322
Depreciation			
Acquired from the subsidiary on 1st May 2007	9	27	36
On disposals	-	-	-
Charge for the period	51	34	85
At 31 March 2008	60	61	121
Net book value			
At 31 March 2008	106	95	201
Acquired from the subsidiary on 1st May 2007	156	103	259

Included in the net book value of £201,000 are leased assets of £49,000. The depreciation for the period on these assets was £23,000.

The Company held no tangible fixed assets at 31 March 2008.

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

9 Intangible fixed assets

Group	Research and development £,000	Total £,000
Cost		
Acquired from the subsidiary on 1 May 2007	157	157
Additions	10	10
Disposals	-	-
At 31 March 2008	167	167
Amortisation		
Acquired from the subsidiary on 1 May 2007	8	8
On disposals	-	-
Charge for the year	49	49
At 31 March 2008	57	57
Net book value		
At 31 March 2008	110	110
Acquired from the subsidiary on 1 May 2007	149	149

The Company held no intangible fixed assets at 31 March 2008.

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

10 Investments

	Group 2008 £,000	Company 2008 £,000
Investment in subsidiaries	320	400

The Company's subsidiary undertaking which is wholly owned is:

Undertakings	Registration	Principal activity
Daily Internet Services Limited	England	Web hosting and domain name registration

11 Debtors

	Group 2008 £,000	Company 2008 £,000
Trade debtors	17	-
Amounts owed by subsidiary undertakings	-	1,198
VAT	17	11
Prepayments and accrued income	28	4
	62	1,213

12 Creditors: amounts falling due within one year

	Group 2008 £,000	Company 2008 £,000
Trade creditors	186	22
Corporation tax	20	20
Other taxes and social security costs	15	-
Other creditors	25	-
Accrued and deferred income	182	3
Finance lease	23	-
	451	45

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

13 Creditors: amounts falling due after one year

	Group 2008 £,000	Company 2008 £,000
Finance lease	14	-
Convertible loan note	261	261
	275	261

The maturity of obligations under finance leases are as follows:

Within one year	23	-
Within one to two years	14	-
	37	-

14 Operating Leases

The group had commitments to make annual payments under non cancellable leases which expire as follows:

	Leasehold Property 2008 £,000
Within one year	-
Within two to five years	28
	28

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

15 Financial assets and liabilities

The group's financial instruments comprise cash and liquid resources, Convertible Bonds and various items such as trade debtors and trade creditors that arise directly from its operations.

56 £5,000 Convertible loan notes were issued on 9 January 2008. The notes are convertible into ordinary shares at a conversion price of 12 pence. They may be converted at any time up to their 4th anniversary. They carry interest a rate of 8.6% per annum.

The group's objective is to ensure adequate funding for continued growth and expansion. This has been achieved in the current period by issuing Convertible Loan notes and raising equity finance.

Given the nature of the group's borrowings, interest rate risk is not significant. The main risk arising from the group's financial instruments is liquidity risk. There is no foreign currency risk.

Convertible Loan notes

The value of the convertible loan notes recognised in the balance sheet is calculated as follows:

	2008 £,000
Face value	280
Costs of issue	(8)
Net proceeds	272
Equity component	(11)
Liability component at 31st March 2008	261

16 Share capital

	Group 2008 £,000	Company 2008 £,000
Authorised		
150,000,000 Ordinary shares of 0.5p each	750	750
	750	750
Allotted, called up and fully paid		
34,695,000 Ordinary shares of 0.5p each	173	173
	173	173

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

17 Statement of movements on reserves

	Share premium account £,000	Other reserves £,000	Profit and loss account £,000	Total £,000
Group				
Balance at 20 March 2007	-	-	-	-
Share issues	1,525	-	-	1,525
Share based payments	-	215	-	215
Convertible loan note	-	11	-	11
Profit for the period	-	-	(1,632)	(1,632)
Balance at 31 March 2008	1,525	226	(1,632)	119
Company				
Balance at 20 March 2007	-	-	-	-
Share issues	1,525	-	-	1,525
Share based payments	-	202	-	202
Convertible loan note	-	11	-	11
Profit for the period	-	-	(300)	(300)
Balance at 31 March 2008	1,525	213	(300)	1,438

The company has taken advantage of the dispensation allowed under Section 230(7) of the Companies Act 1985 in not publishing the profit and loss account of the company.

18 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

In common with many businesses of our size and nature we use our auditors to provide tax advice and to represent us, as necessary, at tax tribunals.

19 Contingent liabilities

There are no contingent liabilities at the period end.

20 Related party transactions

There have been no related party transactions during the period.

Notes to the Consolidated and Company Financial Statements for the Period Ended 31 March 2008 continued

21 Reconciliation of operating loss to net cash outflow from operating activities

	2008 £,000
Operating loss	(1,609)
Goodwill amortisation	72
Depreciation and other amortisation	134
Share based payments	215
Increase in debtors	(33)
Increase in creditors	24
Net cash outflow from operating activities	(1,197)

22 Analysis of net funds

	20 March 2007 £,000	Cashflow £,000	Other non-Cash changes £,000	31 March 2008 £,000
Net cash:				
Cash at bank and in hand	-	325	-	325
Net funds	-	325	-	325

23 Reconciliation of net cash flow to movement in net funds

	2008 £,000
Increase in cash in the period	325
Opening net funds	-
Effect in exchange rate changes	-
Closing net funds	325

24 Loss per share

	2008
Loss for the financial period attributable to shareholders	£1,632,000
Weighted number of equity shares in issue	24,288,586
Basic/diluted loss per share	£0.07

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.

Corporate Information

Company Secretary and Registered Office

Julie Joyce

Daily Internet plc
67/69 George Street
London W1U 8LT
England

Tel: +44 (0) 207 458 5757
Email: investor@daily.co.uk

Company Number

06172239

PLUS Market Corporate Advisor

Loeb Aron & Company Ltd.

Georgian House
63 Coleman Street
London
EC2R 5BB

Registrar

Computershare Investor Services Plc

The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Lawyers

Cobbetts LLP

58 Mosley Street
Manchester
M2 3HZ

Auditors

Sharpe Fairbrother

67/69 George Street
London
W1U 8LT

Bankers

Barclays Bank plc

One Churchill Place
London
E14 5HP

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Daily Internet plc will be held on 23 September, 2008 at 2.00pm at the office of Loeb Aron and Company Ltd, Georgian House, 63 Coleman Street, London EC2R 5BB.

Ordinary Business

To consider and, if thought fit, pass the following resolutions:

1. To receive, consider and adopt the Annual Report and Financial Statements for the period ended 31 March 2008, together with the Directors' Remuneration Report contained therein.
2. To elect Abby Hardoon, who retires at the first Annual General Meeting following his appointment, as a Director.
3. To elect Julie Joyce, who retires at the first Annual General Meeting following her appointment, as a Director.
4. To elect Robert Khalastchy, who retires at the first Annual General Meeting following his appointment, as a Non- Executive Director.
5. To reappoint Sharpe Fairbrother Chartered Accounts as auditors and authorising the Directors to fix their remuneration.

Special business

As special business, to consider and, if thought fit, pass the following resolutions of which resolution 6 will be proposed as ordinary business and resolutions 7 and 8 will be proposed as special business;

6. Electronic Information - That the company may send or supply documents or information to members by making them available on a website or other electronic means.
7. Authority to allot- That the Directors have general authority, in substitution for all existing authorities, to allot shares in the capital of the Company up to an aggregate nominal amount of £52,042.50 representing not more than 30% of the total issued share capital of the Company as at 1 September 2008 (being a date not more than one month prior to the date of this circular). The authority will expire on the earlier of the date of the Annual General Meeting in 2009 or 15 months following the passing of this resolution. There is no present intention to use the authority other than as required to issue shares to raise funds for development and launch of products and services, and in connection with exploiting acquisition opportunities.
8. Disapplication of pre-emption rights This resolution contains a disapplication of the pre-emption rights applicable to the issue of shares or other securities convertible into shares (equity securities) for cash that would otherwise exist for shareholders under Section 89(1) of the Companies Act 1985 and/or the Company's Articles. The disapplication is, however, very limited. It does not remove the general principle, that offers of equity securities will be made pro rata to existing shareholders, but modifies it so as to give the directors flexibility to deal as they see fit with fractional entitlements and certain legal requirements, including those which would relate to offering securities to overseas shareholders in some jurisdictions where there are local securities laws which would thereby be contravened. There is also a small general disapplication to provide the Directors with the opportunity to issue a limited number of shares or other equity securities for cash if they consider it appropriate. The maximum nominal amount of shares which can be issued pursuant to the disapplication relating to fractions, overseas securities laws and the other legal requirements will be £52,042.50 and that disapplication will last until the earlier of the date of the Annual General Meeting in 2009 and 15 months following the passing of this resolution. The general disapplication in respect of equity securities being issued for cash otherwise than to existing shareholders in proportion to their to their existing shareholdings, is limited to £52,042.50, being not more than 30% of the total issued share capital of the Company as at 1 September 2008 (being a date not more than one month prior to the date of this circular).

By order of the board

Julie Joyce
Company Secretary
29 August 2008

Registered Office
67/69 George Street
London
W1U 8LT

Notes

1. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies [who need not be a member of the company] to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.
2. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power of attorney, must reach the Company Registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol, BS13 8AE not less than 48 hours [excluding any day that is a non working day] before the time of the meeting or of any adjournment of the meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast), holders of ordinary shares must be entered on the relevant register of securities by 6.00pm on 21st September 2008. Changes to entries on the relevant register of securities after 6.00pm on 21st September 2008 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. Copies of the service contracts and letters of appointment of each of the Directors of the Company together with the Register of Directors' Interests will be available for inspection at the registered office of the company during usual business hours on any weekday [Saturday and public holidays excluded] and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.
5. Biographical details of each Director who is being proposed for election or appointment by shareholders, can be accessed via the Daily Internet website.
6. The Directors have no present intention of exercising either the allotment authority under resolution 7 or the disapplication of pre-emption rights authority under resolution 8.

Form of Proxy

For use at the Annual General Meeting of Daily Internet plc to be held on 23 Sept 2008 at 2.00pm at the office of Loeb Aron and Company Ltd, Georgian House, 63 Coleman Street, London EC2R 5BB, and at any adjourned meeting thereof.

I/We(note 1)

of

being (a) member(s) of the above named Company HEREBY APPOINT the Chairman of the Meeting

or(note 2)

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 23 Sept 2008 and, at any adjournment thereof.

Please indicate with an 'X' in the appropriate space below how you wish your vote to be cast. If no indication is given, and on any other resolutions proposed at the meeting, your Proxy will abstain or vote at his discretion.

RESOLUTIONS

Ordinary Business	For	Against
1. To receive, consider and adopt the Annual report and financial statements for the year ended 31 March 2008, together with the Directors Remuneration Report contained therein.		
2. To elect Abby Hardoon Adulayavichit, who retires at the first Annual General Meeting following his appointment, as a Director.		
3. To elect Julie Joyce, who retires at the first Annual General Meeting following her appointment, as a Director.		
4. To elect Robert Khalastchy, who retires at the first Annual General Meeting following his appointment, as a Non- Executive Director.		
5. To reappoint Sharpe Fairbrother Chartered Accounts as auditors and authorising the Directors to fix their remuneration.		
Special Business	For	Against
6. To authorise the supply of documents by electronic means		
7. To authorise the Directors to allot relevant securities pursuant S.80 Companies Act 1985.		
8. To authorise the Directors to allot equity securities pursuant to section 95 Companies Act 1985.		

Please sign here:Date:(note 3)

NOTES:

1 In the case of joint holders, the signature of any holder is sufficient but the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names are stated in the register in respect of the holding.

2. If you are a registered shareholder and you are unable to attend the Meeting, you may appoint a proxy to attend and, on a poll, to vote on your behalf. If it is desired to appoint as Proxy any person other than the Chairman of the Meeting, his/her name and address should be inserted in the blank space, reference to the Chairman deleted and the alteration initialled. The Proxy need not be a member of the Company, but must attend the Meeting in order to represent you.

3. In the case of an individual, this Form of Proxy must be signed by the appointer or by his attorney duly authorised in writing. In the case of a Corporation, this Form of Proxy must be completed under its common seal or under the hand of a duly authorised officer or Attorney.

4. To be valid, this Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney must be deposited with Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, not less than 48 hours before the time fixed for holding the meeting. If you are a registered shareholder and you subsequently decide to attend the Meeting, you may do so.

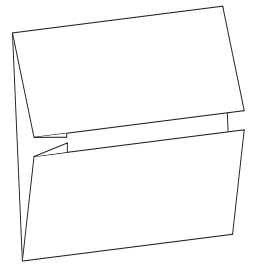
5. Any alteration to this Form of Proxy must be initialled.

Business Reply
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