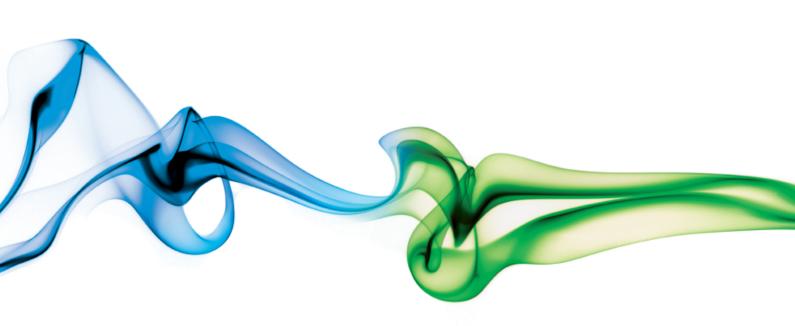


ANNUAL REPORT AND ACCOUNTS

2011



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Introduction

Timeweave plc ("Timeweave" or the "Company") is the holding company of a Group which at the year end comprised a 50% holding in Amalgamated Racing Limited ("AMRAC"), sports hedging business SportingWins Limited ("SportingWins") and cash deposits (the "Group").

AMRAC is an equally owned joint venture company between Racecourse Media Services Limited (which is in turn owned by a number of the UK's foremost horse racing courses and Racecourse Investments Limited) and Timeweave. AMRAC holds exclusive licences with 34 racecourses to broadcast pictures, audio and data from these courses to licensed betting offices in the United Kingdom and Republic of Ireland on its dedicated television channel. TurfTV.

SportingWins is the market leader in providing financial hedging to corporate risk based on sports events and results.

Overview

The twelve months to 31 December 2011 saw the Group deliver a solid operating performance within a competitive market environment.

The Company was strengthened by the appointment of a CEO, who together with the Board, conducted a strategic evaluation of the business. Following this, the Board has focused its activities on a strategy of (a) strengthening the AMRAC business with its partners and providing further investment where appropriate to generate shareholder returns; and (b) delivering and executing a programme of acquisitive growth, seeking to deliver long-term shareholder value whilst continuing to manage operational expenses.

Since completing the strategic evaluation, in July 2011 the Company acquired the business and assets of SportingWins. Since the year end, the Company has acquired convertible loan notes in DCD Media plc. The Company continues to evaluate numerous further investment opportunities and anticipates further acquisitions and investment in the coming 12 months.

AMRAC Media Rights

AMRAC's trading was strong in the year, with subscriptions to the TurfTV service holding up well in the face of difficult market conditions. The AMRAC management team has a tight control of the cost base with savings and efficiencies being delivered across the range of operational activities. Benign weather conditions towards the end of the financial year were also favourable for the business, following the harsh conditions in 2010.

In August 2011, AMRAC signed a long-term deal with major High Street bookmaker William Hill through to 31 January 2018 and the business has also now contracted with most of the large independent bookmaker groups on a similar basis. These new agreements are a positive indicator for the coming year during which the AMRAC executive management team will seek to negotiate further agreements with the other major bookmakers.

AMRAC secured additional media rights with Exeter, Perth & Kelso racecourses from 1 May 2012. These agreements demonstrate significant progress in the development of AMRAC's strategy and, with effect from 1 May 2012, 34 of the UK's 60 race tracks' pictures and data rights will be licensed to AMRAC until 2018.

More than 680 horse racing fixtures from the leading racecourses in the United Kingdom (including more than 90% of all group races) are available as part of the TurfTV service. The service also includes class leading virtual horse and dog racing plus live previews with the biggest and best names from the world of sports betting all aimed at meeting the needs of our clients and their customers.

TurfTV is proud to deliver a premium racing broadcast service to licensed betting offices in the UK and the Republic of Ireland from the majority of UK racetracks and Timeweave will continue to work closely with our partners and the AMRAC management to strengthen and develop the service, including, where required, providing further investment to generate appropriate returns. While mindful of the well-publicised challenges facing the horse racing and betting industry, the Board believes that AMRAC is well placed to deliver strong and resilient returns over the coming years.

SportingWins

Following the acquisition of the SportingWins assets, the business has been successfully integrated into the Group. The business framework and systems, including agreements with key business partners, have been established. The acquisition and benefits of the new business structure have been communicated to clients and intermediaries, directly and through the SportingWins website and marketing. During 2011, deals were completed both with historic clients of SportingWins and with new clients, and further agreements have been completed in 2012. In total, the business has already covered over £5m of risk under Timeweave's ownership.

SportingWins business has historically been driven by the sporting calendar, with revenues connected to results at the two major international football tournaments (the FIFA World Cup and the UEFA European Championship) significantly outweighing all other revenues over the four year cycle. We have begun actively marketing to our corporate clients a variety of hedging options connected to Euro 2012. Alongside this, we will be developing our strategy for the medium-term to build business connected to recurring annual events so as to give a more sustainable and consistent revenue stream year on year.

Discontinued Operations

A wholly owned subsidiary, Microskill (Services) Ltd, operating as a single betting shop, ceased trading in December 2011. It was opened to test development technologies for Alphameric Solutions Ltd ("ASL") however after the disposal of ASL in 2010; the rationale for operating the business was no longer relevant. The Group had a provision in 2010 of £100,000 against this likely closure and, having incurred some costs during the year, this provision has been reduced to £80,000.

Results

Income Statement

Revenue for the twelve months to 31 December 2011 was £28.2m (13 months to 31 December 2010: £29.9m and 12 months to 31 December 2010: £27.6m).

Operating profit before exceptional items of £7.8m (13 months to 31 December 2010: £8.0m).

Exceptional items incurred through the year included contracted termination payments to the former Finance Director, costs associated with the SportingWins acquisition and a write-down of property assets.

The property write down amounts to £442,000 and relates to a warehouse property that was pivotal to the Alphameric Solutions Ltd business sold in 2010 but was not included in that disposal. The Board felt it prudent to write-down the property value and post year-end placed this property on the market for sale.

Operating profit from continuing operations (after exceptional items) was £6.9m (13 months to 31 December 2010: £7.5m).

Statement of Financial Position and Cash Flows

The Company retains a strong balance sheet and it is the Board's intention to harness this to deliver a more diversified range of growth opportunities for shareholders and, where the business rationale exists, invest in the future growth potential within AMRAC.

Our consolidated cash balances increased to £33.4m at the year end including £8.4m from its share of AMRAC cash and cash equivalents (31 December 2010: £31.9m including £9.9m being its share of AMRAC cash and cash equivalents). However, as in prior years, this figure includes advance receipts within AMRAC. The Board closely monitors the counterparty risk of its deposits.

Matchbet Litigation

On 31 May 2010, the disposal of ASL to Orbis Holdings Limited ("Orbis"), a subsidiary of the NDS Group Limited, was completed for a gross consideration of £15.475m. An indemnity was provided by the Company to Orbis and ASL in respect of a prior dispute with Matchbet Limited. The liability for Timeweave is limited to a maximum amount equal to the consideration received for the disposal of ASL.

As reported in the interim results in August 2011, Matchbet has issued proceedings against Openbet Retail Limited (formerly ASL) relating to a software development agreement signed by the parties in 2006 and Openbet Retail Limited has made a claim under the indemnity in the sale agreement. Timeweave has conduct of the proceedings under the terms of the sale agreement.

Timeweave is robustly defending the claim and the Board, having engaged appropriate legal counsel, is confident of its position. The Company estimates that it could incur legal fees of up to £700,000 defending its position. The sum of £55,000 is included in provisions at the year end and further accruals for legal fees will be made in the coming months.

Dividend

In December 2007, the Company raised £11.1m gross from shareholders via a rights issue to provide further funding to the AMRAC venture with any surplus proceeds being used to strengthen the balance sheet.

The Board recognised the shareholder support for the long-term future of the business and set out a strategy committed to repay this shareholder investment. We are pleased to advise that, since September 2009, the Company has returned £11.95m to shareholders via dividends, from a combination of disposals and operational returns.

The Company continues to evaluate and consider a significant number of acquisition and investment opportunities whilst additionally strengthening our partnership in AMRAC and developing the SportingWins business further.

Therefore, the Board has decided to manage capital within the Group, focusing on a strategy generating stable long-term shareholder growth. Consequently, with a focus on sustainable growth and investment in these opportune times, the Company does not intend to pay a final dividend. The decision to suspend the dividend distribution is specifically in response to an opportunistic investment environment.

The Board has therefore chosen to retain its cash reserves to take advantage of these market conditions.

Board Composition

In February 2011, the Company announced the appointment of David Craven as CEO and that Mike McLaren had advised the Board that he would leave the Group in April 2011. David was the Tote's Managing Director of Totepool and E-Gaming for the previous six years and has extensive experience in the gaming, leisure and media sectors having previously held senior roles with UK Betting plc, Wembley plc, News Corp and UPC Chello.

In August 2011, Peter Bertram announced he would be stepping down as Chairman of Timeweave at the end of September 2011. Peter remained as Chairman of AMRAC through his service period until the end of February 2012. Peter served the company well for almost five years and the Board thanks him for his contribution to the business.

The Board has not appointed a successor to the outgoing Chairman at this time but will update shareholders in due course.

Executive Incentive Scheme

The Board believes that it is a fundamental principle of the Company to align the interests of the Directors and other employees with those of its shareholders. Accordingly, in 2011, the Group introduced a new incentive plan to better align these interests.

Following the recruitment of a CEO, the Board delivered a new incentive scheme for key management. The mandate was to construct an incentive plan to attract and retain individuals of the highest calibre, to encourage and reward high performance and to set the remuneration package and share incentives at a level based on total shareholder returns.

In the new scheme, incentive compensation is possible only when the initial objective has been satisfied; specifically when total shareholder growth in excess of a cumulative annual hurdle (10%) is delivered. The plan provides for an incentive awarded in a ratio of cash and shares vesting over a subsequent three year period if the annual objective has been satisfied. No cash or shares were awarded during the year to 31 December 2011.

The Directors believe that this revised incentive scheme, rewards performance and encourages executives to focus on delivering the business strategy. In so doing, the Remuneration Committee ensures an appropriate balance between fixed and performance related pay is maintained.

In accordance with the ABI guidelines, the Company may issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans and may issue no more than 5% of its issued share capital in a rolling 10-year period to the Executive Directors. The current operation of the Company's share plans is within ABI limits.

Accounting Policies

The Group's interest in its joint venture AMRAC is consolidated in accordance with IAS 31; 'Interests in Joint Ventures' such that 50% of AMRAC's revenues, costs and balance sheet headings are included within the Group's consolidated financial information.

In accordance with IFRS 5 'Non-current Assets Held-for-Sale and Discontinued Operations' we have reported the results for the twelve months to 31 December 2011 excluding the trading performance for Microskill (Services) Limited. Results for Microskill (Services) Limited were included in discontinued activities, along with the results for Alphameric Systems Ltd, in 2010.

Forward Looking Statements

This report includes forward looking statements concerning both the Group and AMRAC. Whilst these forward looking statements are made in good faith, they are based upon the information available at the date of this report and upon current expectations, projections and assumptions about future events. These forward looking statements are subject to risks, uncertainties and assumptions about the Group and AMRAC and should be treated with the appropriate degree of caution. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

On Behalf of the Board 1 March 2012

4 Board of Directors

Year ended 31 December 2011

David Craven

Executive Director, Chief Executive Officer

Aged 45

David joined the Company as Chief Executive Officer in April 2011. David has extensive Betting, Gaming and Media experience having held a number of senior roles in these industries. He was joint Managing Director of the Tote for six years and was closely involved in the privatisation of the Tote. He has held senior executive roles at UK Betting Plc and Wembley Plc.

David began his career in newspaper journalism working with Mirror Group Newspapers, News International and News Corp. He was a co-founder of broadband and interactive TV media group, UPC Chello, and is a co-founder of the Gaming Media Group.

Richard McGuire

Non-Executive Director

Aged 45

Richard joined the Board in May 2010 and is a Non-Executive Director acting as the nominated shareholder representative of Mayfair Capital Investments Limited. Mayfair Capital Investments own shares representing 29.99% of the voting rights in Timeweave plc. Richard is currently President of Tavistock Europe and was previously a Non-Executive Director of Mitchells & Butlers plc and Chairman of Bulgarian Property Developments plc. Prior to that, Richard was a Managing Director within investment banking at Citigroup and held capital market roles at HSBC and private asset management firms.

Graham Parr

Non-Executive Director

Aged 62

Graham joined the Board as Independent Non-Executive Director in August 2010. Graham brings a significant level of expertise and sector knowledge to the Board, having co-founded Arena Leisure in 1997, and driven its growth as Chief Executive until 2001. In 1999, Graham directed the formation and development of 'At the Races', a pioneering development in UK horse racing media distribution in a joint venture with BSkyB and Channel 4. Graham is currently Chairman of Gaming International Limited and Probability plc. He chairs the Company's Audit Committee, Remuneration and Nomination Committees.

Please refer to www.timeweave.com for full directors' biographies.

Overview

The year to 31 December 2011 was one of both transition and achievement for the Group. Having streamlined its activities, the Company is poised to take advantage of its strong balance sheet, now with the capacity to act on some of the many investment and development opportunities being presented to the Group.

The Company's joint venture, TurfTV, made significant progress in the year towards achieving its strategic goals, continuing to assert itself in the marketplace, securing long-term contracts with one of the UK's leading bookmakers, William Hill, and with major independent groups.

The AMRAC business is now well-placed to consolidate on this work, targeting additional contracts from other major bookmakers in the forthcoming year. At an operating level, the TurfTV business delivered a creditable performance against a backdrop of unfavourable economic conditions.

In July 2011, the Company acquired the business and assets of SportingWins Limited. SportingWins writes financial contracts, ("hedging agreements"), to cover the financial risks of corporate clients which are dependent on the results of professional sports events. Since inception in October 2006, SportingWins has signed contracts with over 40 clients across 15 countries covering more than £100m of risk.

The Group acquired all business, assets and undertakings owned by SportingWins Limited as a going concern for a nominal consideration. The existing liabilities of the vendor and the SportingWins business were not transferred to the Group.

Following the year end in February 2012, the Company acquired £3.068m of convertible loan notes in DCD Media plc, the AIM listed independent television production and distribution group. These notes were acquired for a consideration of £2.087m using the Company's existing cash reserves.

My focus to all shareholders remains, with the strong support of the Board, to invest for growth and build Timeweave into a progressive investment company capable of delivering significant long-term capital returns for shareholders. The economic environment remains challenging for many businesses including Timeweave, but we are optimally positioned with a strong balance sheet, an experienced Board with a broad range of professional experience and a supportive shareholder base to harness some of the many opportunities we evaluate. This is consistent with our long-term goal to create growth, stability and augmented returns for our shareholders.

AMRAC

AMRAC delivered a strong performance, in the face of uncertain economic conditions. The announcement that AMRAC signed a long-term deal with major High Street bookmaker William Hill through to 31 January 2018 is a strong portent for continued widespread demand for the service and underlines the importance of Turf TV to the High Street bookmaking community.

The news that AMRAC secured additional media rights with Exeter, Perth and Kelso from 1 May 2012 further demonstrated the importance of Turf TV in the marketplace. Turf TV is proud to deliver a premium racing broadcast service to licensed betting offices in the UK and the Republic of Ireland from the majority of UK racetracks. The management team has worked diligently to navigate through the challenges facing the business and we believe AMRAC is well established in the marketplace and will thrive in the coming years.

SportingWins

I am pleased to report that following the acquisition of the SportingWins assets, the business is now trading well within the Group. Since acquisition, several deals have been completed both with historic clients of SportingWins and with new clients, and further agreements have been completed in 2012. In total, the business has already covered over £5m of risk under Timeweave's ownership.

We are already developing our strategy for the medium-term to build business connected to recurring annual events which will create a more sustainable and consistent revenue stream. This strategy involves the development of SportingWins services to clients in a wide base of sports, expanded into international markets.

Minor Disposal

At the end of the year, the Board took the decision to close a standalone betting shop, operated through a wholly owned subsidiary, Microskill (Services) Limited, which had originally been used to test development technologies for Alphameric Solutions Ltd. Following attempts to market the shop as a going concern to High Street operators, the shop ceased trading in December 2011.

Trading

Group revenue for the twelve months to 31 December 2011 was £28.2m (thirteen months to 31 December 2010: £29.9m) which produced an operating profit before exceptional items of £7.8m (thirteen months to 31 December 2010: £8.0m). Profit from continuing operations (after exceptional items) was £6.9m (thirteen months to 31 December 2010: £7.5m).

Earnings per share from continuing operations (basic and diluted) were 2.3 pence (2010: 2.6 pence).

The Microskills betting shop made a small loss in 2011, while the loss from discontinued operations in 2010 was £2.2m including the sale of Alphameric Solutions Limited.

Earnings per share after exceptional items and the loss from discontinued operations was 2.3 pence (thirteen months to 31 December 2010: 1.6 pence).

The exceptional administrative expenses of £0.9m relate in part to the termination of the former Finance Director's employment contract (thirteen months to 31 December 2010: £0.6m), costs associated with the SportingWins acquisition and the write down of property assets.

Taxation

A tax charge of £1.9m on continuing operations was incurred which equates to approximately 26.6% of relevant profits.

Statement of financial position

The Group's consolidated balance sheet remains healthy with net assets at 31 December 2011 of £28.8m including £33.4m in cash (31 December 2010: net assets of £29.5m including cash balances of £31.9m).

At 31 December 2010, a loan from the Company to AMRAC of £4.0m was outstanding; this was subsequently repaid in full in February 2011

AMRAC's customer supply contracts typically run annually from 1 January with a number of its larger customers paying in advance for the service. Consequently, Group consolidated cash balances are usually higher in the earlier months of the financial year.

Liquid Resources and Bank Facilities

Timeweave and AMRAC bank with Tier 1 UK regulated banks, the principal provider being HSBC. Excess cash is deposited with some or all of these banks, usually for relatively short-term periods, on a strategy that seeks to maximise the available interest returns to the Group.

As outlined in the Board of Directors' Report, the Company will not be paying a final dividend for the year to 31 December 2011 as we refocus the Company on acquisitive investment growth.

Strategy

Timeweave has embarked on a programme to identify investment and development opportunities across a range of sectors including media, gaming and leisure where it can create incremental value for shareholders through improving and reinvigorating management teams, financial re-structuring, market re-positioning, or cash flow stability and enhancement.

This programme of work will result in significant future investments by Timeweave in growth businesses within core sectors.

Communication

In the summer of 2011, the Company re-launched its corporate website to enable shareholders and potential investors to understand more about the company and to provide feedback and ask questions on the Company's performance. The website has received numerous emails and now has a significant database of shareholders and potential investors who can monitor the Company's progress through an email alert system.

Principal Risks and Uncertainties

Market and Business Risks

The Group's and AMRAC's customers rely upon the financial health and well-being of consumers, principally within the UK and the Republic of Ireland. The current economic climate and increasing state tax burdens combine to make this a challenging operating environment and hence a risk to the Group.

The market that AMRAC serves has seen sustained consolidation amongst the participants over a number of years and as the customers become larger, they exert greater margin pressure upon all of their suppliers. AMRAC is dependent upon a relatively small number of large customers for a significant proportion of its revenues. The failure of any of AMRAC's large customers would have a significant financial impact on the business.

The above risks are significantly mitigated by the long term nature and advance payment terms required by AMRAC's supply agreements.

Other Risks

The Group and AMRAC both carry significant cash balances and bank with a number of UK licensed banks, the principal one being HSBC. The Group is exposed to the inherent risk of each of these banks' ability to remain as a going concern.

SportingWins enters into legally-binding agreements with a number of third parties. The failure of any of our counterparts to honour these agreements would have a significant negative financial impact on the business. We seek to minimise this risk through appropriate due diligence, diversification and credit management.

David Craven CEO 1 March 2012

Directors' report

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Year ended 31 December 2011

The Directors present their report and audited financial statements of Timeweave plc and the Group for the year to 31 December 2011.

Principal activities and review of the business

Timeweave's principal activity is currently its 50% shareholding in Amalgamated Racing Limited ("AMRAC"), the joint venture company between Timeweave and Racecourse Media Services Limited ("RMS") (which is in turn owned by a number of the UK's foremost racecourses and Racecourse Investments Limited), which holds exclusive licences with 34 racecourses to broadcast the pictures and data from these courses to licensed betting offices within the UK and the Republic of Ireland on its television channel, TurfTV.

In May 2010, Timeweave disposed of its wholly owned trading subsidiary, Alphameric Solutions Limited ("ASL"), and changed its name to Timeweave in June 2010. The disposal of ASL resulted in Timeweave no longer meeting the requirements of the UKLA's Listing Rules. As a result, Timeweave moved its listing to AIM, a market operated by the London Stock Exchange, on 24 June 2010.

Timeweave's year end was changed to 31 December with effect from the 13 months to 31 December 2010.

For the year to 31 December 2011, the Group made an operating profit before exceptional administrative expenses of £7.8m (13 months to 31 December 2010: £8.0m). The profit for the period attributable to equity holders was £5.2m (2010: £3.6m). Please refer to the Chief Executive's Report for further information on the results for the year.

Dividends

As explained in the Board of Directors' Report, the Directors do not propose to pay a final dividend this year (2010: 1.6 pence per share amounting to £3.6m). An interim dividend of 1.0 pence per ordinary share at a cost of £2.3m was paid during the year (2010: 1.0 pence per share at a cost of £2.3m).

Financial risk management objectives and policies

Details of the Group's financial risk management objectives and policies are set out in Note 17 to the financial statements.

Directors' service contracts and their interests

The current Directors of the Company and their biographies are listed on page 4.

The remuneration of each of the Directors who served during the year ended 31 December 2011, and the interests of such Directors and those of their families in the issued share capital of the Company are shown on page 9.

Mike McLaren resigned as a Director on 8 April 2011. David Craven was appointed as a Director and joined the Group as Chief Executive Officer on 18 April 2011. On 26 August 2011, Timeweave announced that Peter Bertram intended to step down as Chairman and resign from the Board on 30 September 2011.

Directors' service contracts

Executive Directors have service agreements with the Company and the contractual notice periods for the Executive Directors who served during the period are shown below.

		Months' notice by or
Directors' service contracts	Contract date	to the Company
D Craven	18 February 2011	12
P M Bertram (resigned 30 September 2011)	16 April 2010	6
M G McLaren (resigned 8 April 2011)	17 February 2003	12

Non-Executive Directors have a letter of appointment and their appointment is usually for a term of three years. The notice period for Non-Executive Directors is normally three months unless otherwise disclosed.

Directors' Interests in shares

The beneficial interests, rights to subscribe and short positions of the Directors and their families in the ordinary shares of the Company, are as follows:

Name	31 December 2010	31 December 2011
D Craven (appointed 18 April 2011)	-	-
R A McGuire *	-	-
G T Parr	-	-
P M Bertram (resigned 30 September 2011)	35,713	-
M G McLaren (resigned 8 April 2011)	267,625	-

^{*}Richard McGuire was appointed to the Board pursuant to the terms of a relationship agreement between the Company and Mayfair Capital Investments Limited dated 25 May 2010. Richard McGuire is therefore a connected party to Mayfair Capital Investments Limited, which holds 67,600,569 ordinary shares in the capital of the Company (representing 29.99% of the issued share capital of the Company).

Directors' Remuneration

	Co	ompensation for loss		Annual		Total	Total
Directors	Salary/Fees £'000	of office £'000	Benefits £'000	Bonus £'000	Pension £'000	2011 £'000	2010 £'000
D Craven	169	_	8	_	15	192	_
P M Bertram	100	-	-	-	-	100	103
M G McLaren	64	296	-	45	6	411	376
G T Parr	38	-	-	-	-	38	13
R A McGuire	35	-	-	-	-	35	20
Total	406	296	8	45	21	776	512

Directors' Interests in the Company's share plans

1999 Senior Executive Share Option Scheme

	Number of Options at 31 Dec 2010	Lapsed in the year	Number of Options at 31 Dec 2011
Executive Directors M G McLaren	189,345	(189,345)	-
	296,920	(296,920)	-

The Group operates an Executive Incentive Plan for the benefit of the Directors and Employees which is based upon the achievement of performance targets over a three year period. At 31 December 2011 none of the performance criteria had been met that would trigger this benefit.

Authorities to allot/purchase shares

An ordinary resolution will be put to shareholders at the annual general meeting to renew the Directors' authority to allot shares and rights to subscribe for shares in the Company up to an aggregate nominal amount of £1,878,458 representing approximately 33% of the issued ordinary share capital of the Company. The authority contained in the resolution will expire at the conclusion of the next annual general meeting or if earlier, on the date which is 15 months after the date of the annual general meeting.

In addition, the Association of British Insurers now considers as routine a resolution to authorise the allotment of a further one-third of share capital for use in connection with a rights issue. Accordingly, resolution 6.2 in the notice of annual general meeting proposes an additional allotment authority in respect of an aggregate nominal amount of £1,878,458, representing a further 33% of the issued ordinary share capital of the Company, in order to take advantage of the flexibility it offers. The authority contained in the resolution will expire at the conclusion of the next annual general meeting or if earlier, on the date which is 15 months after the date of the annual general meeting.

Whilst the Directors have no current intention of exercising these authorities, they consider it would be beneficial for them to continue to have authority to do so within the terms of the resolution, in order that they remain able to respond flexibly and in the best interests of the Company.

Substantial shareholdings

As at 1 March 2012 (the latest practicable date before publication of this report) the Directors have been notified of the following substantial interests in the ordinary share capital of the Company:

	Number of	% of total
	2.5p ordinary shares	ordinary shares
Mayfair Capital Investments Limited	67,600,569	29.99
GAM International Management Limited	20,740,700	9.20
Aviva Investors Global Services Limited	11,229,009	4.98
Herald Investment Management Limited	12,716,700	5.64
The Goldman Sachs Group	13,575,189	6.02
Leo Fund Managers Limited	11,750,000	5.21
Gartmore Investments Limited	12,116,857	5.37

Corporate social responsibility ENVIRONMENTAL POLICY

The Group recognises that its activities may have an influence on the environment and has adopted the following environmental policy:

- to meet all existing and new statutory requirements;
- to minimise waste and conserve energy;
- to recycle as much waste produced by the Group as is practicable;
- to ensure minimal environmental impact of operational activities; and
- to provide safe and healthy working conditions for staff.

ELECTRONIC SHAREHOLDER COMMUNICATIONS

The Company makes appropriate use of electronic communications between shareholders and the Company. The Board wishes to encourage all shareholders in the Company to register for electronic communications by registering their email address at the share portal: http://www.capitashareportal.com. The Board believes that this will help the environment, reduce costs and improve communications between the Company and its shareholders.

DISABLED EMPLOYEES

Full and fair consideration is given to disabled persons applying for employment where, having regard to the particular aptitudes and abilities, the requirements of the job can be adequately fulfilled by a handicapped or disabled person. In the event that an existing employee becomes disabled, it is the Group's policy, where practical, to continue to provide employment under normal terms and conditions and to provide additional training if appropriate.

EMPLOYEE INVOLVEMENT

The Group's employment policies have been formed to ensure the Group attracts and retains the required calibre of management and staff by creating an environment which rewards achievement, enthusiasm and team spirit and offers superior opportunities for personal development. Effective communication and consultation is fundamental to this and procedures and policies have been developed to ensure the appropriate level of employee involvement and communication.

Charitable and political donations

The Company has a policy that it does not make political donations to, or incur political expenditure on behalf of, political parties or political organisations. However, the Companies Act 2006 contains restrictions on companies making 'political donations' to 'political parties or other political organisations' or incurring 'political expenditure' and it defines these terms very widely. The effect is that some activities of the Company that form part of the normal relationship between the Company and trade and other bodies concerned with policy review, law reform and other business matters affecting the Company may be restricted by the provisions of the Companies Act 2006. Such activities, which are in shareholders' interests for the Company to conduct, are not designed to support, or implement support, for a particular political party or political organisation. The Company believes that the authority proposed

under resolution 5 in the notice of annual general meeting is necessary to ensure that it does not commit any technical or inadvertent breach of the restrictions that could arise from the uncertainty generated by the wide definitions contained within the Companies Act 2006 when carrying out activities in the furtherance of its legitimate business interests.

Charitable donations made during the year totalled £nil (2010: £nil). No contributions were made for political purposes.

Creditor payment policy

The Group's and Company's policy concerning the payment of creditors is to pay in accordance with the contractual and other legal obligations as advised to and agreed with the creditors prior to any transactions taking place.

The Group's average creditor payment period at 31 December 2011 was 22 days (2010: 29 days).

Third party indemnity provision

The Company has agreed to indemnify its Directors against third party claims which may be brought against them and has put in place an officers' insurance policy.

Going concern

The Group's consolidated balance sheet remains robust with net assets at 31 December 2011 of £28.8m including £33.4m in cash (31 December 2010: net assets of £29.5m including cash balances of £31.9m).

AMRAC's customer supply contracts typically run annually from 1 January with a number of its larger customers paying in advance for the service. Consequently, Group consolidated cash balances are usually higher in the earlier months of the financial year.

In forming their views, the Directors have prepared cash flow forecasts for an 18 month period following the balance sheet date. After review of these forecasts, consideration of the Group's cash resources (refer to the liquidity risk disclosures in Note 17 to the financial statements) and other appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

The Company's annual general meeting will be held on 3 May 2012 at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London, WC1X 8RW at 10.00am.

Auditors

Grant Thornton UK LLP offer themselves for re-appointment as auditors in accordance with section 489 of the Companies Act 2006.

By Order of the Board J M Sadler, FCIS Secretary 1 March 2012

Statement of compliance

The Company's shares are quoted on AIM, a market operated by the London Stock Exchange plc and as such there is no requirement to publish a detailed Corporate Governance Statement or comply with all the requirements of the UK Corporate Governance Code. However, the Directors are committed to maintaining high standards of Corporate Governance and this statement sets out how the Board has applied the principles of good Corporate Governance in its management of the business in the year ended 31 December 2011.

The Board

The Board recognises its collective responsibility for the long-term success of the Group. It assesses business opportunities and seeks to ensure that appropriate controls are in place to assess and manage risk.

During a normal year, there is a minimum of eight scheduled Board meetings with other meetings being arranged at shorter notice as necessary. The Board agenda is set by the Independent Non-Executive Director in consultation with the other Directors and the Company Secretary.

The Board has a formal schedule of matters reserved to it for decision which is reviewed on an annual basis.

Under the provisions of the Company's Articles of Association, all Directors are required to offer themselves for re-election at least once every three years. In addition, under the Articles, any Director appointed during the year will stand for election at the next annual general meeting, ensuring that each Board member faces re-election at regular intervals.

The Directors are entitled to take independent professional advice at the expense of the Company and all have access to the advice and services of the Company Secretary.

Board committees

The Board has established Audit, Nomination and Remuneration Committees. All are formally constituted with written terms of reference. The terms of reference are available on request from the Company Secretary.

Amalgamated Racing Limited

The Board composition of Amalgamated Racing Limited is balanced with equal representation from both Joint Venture parties.

Relations with shareholders

The Company communicates with its shareholders through the Annual and Interim Report and maintains an ongoing dialogue with its principal institutional investors. It holds briefings with institutional fund managers and analysts primarily following the announcement of Interim and Preliminary results. The Board welcomes all shareholders at the annual general meeting where they are able to put questions to the Board. This assists in ensuring that the members of the Board, in particular the Non-Executive Directors, develop a balanced understanding of the views of all investors of the Company.

The Directors are available to meet with major shareholders if requested. The Independent Non-Executive Director is the primary point of contact for corporate governance and related matters and he ensures that the views of shareholders are communicated to the Board as a whole.

The Group uses its website at www.timeweave.com to communicate with its shareholders and provides the full text of Annual and Interim Reports, regulatory announcements, general Company news and notices of meetings on the website.

Internal control

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control to provide it with reasonable assurance that all information used within the business and for external publication is adequate, including financial, operational and compliance control and risk management.

The Board is responsible for ensuring that assets are safeguarded and therefore that the shareholders' investment is protected.

It should be recognised that any system of control can provide only reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate those risks that may affect the Group achieving its business objectives.

The Directors have reviewed the internal control systems during the year to ensure that they remain effective and have strengthened and augmented controls where appropriate.

Internal audit

The Board has considered the need for an internal audit function but has decided that the size of the Group does not warrant a separate internal audit function. The Board and the Audit Committee will continue to review this decision going forward.

By Order of the Board J M SADLER, FCIS Secretary 1 March 2012

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 prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

14 Independent auditor's report to the members of Timeweave plc

Year ended 31 December 2011

We have audited the financial statements of Timeweave plc for the year ended 31 December 2011 which comprise the Group and parent company statement of financial position, the group statement of comprehensive income, the group and parent company statements of cash flow, the group and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Kevin Engel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
1 March 2012

	Note	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Revenue - continuing operations	2	28,218	29,877
Operating costs		(21,285)	(22,422)
Operating profit before exceptional administrative expenses		7,807	8,005
Exceptional administrative expenses	3	(874)	(550)
Operating profit - continuing operations	4	6,933	7,455
Finance income	7	219	260
Profit on ordinary activities before taxation		7,152	7,715
Income tax charge	9	(1,900)	(1,942)
Profit for the financial period from continuing operations		5,252	5,773
Loss for the financial period from discontinued operations	8(c)	(35)	(2,198)
Profit for the financial period attributable to equity holders of the parent		5,217	3,575

There are no items to be recognised in a separate consolidated statement of comprehensive income and accordingly no such statement has been included.

Total basic and diluted earnings per share		2.3	1.6
Basic and diluted loss per share - discontinued operations		-	(1.0)
Basic and diluted earnings per share - continuing operations		2.3	2.6
Basic and diluted earnings/(loss) per share	11		
	Note	£'000	£'000
		31 December 2011	31 December 2010
		Year ended	13 months ended

The notes on page 22 to 49 form an integral part of these financial statements.

		31 December 2011	
	Note	£'000	£'000
Non current assets			
Intangible assets	12	110	140
Property, plant and equipment	13	1,584	2,213
Trade and other receivables	15	3,778	5,167
Deferred tax asset	18	18	4
		5,490	7,524
Current assets			
Trade and other receivables	15	8,058	8,513
Cash and cash equivalents		33,429	31,876
		41,487	40,389
Assets of a disposal group classified as held-for-sale		60	80
Total current assets		41,547	40,469
Total assets		47,037	47,993
Current liabilities			
Trade and other payables	16	(16,463)	(16,733)
Current tax liability		(1,262)	(1,032)
		(17,725)	(17,765)
Liabilities of a disposal group classified as held-for-sale		(329)	(322)
Total current liabilities		(18,054)	(18,087)
Net current assets		23,493	22,382
Non current liabilities		, ,	, ,
Provisions for liabilities		(145)	(425)
Total liabilities		(18,199)	(18,512)
Net assets		28,838	29,481
Equity attributable to equity holders of the parent			
Called up share capital	21	5,635	5,635
Merger relief reserve		-	-
Special reserve		8,822	8,822
Retained earnings		14,381	15,024
Total equity		28,838	29,481

Approved by the Board of Directors on 1 March 2012 and were signed on its behalf by:

David Craven Director

Company number: 957155

	Note	31 December 2011 £'000	31 December 2010 £'000
Non current assets	12	CCE	1 124
Property, plant and equipment Investments	13 14	665	1,134
	17		
		665	1,134
Current assets			
Trade and other receivables	15	1,626	5,591
Current tax receivable		590	230
Cash and cash equivalents		25,061	21,928
Total current assets		27,277	27,749
Total assets		27,942	28,883
Current liabilities			
Trade and other payables	16	(184)	(271)
Total current liabilities		(184)	(271)
Net current assets		27,093	27,478
Non current liabilities			
Provisions for liabilities	19	(546)	(425)
Total liabilities		(730)	(696)
Net assets		27,212	28,187
Equity			
Called up share capital	21	5,635	5,635
Merger relief reserve			-
Special reserve		8,822	8,822
Retained earnings		12,755	13,730
Total equity		27,212	28,187

Approved by the Board of Directors on 1 March 2012 and were signed on its behalf by:

David Craven Director

Company number: 957155

	Note	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Cash flows from operating activities			
Cash generated from operations before exceptional administrative expenses Exceptional administrative expenses	22 3	7,873 (874)	5,795 (550)
Cash generated from operations Taxation paid		6,999 (1,684)	5,245 (399)
Net cash generated from operating activities		5,315	4,846
Cash flows from investing activities Interest received Purchase of property, plant and equipment		219 (126)	260 (665)
Purchase of intangible assets Loan repaid by (granted to) to joint venture		(9) 2,000	(2,000)
Net proceeds on disposal of discontinued operations Cash disposed of with subsidiary undertaking		-	12,770 (5)
Net cash generated from investing activities		2,084	10,360
Cash flows from financing activities Dividends paid to the Company's shareholders	20	(5,860)	(4,396)
Net cash used in financing activities		(5,860)	(4,396)
Increase in cash and cash equivalents for the period Cash and cash equivalents at beginning of period		1,539 31,573	10,810 20,763
Cash and cash equivalents at end of period		33,112	31,573
Comprising Bank overdraft included in liabilities held-for-sale Cash and cash equivalents - continuing operations		(317) 33,429	(303) 31,876
		33,112	31,573

	Note	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Cash flows from operating activities			
Cash used in operations before exceptional administrative expenses Exceptional administrative expenses	22 3	(553) (874)	(2,285) (423)
Cash used in operations Taxation received		(1,427) -	(2,708) 988
Net cash used in operating activities		(1,427)	(1,720)
Cash flows from investing activities			
Interest received		197	253
Dividends received from joint venture		6,239	7,727
Loan repaid by (granted to) joint venture		4,000	(4,000)
Purchase of property, plant and equipment		(16)	
Net proceeds on disposal of subsidiary undertaking		-	12,770
Net cash generated from investing activities		10,420	16,750
Cash flows from financing activities			
Repayment of borrowings		=	=
Dividends paid to the Company's shareholders	20	(5,860)	(4,396)
Net cash used in financing activities		(5,860)	(4,396)
Increase in cash and cash equivalents for the period		3,133	10,634
Cash and cash equivalents at beginning of period		21,928	11,294
Cash and cash equivalents at end of period		25,061	21,928

20 Consolidated statement of changes in equity

	Share capital £'000	Merger relief reserve £'000	Special reserve £'000	Retained earnings £'000	Total £'000
At 1 December 2009 Profit and total comprehensive income for the period Transactions with owners Cancellation of merger reserve arising from	5,635 -	1,320	8,822	14,525 3,575	30,302 3,575
the disposal of the Solutions business Dividends paid (Note 20)	-	(1,320)	-	1,320 (4,396)	(4,396)
At 31 December 2010	5,635	-	8,822	15,024	29,481
Profit and total comprehensive income for the period Transactions with owners	-	-	-	5,217	5,217
Dividends paid (Note 20)	-	-	-	(5,860)	(5,860)
At 31 December 2011	5,635	-	8,822	14,381	28,838

	Share capital £'000	Merger relief reserve £'000	Special reserve £'000	Retained earnings £'000	Total £'000
At 1 December 2009 Profit and total comprehensive income for the period Transactions with owners Cancellation of margar receive arising from	5,635 -	5,599 -	8,822	4,568 7,959	24,624 7,959
Cancellation of merger reserve arising from the disposal of the Solutions business Dividends paid (Note 20)	- -	(5,599) -	-	5,599 (4,396)	(4,396)
At 31 December 2010	5,635	-	8,822	13,730	28,187
Profit and total comprehensive income for the period Transactions with owners	-	-	-	4,885	4,885
Dividends paid (Note 20)	_	-	-	(5,860)	(5,860)
At 31 December 2011	5,635	-	8,822	12,755	27,212

22

Year ended 31 December 2011

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items that are considered material to the Group's and the Company's financial statements.

BASIS OF PREPARATION

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The financial statements have been prepared using the going concern assumption. Discussion regarding the Directors' assessment of the suitability of this assumption is contained in the Directors' Report.

ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the Directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- (i) The timing and quantum of revenue recognition of the Solutions business (2010 only). In the period ended 31 December 2010, the Group applied the stage of completion method in accounting for any fixed price contracts which required the Group to estimate services performed as a proportion of the total services to be performed to completion of the contract. This area of judgment has not applied in the year to 31 December 2011, as a result of the sale of the Solutions business in 2010.
- (ii) The Group disposed of its Solutions business during the period ended 31 December 2010 and closed the Microskills business in the year ended 31 December 2011. The trading results of these businesses and the loss on disposal are included within a single line on the income statement, entitled 'Loss from discontinued operations'. The Group had to apply judgment in its determination of the categorisation of certain costs between continuing operations and discontinued operations.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

- (i) The Group has recognised provisions of £145,000 for the future rental costs of vacant leasehold properties and leasehold dilapidation costs. The provision involves an estimate of the likely period that a leasehold property will remain vacant and of the dilapidation costs which will be incurred.
- (ii) The Group evaluates the collectability of trade receivables and records provisions based on experience. These provisions are based on, amongst other things, comparison of the relative age of accounts and consideration of actual write-off history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively. The gross amount of trade receivables at 31 December 2011 is £4,967,000, against which there is a provision of £125,000.

1. ACCOUNTING POLICIES (continued)

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following accounting standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2011 are:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Disclosures Transfers of Financial Assets Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax: Recovery of Underlying Assets Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income Amendments to IAS 1 (effective 1 July 2012)
- Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)

The Directors anticipate that the adoption of IFRS 11 will result in the Company's investment in AMRAC being equity accounted. Other than that, the Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

BASIS OF CONSOLIDATION

The consolidated income statement and statement of financial position include the financial information of the Company and its subsidiary undertakings made up to 31 December 2011. Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets of the acquired subsidiary at the date of acquisition.

Entities whose economic activities are jointly controlled by the Group and other venturers independent of the Group are accounted for using the proportionate consolidation method.

PROFIT OR LOSS FROM DISCONTINUED OPERATIONS

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held-for-sale, and:

- represents a separate major line of business or geographical area of operation;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

The profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement to fair value less costs to sell and disposal of assets classified as held-for-sale, is further analysed in Note 8.

DISPOSAL GROUPS HELD-FOR-SALE

Disposal groups are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable and available for immediate sale in its present condition. They are stated at the lower of carrying amount immediately prior to their classification as held-for-sale and fair value less costs to sell, however, some 'held-for-sale' assets such as deferred tax assets, continue to be measured in accordance with the Group's policy for those assets. Non current assets are presented separately in the statement of financial position. No assets classified as 'held-for-sale' are subject to depreciation or amortisation subsequent to their classification as 'held-for-sale'. Liabilities are classified as 'held-for-sale' and presented as such in the statement of financial position if they are directly associated with the disposal group. Any profit or loss arising from the sale of discontinued operations is presented as described above.

24 Notes to the financial statements

Year ended 31 December 2011

1. ACCOUNTING POLICIES (continued)

SEGMENT REPORTING

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

REVENUE RECOGNITION

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

Prior to the sale of the Solutions business in the prior period, the Group derived revenues from hardware sales, software licenses, maintenance services and subscription revenues.

Continuing operations

Subscription revenues – revenue in respect of subscriptions for the TurfTV service provided by AMRAC is recognised on a straight line basis over the term of the subscription.

Discontinued operations

Installation and hardware sales – revenue in respect of installation and hardware sales was recognised on installation.

Software licences – the Group recognised the revenue allocated to software licenses when the amount of revenue could be measured reliably and it was probable that the economic benefits associated with the transaction would flow to the entity.

Maintenance services and equipment rental – revenue in respect of maintenance services and equipment rental was recognised on a straight line basis over the term of the contract. Revenue not recognised in the income statement under this policy was classified as deferred income in the statement of financial position.

EXCEPTIONAL ITEMS

Exceptional items are material items which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence because of their relevance to understanding the Group's financial performance. A description of the nature of the exceptional items can be found in Note 3.

PENSION

The Group makes contributions to personal pension plans on behalf of certain employees. Contributions are charged to the income statement as they become payable.

INVESTMENTS

The Company's investment in its subsidiary undertakings is recorded at cost less any provision for impairment.

PROPERTY, PLANT AND EQUIPMENT

The Group elected on adoption of IFRS to use the fair value of certain of its plant and equipment as its deemed cost. Property, plant and equipment is stated at cost including any incidental costs of acquisition, less depreciation and any provision for impairment. Depreciation is provided on a straight line basis so as to write-off the cost of property, plant and equipment over its estimated useful economic life as follows:

Short leasehold buildings
Over the period of the lease Information systems, office equipment, vehicles, etc.
3 to 10 years

Economic lives are reviewed annually. Material residual value estimates are updated as required, but at least annually.

GOODWILL

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is allocated to each cash generating unit for the purpose of impairment testing. The allocation is made to these cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is carried at cost less accumulated impairment losses. Goodwill written off to reserves prior to the date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to the income statement on subsequent disposal.

1. ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS AND RESEARCH AND DEVELOPMENT ACTIVITIES

Intangible assets include acquired and internally developed software used in production or administration. They are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives (three to five years), as these are considered finite. The amortisation charge is included within administrative expenses. Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase of new projects are recognised as intangible assets provided they meet the recognition requirements of IAS 38 Intangible Assets. Development costs not meeting those criteria are expensed as incurred.

IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

TAXATION

Current taxation is the taxation currently payable on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Group controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through profit or loss as they arise.

FINANCIAL ASSETS

The Group's financial assets comprise primarily cash, bank deposits and trade and other receivables that arise from its operations.

1. ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

FINANCIAI LIABILITIES

The Group's financial liabilities comprise bank overdrafts, bank loans and trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments.

Trade and other payables

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

BORROWINGS

Borrowings are initially measured at fair value net of transaction costs. Borrowings are subsequently recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures, which are expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

SHARE-BASED PAYMENTS

The Group and the Company have elected to apply IFRS 2 only to relevant share-based payment transactions granted after 7 November 2002 and not vested at 1 January 2005.

The Group issues equity-settled share based payments to certain employees. The fair value, determined at the date of grant, is recognised as an expense. The total amount to be expensed over the vesting period is determined with reference to the fair value of the options granted, excluding the impact of any non market vesting conditions. Non market vesting conditions are included in assumptions about the number of options expected to vest. At each balance sheet date, the Group revises its estimate of the number of options expected to vest. It recognises the impact of revisions to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

DIVIDENDS

Dividend distributions payable to equity shareholders are included in "current financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Merger relief reserve" represents the share premium arising on shares issued as part or full consideration for acquisitions.
- "Special reserve" represents the balance arising from the cancellation of the share premium after having returned the retained losses to £nil and the cancellation of the merger reserves resulting from disposals made before the cancellation of the share premium account.
- "Retained earnings" represents retained earnings.

2. SEGMENTAL INFORMATION

Operating segments have been determined based on the reports regularly reviewed by the Board of Directors that are used to make strategic and operational decisions. The Board is considered to be the CODM. The Board reviews the business based on the nature of the services provided.

Following the disposal of the Solutions business in the prior period, the Board considers there to be only one reportable segment, being the operations of its 50% owned joint venture, Amalgamated Racing Limited (AMRAC), which is described below:

AMRAC: the provision of a bespoke closed user group television service (TurfTV) to bookmakers in the United Kingdom and Republic of Ireland by way of subscription.

The "other" segment represents costs borne by the Group's head office, SportingWins and the assets and liabilities of dormant subsidiaries. The measurement policies used for segment reporting reflect those used for the Group's financial statements. Segment assets comprise all assets allocated to the segment excluding costs of investments and intercompany loans.

Year ended 31 December 2011	AMRAC £'000	Other £'000	Total £'000
Revenue from external customers	27,600	618	28,218
Operating profit/(loss) before exceptional administrative expenses Exceptional administrative expenses	8,443 -	(636) (874)	7,807 (874)
Operating p`rofit/(loss) Net finance income	8,443	(1,510)	6,933 219
Profit on ordinary activities before taxation Income tax charge			7,152 (1,900)
Profit for the financial period from continuing operations Loss for the financial period from discontinued operations			5,252 (35)
Profit for the financial period attributable to the equity holders of the parer	nt		5,217
Assets and liabilities Segment assets	19,644	27.333	46,977
Segment liabilities	(17,539)	(331)	(17,870)
Net assets	2,105	27,002	29,107
Net liabilities held-for-sale			(269)
Net assets			28,838
Other information - continuing operations			
Capital expenditure Depreciation	110 199	16 43	126 242
Amortisation of intangibles	39	4 5	39

2. SEGMENTAL INFORMATION (continued)

13 months ended 31 December 2010	AMRAC £'000	Other £'000	Total £'000
Revenue from external customers	29,877	-	29,877
Operating profit/(loss) before exceptional administrative expenses Exceptional administrative expenses	8,616 (127)	(611) (423)	8,005 (550)
Operating profit/(loss) Net finance income	8,489	(1,034)	7,455 260
Profit on ordinary activities before taxation Income tax charge			7,715 (1,942)
Profit for the financial period from continuing operations Loss for the financial period from discontinued operations			5,773 (2,198)
Profit for the financial period attributable to the equity holders of the parent			3,575
Assets and liabilities	24 704	26.422	47.013
Segment assets Segment liabilities	21,781 (17,725)	26,132 (465)	47,913 (18,190)
Net assets	4,056	25,667	29,723
Net liabilities held-for-sale			(242)
Net assets			29,481
Other information - continuing operations			
Capital expenditure Depreciation Amortisation of intangibles	77 266 40	- 55 -	77 321 40

Geographical analysis – by destination

Revenue

	Continuing operations		Disconti	nued operations		Total		
	Year	13 months	Year	13 months	Year	13 months		
	ended	ended	ended	ended	ended	ended		
	31 December	31 December	31 December	31 December	31 December	31 December		
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000		
United Kingdom	26,001	26,630	850	6,110	26,851	32,740		
Continental Europe including Eire	2,217	3,247	-	766	2,217	4,013		
	28,218	29,877	850	6,876	29,068	36,753		

The Group's entire revenue originates, and net assets are held, within the United Kingdom.

2. SEGMENTAL INFORMATION (continued)

The Group has three major customers, each of which represents more than 10% of the Group's revenue, as follows:

	65	63
Customer C	24	23
Customer B	15	15
Customer A	26	25
	%	%
	2011	2010

3. EXCEPTIONAL ADMINISTRATIVE EXPENSES

The exceptional administrative expenses of £874,000 (2010: £550,000) relate to contracted termination payments to Mike McLaren (£392,000), costs associated with the SportingWins acquisition (£40,000) and write down of property value (£442,000).

4. OPERATING PROFIT

Operating profit is stated after charging:

	Contin Year ended 31 December 2011 £'000	uing operations 13 months ended 31 December 2010 £'000	Discontin Year ended 31 December 2011 £'000	nued operations 13 months ended 31 December 2010 £'000	Total Year ended 31 December 2011 £'000	Total 13 months ended 31 December 2010 £'000
Depreciation – owned assets	242	321	11	280	253	601
Amortisation Loss on disposal of	39	40	-	40	39	80
property, plant and equipment	71	-	-	-	71	-
Impairment charge	442	221	-	162	442	383
Research and development costs	-	-	-	1,135	-	1,135
Exchange differences	-	3	-	5	-	8
Auditors' remuneration: Fees payable for the audit of the Company's accounts	24	25	-	-	24	25
Fees payable for other services: - the audit of the Company's						
subsidiaries and joint ventures	25	55	-	-	25	55
taxation compliancefees in connection with the	18	15	-	-	18	15
disposal of the Solutions business	-	136	-	-	-	136
- other services	21	60	-	-	21	60
Operating lease rentals	100	130	-	122	100	252

5. DIRECTORS' EMOLUMENTS

Remuneration of Directors during the period was as follows:

Remuneration of Directors during the period was as follows.	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Aggregate emoluments	460	668
Company contributions to money purchase pension schemes	20	37
Compensation for loss of office	296	518
	776	1,223
Emoluments payable to the highest paid Director are as follows:		
Aggregate emoluments	178	353
Pension contributions		23
	192	376

Retirement benefits are accruing to one director (2010: one director) under money purchase pension schemes.

Further information regarding Directors' remuneration is provided in the Directors' Report on pages 8 and 9.

6. EMPLOYEE INFORMATION

The costs incurred in respect of employees were:

	Continuing	goperations	Discontinued	operations	Tot	al
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Wages and salaries	1,189	1,012	52	3,023	1,241	4,035
Social security costs	144	102	5	323	149	425
Pension costs	47	32	1	82	48	114
	1,380	1,146	58	3,428	1,438	4,574

The average monthly number of employees during the period was made up as follows:

	Continuir	ng operations	Discontinue	d operations	То	tal
	2011 Number	2010 Number	2011 Number	2010 Number	2011 Number	2010 Number
Operations	10	8	2	86	12	94
Sales and Marketing	1	1	_	3	1	4
Finance and Administration	8	8	-	9	8	17
	19	17	2	98	21	115

7. FINANCE INCOME

	Continu	uing operations	Discontin	ued operations		Total
	Year ended 31 December 2011	13 months ended 31 December 2010	Year ended 31 December 2011	13 months ended 31 December 2010	Year ended 31 December 2011	13 months ended 31 December 2010
Finance income Interest receivable on short term deposits and other receivables	£'000 219	£'000 260	£'000	£'000	£'000 219	£'000 260

8. DISPOSAL GROUP HELD-FOR-SALE AND DISCONTINUED OPERATIONS

(a) Closure of Microskill (Services) Limited

In November 2010, the board of directors agreed to seek a buyer for the Group's wholly owned subsidiary, Microskill (Services) Limited, and consequently classified its assets and liabilities as held-for-sale. The business was closed during the year, with some assets and liabilities remaining to be sold at year end. The assets and liabilities have not been separately analysed as they are not significant to the Group.

(b) Disposal of Alphameric Solutions Limited

On 31 May 2010, the Group disposed of its wholly owned subsidiary Alphameric Solutions Limited, which subsequently changed its name to OpenBet Retail Limited. This represented a separate segment of business, and as a result, these operations have been treated as discontinued operations.

(c) Analysis of the loss for the financial period from discontinued operations

The results of Microskill (Services) Limited have been treated as discontinued operations in both the current year and the prior period. Discontinued operations also included the results of Alphameric Solutions Limited up to the date of disposal in May 2010. A single amount is shown on the face of the consolidated income statement comprising the post tax result of discontinued operations and the post tax loss on disposal of the Solutions business. The combined results of these operations have been summarised below:

Loss on disposal of discontinued operations	-	(1,175)
Loss for the period from discontinued operations	(35)	(1,023)
Loss on ordinary activities from discontinued operations before taxation Income tax credit	(81) 46	(1,048) 25
Impairment of goodwill	-	(162)
Operating loss before impairment of goodwill	(81)	(886)
Revenue	850	6,876
	£'000	£'000
	31 December 2011	31 December 2010
	Year ended	13 months ended

8. DISPOSAL GROUP HELD-FOR-SALE AND DISCONTINUED OPERATIONS (continued)

Cash flows from discontinued operations

	Year ended 31 December 2011 £'000	13 months Year ended 31 December 2010 £'000
Net cash flows from operating activities	(3)	(2,994)
Net cash flows from investing activities		(588)
Net cash flows from financing activities	-	=
Net cash flows	(3)	(3,582)

9. INCOME TAX CHARGE

Income tax recognised in profit or loss

The relationship between the expected tax charge based on the effective tax rate of the Group at 26.6% (2010: 28%) and the tax charge actually recognised in the income statement can be reconciled as follows:

	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Profit for the period before taxation from continuing operations	7,152	7,715
Tax rate	26.6%	28%
Expected tax expense	1,902	2,160
Adjustment for non-deductible items	119	-
Adjustment for non-taxable income	-	(36)
Movement in deferred tax not provided	(15)	_
Effect of current period events on current tax prior period balances	(96)	(197)
Effect of current period events on deferred tax prior period balances	(10)	15
Actual tax expense	1,900	1,942
Comprising:		
Current tax expense	2,013	2,118
Current tax – adjustments in respect of prior periods	(84)	(197)
Deferred tax expense	(15)	6
Deferred tax – adjustments in respect of prior periods	(1)	15
Deferred tax – reversal of temporary differences	(13)	-
Total expense	1,900	1,942

During the year the Corporation Tax rate reduced from 28% to 26%, resulting in an effective tax rate for the year of 26.6%.

The adjustments made to current tax in respect of previous periods relate to revisions of estimates previously made and adjustments to provisions previously considered necessary but are now considered surplus to requirements.

In addition to the income tax charge for the period noted above, the Group has recognised an income tax credit of £46,000 (2010: £25,000) in relation to discontinued activities (Note 8).

10. INCOME STATEMENT

The Company has not presented its own income statement as permitted by Section 408 of the Companies Act 2006. The Company's profit for the year was £4,885,000 (13 months ended 31 December 2010: £7,959,000).

11. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings per share for the period from continuing operations before exceptional administrative expenses 2.7 Exceptional administrative expenses per share (0.4) Basic and diluted earnings per share - from continuing operations 2.3 Basic and diluted loss per share - discontinued operations - Total basic and diluted earnings per share 2.3	2.8 (0.2) 2.6 (1.0)
before exceptional administrative expenses 2.7 Exceptional administrative expenses per share (0.4) Basic and diluted earnings per share - from continuing operations 2.3 Basic and diluted loss per share - discontinued operations -	(0.2) 2.6 (1.0)
Exceptional administrative expenses per share (0.4) Basic and diluted earnings per share - from continuing operations Basic and diluted loss per share - discontinued operations -	(0.2) 2.6 (1.0)
Basic and diluted earnings per share - from continuing operations 2.3 Basic and diluted loss per share - discontinued operations -	2.6 (1.0)
Basic and diluted loss per share - discontinued operations -	(1.0)
Basic and diluted loss per share - discontinued operations -	
Total basic and diluted earnings per share 2.3	1.6
Year	13 months
ended	ended
	December
2011 Calculation of earnings £'000	2010 £'000
L 000	2 000
Earnings for the period from continuing operations	
before exceptional administrative expenses 6,126	6,323
Exceptional administrative expenses (874)	(550)
Earnings for the period from continuing operations 5,252	5,773
Loss for the period from discontinued operations (35)	(2,198)
Earnings used in the calculation of total basic and diluted earnings per share 5,217	3,575
Year 1	13 months
ended	ended
31 December 31 2011	December 2010
Weighted average number of shares million	million
Weighted average number of shares for the purposes of	
the basic and diluted earnings per share (all measures) 225.4	

Earnings per share before exceptional administrative expenses has been presented in addition to the earnings per share, as in the opinion of the Directors, this provides shareholders with a more meaningful representation of the earnings derived from the Group's on-going businesses.

The share options are not dilutive and therefore basic and diluted earnings per share are the same.

12. INTANGIBLE ASSETS

	Purchased software and development costs £'000	Goodwill £'000	Total £'000
Cost	452	F 670	6 122
At 1 December 2009 Discontinued operations	452	5,670	6,122
Eliminated on sale of subsidiary	(235)	(5,441)	(5,676)
At 31 December 2010	217	229	446
Additions	9	-	9
At 31 December 2011	226	229	455
Amortisation			
At 1 December 2009	181	-	181
Charge for the period	40	-	40
Discontinued operations	40		40
Charge for the period	40	163	40
Impairment charge Eliminated on sale of subsidiary	(117)	162 -	162 (117)
	(117)		(117)
At 31 December 2010	144	162	306
Charge for the period	39	-	39
At 31 December 2011	183	162	345
Net book value At 31 December 2011	42	67	110
At 3 December 20	43	67	110
At 31 December 2010	73	67	140

The intangible assets held as purchased software and development costs include the Group's share of AMRAC's intangible assets which mainly comprise purchased software solutions for the provision of virtual gaming opportunities within the TurfTV service.

The carrying amounts of goodwill are all attributable to AMRAC.

Apart from the goodwill detailed above there were no other intangible assets with indefinite useful lives.

Following the classification of Microskill (Services) Limited as a discontinued operation (Note 8), the goodwill in respect of this subsidiary of £162,000 was impaired in full, and the impairment charged against the loss on discontinued operations (Note 8).

13. PROPERTY, PLANT AND EQUIPMENT

(a) Group	Short leasehold buildings £'000	Information systems, office equipment, vehicles etc £'000	Total £'000
Cost			
At 1 December 2009	2,195	8,749	10,944
Additions	-	77	77
Disposals	(151)	-	(151)
Assets held-for-sale		(245)	(246)
Reclassified as held-for-sale	=	(216)	(216)
Discontinued operations Additions		588	588
Eliminated on sale of subsidiary	(160)	(6,986)	(7,146)
	, ,	· · ·	
At 31 December 2010	1,884	2,212	4,096
Additions	=	126	126
Disposals	-	(158)	(158)
At 31 December 2011	1,884	2,180	4,064
Depreciation			
At 1 December 2009	950	5,876	6,826
Charge for the period	55	266	321
Impairment charge	-	221	221
Disposals	(132)	-	(132)
Assets held-for-sale			
Charge for the period	-	12	12
Reclassified as held-for-sale	-	(183)	(183)
Discontinued activities			
Charge for the period	- (422)	268	268
Eliminated on sale of subsidiary	(123)	(5,327)	(5,450)
At 31 December 2010	750	1,133	1,883
Charge for the period	42	200	242
Property valuation write down in year	442	-	442
Disposals	-	(87)	(87)
At 31 December 2011	1,234	1,246	2,480
Net book value At 31 December 2011	650	934	1,584
At 31 December 2010	1,134	1,079	2,213

13. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Company	Short leasehold buildings £'000	Information systems, office equipment, vehicles etc £'000	Total £'000
Cost At 1 December 2009 Disposals	2,035 (151)	527 (527)	2,562 (678)
At 1 December 2010 Additions Disposals	1,884 - -	- 16 -	1,884 16
At 31 December 2011	1,884	16	1,900
Depreciation At 1 December 2009 Charge for the period Disposals	827 55 (132)	527 - (527)	1,354 55 (659)
At 31 December 2010 Charge for the period Property valuation write down in year Disposals	750 42 442	- 1 - -	750 43 442
At 31 December 2011	1,234	1	1,235
Net book value At 31 December 2011	650	15	665
At 31 December 2010	1,134	-	1,134

The directors have impaired the value of the property in the year by £442,000 to reflect the third party valuation obtained from MWM Property Investment Consultants Limited.

14. INVESTMENTS

(a) Company - Shares in subsidiary undertakings	Cost £'000	Provision £'000	Net book value £'000
At 1 January 2011	3,761	(3,761)	-
Additions Disposals of investments	-		-
Write down of investments	-	-	-
At 31 December 2011	3,761	(3,761)	-

The Company owns 100% of the issued ordinary share capital of the following subsidiary undertakings. All of the subsidiaries are registered in the United Kingdom.

14. INVESTMENTS (continued)

Name of subsidiary	Principal activity
Microskill (Services) Limited	Operating a licensed betting shop
SportingWins Limited (formerly DMWSL 673 Limited)	Sports hedging
Timeweave Retail Limited (formerly Alphameric Retail (Holdings) Limited)	Dormant
Timeweave Bookmaking and Finance (Holdings) Limited	
(formerly Alphameric Bookmaking and Finance (Holdings) Limited)	Dormant
Timeweave Gaming Limited (formerly Alphameric Gaming Limited)	Dormant
Timeweave Washosp Limited (formerly Alphameric Washosp Limited)	Dormant
Datawest Computer Services Limited	Dormant
Telectronics Systems Limited	Dormant
Symtec UK Limited	Dormant

(b) Group	Other investments £'000	Interest in joint ventures £'000	Total £'000
Cost and net book value			
At 1 January 2011	1	500	501
Additions	-	-	-
At 31 December 2011	1	500	501

The Group has an investment in 50% of the ordinary share capital of Amalgamated Racing Limited ('AMRAC'). The joint venture is registered in the United Kingdom, and its principal activity is the provision of broadcast services to the bookmaking industry. It has an accounting period end date of 30 November.

The financial statements of AMRAC have been incorporated into the Group's consolidated financial statements using proportionate consolidation. The aggregate amounts that have been included in the consolidated financial statements are detailed in Note 2.

The Group is not exposed to any contingent liabilities or ongoing commitments as a result of its interest in joint ventures.

On 17 December 2010, the Company acquired a single £1 Preference share at par in its joint venture, AMRAC. The C Preference share is endowed with eligibility to a preferred dividend, but does not carry any voting entitlements. On winding up the Preference C share ranks ahead of the Ordinary shares for the return of any declared but unpaid dividends, but shall have no right to further capital distributions.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December 2011 £'000	31 December 2010 £'000	31 December 2011 £'000	31 December 2010 £'000
Current Assets				
Gross trade receivables	4,967	3,603	46	_
Allowance for doubtful trade receivables	(125)	(161)	-	-
Trade receivables	4,842	3,442	46	-
Amounts owed by group undertakings	-	_	84	35
Amounts owed by joint venture	1,368	2,648	1,465	5,296
Prepayments and accrued income	1,848	2,423	31	260
	8,058	8,513	1,626	5,591
Non-current assets				
Prepayments	3,778	5,167	-	-
Total trade and other receivables	11,836	13,680	1,626	5,591

The amount included in non-current assets represents payments in advance in relation to contracts commencing in 2013.

No interest is charged on any trade receivables that are overdue. All trade and other receivables have been reviewed for indicators of impairment and a provision has been determined by reference to past default experience and knowledge of the individual circumstances of customers. Credit risk is managed on a regular basis in order to minimise the exposure by reviewing adherence to settlement terms.

Group

The ageing of trade receivables at 31 December was as follows:

	31 December 2011 Gross £'000	31 December 2011 Allowance £'000	31 December 2010 Gross £'000	31 December 2010 Allowance £'000
Not past due	3,308	(32)	3,335	_
Past due 0 - 30 days	1,584	(25)	89	(10)
Past due 31 - 60 days	13	(6)	24	(10)
Past due 61 - 90 days	5	(5)	18	(9)
Past due 91 - 120 days	57	(57)	137	(132)
	4,967	(125)	3,603	(161)

15. TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance for doubtful trade receivables is as follows:

	31 December 2011 £'000	31 December 2010 £'000
Opening balance	161	238
Additional provisions	60	136
Amounts used	(96)	(184)
Eliminated with discontinued operations	<u> </u>	(29)
Closing balance	125	161

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2011	31December 2010	31 December 2011	31 December 2010
	£'000	£'000	£'000	£'000
Trade payables	1,130	1,676	32	145
Other taxation and social security	1,365	1,612	24	17
Accruals	2,620	2,475	128	109
Deferred income	11,348	10,970	-	-
	16,463	16,733	184	271

17. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 1 of these financial statements.

(a) Categories of financial instruments

Financial	assets
Crous	

31 December 2011	Loans and receivables £'000	Non financial assets £'000	Total £'000	
Trade receivables	4,842	-	4,842	
Prepayments and accrued income	-	5,626	5,626	
Other receivables	1,368	-	1,368	
Cash and cash equivalents	33,429	-	33,429	
Other non financial assets	-	1,712	1,712	
	39,639	7,338	46,977	
	Loans and receivables	Non financial assets	Total	
31 December 2010	£'000	£'000	£'000	
Trade receivables	3,442	-	3,442	
Prepayments and accrued income	13	7,577	7,590	
Other receivables	2,648	-	2,648	
Cash and cash equivalents	31,876	-	31,876	
Other non financial assets	-	2,357	2,357	
	37,979	9,934	47,913	
Company	Loans and	Non financial		
	receivables	assets	Total	
31 December 2011	£'000	£'000	£'000	
Other receivables	1,595	_	1,595	
Prepayments and accrued income	-	31	31	

25,061

26,656

25,061

1,255

27,942

1,255

1,286

Cash and cash equivalents

Other non financial assets

17. FINANCIAL INSTRUMENTS (continued)

31 December 2010				Loans and receivables £'000	Non financial assets £'000	Total £'000
Other receivables				5,331	_	5,331
Prepayments and accrued income				- · · · · · · · · · · · · · · · · · · ·	260	260
Cash and cash equivalents				21,928	_	21,928
Other non financial assets				-	1,364	1,364
				27,259	1,624	28,883
Financial liabilities						
Group		Group			Company	
	At amortised cost	Liabilities not within scope of IAS 39	Total	At amortised cost	Liabilities not within scope of IAS 39	Total

31 December 2011	At amortised cost £'000	Group Liabilities not within scope of IAS 39 £'000	Total £'000	At amortised cost £'000	Company Liabilities not within scope of IAS 39 £'000	Total £'000
Trade payables	1,130	-	1,130	32	_	32
Other payables	1,365	-	1,365	24	-	24
Accruals	2,620	-	2,620	128	-	128
Deferred income	-	11,348	11,348	_	-	_
Current tax liability	_	1,262	1,262	_	-	_
Provisions for liabilities	-	145	145	-	546	546
	5,115	12,755	17,870	184	546	730

31 December 2010	At amortised cost £'000	Group Liabilities not within scope of IAS 39 £'000	Total £'000	At amortised cost £'000	Company Liabilities not within scope of IAS 39 £'000	Total £'000
Trade payables	1,676	_	1,676	145	-	145
Other payables	1,612	_	1,612	17	-	17
Accruals	2,475	_	2,475	109	_	109
Deferred income	_	10,970	10,970	_	_	_
Current tax liability	_	1,032	1,032	_	_	_
Provisions for liabilities	-	425	425	-	425	425
	5,763	12,427	18,190	271	425	696

(b) Financial risk management objectives

The Group's activities involve analysis, acceptance and management of some degree of risk or combination of risks. The most important types of financial statement risk are credit risk and liquidity risk.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable up-to-date systems. The Group modifies and enhances its risk management policies and systems to reflect changes in markets and products.

17. FINANCIAL INSTRUMENTS (continued)

(c) Foreign currency risk

Whilst the Group's trading activities are predominantly Sterling based, certain activities are Euro based. Given the level of Euro based activities the impact of changes in foreign exchange rates has been limited and no hedging has been deemed necessary. For the same reason, no sensitivity analysis has been included in this note. The carrying amounts of the Group's foreign currency denominated assets and monetary liabilities are as follows:

	Ass	ets	Liabilities	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Euros	375	199	60	_

The Company's activities are all based in Sterling.

(d) Finance and interest rate risk

The Group finances its operations through its cash balances.

The Board does not consider fluctuations in interest rates to pose a significant risk to the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

If interest rates on the financial assets and liabilities had been 50 bps higher/lower and all other variables were held constant, the Group's profit for the period to 31 December 2011 would have increased/decreased by £162,000 (period to 31 December 2010: £170,000). This is attributable to the Group's exposure to interest rates on its variable rate deposits. There are no further impacts on the Group's equity other than the profit impact detailed above.

(e) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Group has dedicated standards, policies and procedures to control and monitor all such risks.

Although the Group is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through reviews of counterparties.

Customer debtor balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts.

(f) Liquidity risk management

The Group has managed its cash in a manner designed to ensure maximum benefit is gained, whilst ensuring security of investment sources. The Group's policy on investment of surplus funds limits the placing of deposits to institutions with strong credit ratings. Timeweave plc and Amalgamated Racing Limited bank primarily with HSBC based upon the Directors' current and ongoing assessment of deposit risk.

The Group manages liquidity risk by maintaining adequate overdraft facilities and by continuously monitoring forecast and actual cash

17. FINANCIAL INSTRUMENTS (continued)

The following table details the Group's remaining contractual maturity of its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay the liability. The table includes both interest and principal cash flows.

31 December 2011	0-12 months £'000	Group 13-24 months £'000	Total £'000	0-12 months £'000	Company 13-24 months £'000	Total £'000
Trade payables	1,130	-	1,130	32	-	32
Accruals and other payables	3,985	-	3,985	152	-	152
	5,115	-	5,115	184	-	184
	0-12	Group 13-24		0-12	Company 13-24	
31 December 2010	months £'000	months £'000	Total £'000	months £'000	months £'000	Total £'000
Trade payables	1,676	_	1,676	145	_	145
Accruals and other payables	4,087	-	4,087	126	-	126
	5,763	_	5,763	271	-	271

(g) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to minimise the Group's cost of capital. At 31 December 2011 the total equity of the Group was £28,838,000 (31 December 2010: £29,481,000) and the Group held cash of £33,429,000 (31 December 2010: £31,876,000) with £Nil debt (31 December 2010: £Nil). In order to maintain or adjust the capital structure in the future, the Group may make dividend payments to shareholders, return capital to shareholders, issue or buy back shares and raise and repay debt. The group bank with a number of UK licensed banks the principal one being HSBC. Excess cash is deposited with some or all of these organisations, usually for relatively short term periods, on a basis that looks to maximise the available interest returns to the Group.

(h) Other risks

During the period the Company acquired the assets of SportingWins which derives its revenues from writing financial contracts to cover the risks of corporate clients which are dependent on the results of particular sporting events. Management have considered their exposure on any open contracts at the year end by looking at the fair value of these liabilities. At the year end any open contracts are not considered to be material.

(i) Fair values

There is no material difference between the fair value of the Group's or Company's financial assets and liabilities and their book value.

44 Notes to the financial statements

Year ended 31 December 2011

18. DEFERRED TAX ASSETS AND LIABILITIES

Group

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	31 December 2011		31 December 201	
	Asset £'000	Liability £'000	Asset £'000	Liability £'000
Property, plant and equipment	-	-	1	_
Share-based payments	-	-	_	_
Provisions	18	-	3	-
Total	18	-	4	-

The Group has £4.1m (2010: £4.4m) of non trading deficits which are available to set off against future non trading profits in the holding companies, £0.7m (2010: £0.4m) of management expenses available to set off against total profits and £Nil (2010: £Nil) of trading losses available to set off against profits of the same trade. None of the losses and deficits have been recognised as it cannot be anticipated with any certainty that the losses will be capable of being utilised.

Company

There are no deferred taxes arising from temporary differences and unused tax losses in the Company.

The Company has non trading deficits of £2.8m (2010: £3.1m) available to offset against future non-trading profits and £0.7m (2010: £0.4m) of management expenses available to be offset against profits of the same trade. None of these deficits or losses have been recognised in the deferred tax asset above as it cannot be anticipated with any certainty that the non-trading deficits will be capable of being utilised.

The following are the movements on the major deferred taxation assets during the current and prior period:

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Cicup	Property, plant and equipment £'000	Provisions £'000	Unused tax losses £'000	Total £'000
At 1 January 2011	1	3	_	4
(Charged)/credited to income - continuing operations	(1)	15	-	14
(Charged)/credited to income - discontinued operations	-	-	-	-
At 31 December 2011	-	18	-	18

The Company has not recognised any deferred tax assets during the year.

19. PROVISIONS

13. TROVISIONS	Group Leasehold property and other £'000	Company Leasehold property and other £'000
At 31 December 2010	425	425
Released to the income statement	(186)	(186)
Utilised during the period	(94)	(94)
Additional provisions charged to the income statement	· -	401
At 31 December 2011	145	546

Leasehold property and other - provision is made for the future rental costs of vacant leasehold properties and leasehold dilapidation costs. Provisions utilised during the period were to cover costs associated with the vacant properties.

20. DIVIDENDS

	31 December 2011 £'000	31 December 2010 £'000
Ordinary dividends paid		
Final dividend paid for the period ended		
30 November 2009 of 0.95 pence (2009: Nil) per ordinary share	-	2,142
Interim dividend paid for the period ended		
31 December 2010 of 1.0 pence (2009: Nil) per ordinary share	=	2,254
Final dividend paid for the period ended		
31 December 2010 of 1.6 pence (2010: 0.95 pence) per ordinary share	3,606	-
Interim dividend paid for the period ended		
31 December 2011 of 1.0 pence (2010: 1.0 pence) per ordinary share	2,254	_
	5,860	4,396

21. CALLED UP SHARE CAPITAL

Number of shares '000	Nominal value £'000
Allotted, called up and fully paid: At 31 December 2010 and 31 December 2011 225,415	5,635

All shares rank pari passu.

Information regarding share capital, rights attaching to shares and other matters

The rights and obligations attaching to the Company's shares are set out in the articles of association. The articles of association can only be amended by a special resolution of the shareholders at a general meeting.

21. CALLED UP SHARE CAPITAL (continued)

Subject to the restrictions below, shareholders may attend any general meeting of the Company and, on a show of hands, every shareholder present in person or by proxy has one vote on each resolution and, on a poll, every shareholder present in person or by proxy has one vote for every share of which he is the holder. A resolution put to the vote of a general meeting is decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll is demanded by the Chairman of the meeting, or by at least five shareholders present in person or by proxy and entitled to vote, or by any shareholders present in person or by proxy representing at least 10% of the total voting rights of all shareholders. Subject to applicable company law and the articles of association, the shareholders can declare dividends by ordinary resolution of the shareholders at general meeting but the amount of a dividend cannot exceed the amount recommended by the Board.

No shareholder is, unless the Board decides otherwise, entitled to attend or vote either in person or by proxy at a general meeting if he or any other person with an interest in shares held by him has been sent a notice under section 793 of the Companies Act 2006 and has failed to supply the Company with the information requested within 14 days following the date of service of that notice. In addition, where the shares held by the relevant shareholder represent at least 0.25% in nominal value of the Company's shares, any dividends will be withheld and no transfer of the shares will be registered except in certain limited circumstances. These restrictions end seven days after receipt by the Company of a notice of registration of an excepted transfer of the shares or all information required by the section 793 notice, whichever is the earlier.

The Board may impose restrictions on the register of a transfer of a certificated share which is not fully paid, provided that the restrictions do not prevent dealings in the Company's shares from taking place on an open and proper basis. The Board may refuse to register the transfer of a certificated share unless the instrument of transfer is in respect of only one class of shares, is in favour of not more than four joint transferees, is duly stamped and is delivered for registration to the Company's registered office (or such other place as the Board may decide) accompanied by the certificate for the shares to be transferred. The Board may refuse to register the transfer of an uncertificated share in any circumstances permitted by the London Stock Exchange plc, the Uncertificated Securities Regulations 2001 and the rules and practices of the operator of the CREST system. The Board may also decide to suspend the registration of transfers, for up to 30 days each year, by closing the register of shareholders. However, the Board cannot suspend the transfer of uncertificated shares without the consent of the operator of the CREST system.

The shareholders can appoint a director by ordinary resolution, either to fill a vacancy or as an addition to the Board, and can also remove a director by ordinary resolution. The Board can also appoint a Director, either to fill a vacancy or as an addition to the Board, but, unless reappointed during such annual general meeting, such director can only hold office until the dissolution of the Annual General Meeting following his appointment. A Director must vacate his office in certain circumstances, including if he becomes bankrupt or does not attend any board meetings for a period of 6 months. A Director must also retire from office at the third annual general meeting after that at which he was last elected.

Subject to company law, to the provisions of the articles of association and to directions given by the Company in general meeting, the Directors may exercise all the powers of the Company. The Directors may only allot shares in the Company if authorised to do so by the Company in general meeting. Resolutions to enable the Directors to allot shares are being proposed at the annual general meeting and are described on pages 52 and 53.

22. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH GENERATED FROM OPERATING ACTIVITIES BEFORE EXCEPTIONAL ADMINISTRATIVE EXPENSES

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	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Profit before taxation from continuing operations	7,152	7,715
Loss before taxation from discontinued operations	(81)	(1,048)
Finance income	(219)	(260)
Loss on disposal of property, plant and equipment	71	19
Exceptional administrative expenses	874	550
Depreciation of property, plant and equipment	242	601
Impairment of property, plant and equipment	442	221
Amortisation of intangible assets	39	80
Impairment of goodwill	-	162
Increase in inventories	-	(1,669)
Increase in receivables	(90)	(8,309)
(Decrease)/increase in payables	(277)	8,773
Decrease in provisions for liabilities	(280)	(1,040)
Net cash generated from operating activities before exceptional administrative expenses	7,873	5,795

Company

	Year ended 31 December 2011 £'000	13 months ended 31 December 2010 £'000
Profit before taxation from continuing operations	4,525	6,946
Profit before taxation from discontinued operations	-	332
Finance income	(197)	(253)
Dividends received from joint venture	(6,239)	(7,727)
Loss on disposal of property, plant and equipment	_	19
Exceptional administrative expenses	874	423
Depreciation on property, plant and equipment	43	55
Impairment of investments in subsidiary undertakings	-	3,098
Impairment of property	442	_
Profit on disposal of investment in subsidiary undertaking	-	(2,665)
Increase in receivables	(35)	(1,325)
Decrease in payables	(87)	(854)
Increase/(decrease) in provisions for liabilities	121	(334)
Net cash used in operating activities before exceptional administrative expenses	(553)	(2,285)

23. FINANCIAL COMMITMENTS

At 31 December 2011, the Group had minimum lease payments under non-cancellable operating leases as follows:

		Company		
	31 December 2011 £'000	31 December 2010 £'000	31 December 2011 £'000	31 December 2010 £'000
Within one year	122	102	51	35
Between one and five years	210	91	153	35
In over five years	2,753	2,625	2,753	2,625
	3,085	2,818	2,957	2,695

The Group and Company lease various buildings and a warehouse under non-cancellable operating agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases plant and machines under non-cancellable operating leases. Lease payments recognised as an expense during the period are disclosed in Note 4.

The Group received sublease income in the period of £145,000 (2010: £163,000).

24. PENSION SCHEMES

The Group has defined contribution pension schemes available to all employees, into which the Group makes a contribution. The pension cost was £48,000 (2010: £114,000), representing the actual contributions payable in respect of the period.

25. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties of the Company are shown below:

At 31 December 2011, included in trade and other receivables were gross amounts owed by 100% subsidiary undertakings of £84,000 (31 December 2010: £35,000), against which the Company had provided £84,000 (31 December 2010: £Nil).

During the period, the Company received full repayment of its £4,000,000 loan to its 50% joint venture, Amalgamated Racing Limited ("AMRAC"). The loan balance at 31 December 2011 was £Nil (31 December 2010: £4,000,000). During the year, interest of £20,000 (2010: £16,000) was charged on this loan.

During the year, the Company received equity dividends on its ordinary shares of £700,000 (13 months ended 31 December 2010: £2,900,000) from AMRAC, and equity dividends on its preference share of £5,539,000 (13 months ended 31 December 2010: £4,428,000).

During the year ended 31 December 2011, Alphameric Solutions Limited, which was a 100% subsidiary of Timeweave until 31 May 2010, invoiced AMRAC £Nil (13 months ended 31 December 2010: £11,000) for installation work carried out and £Nil (13 months ended 31 December 2010: £30,000) for accounting and administrative services.

At 31 December 2011, the Group was owed £1,368,000 from AMRAC (31 December 2010: £2,648,000) which is included in trade and other receivables (Note 15).

26. POST BALANCE SHEET EVENTS

On 8 February 2012, Timeweave announced the acquisition of £3.068m of convertible loan notes in DCD Media plc, the AIM-listed independent TV production and distribution group.

The debt was acquired for total consideration of £2.087m, which was satisfied in cash from Timeweave's existing cash reserves.

All of the acquired loan notes have a maturity date of 1 October 2012. Under the terms of the loan note instrument, the debt earns interest at 8 per cent per annum, which is rolled up; £2.093m of the loan notes are convertible into ordinary shares in DCD Media plc at 18p and £975,000 of the loan notes are convertible into ordinary shares in DCD Media plc at 1p and conversion of the loan notes, if exercised, is possible up to a maximum of 29.99% of the issued share capital of DCD Media plc.

	Year to December 2011 £'000	13 months to December 2010 £'000	Year to November 2009 £'000	Year to November 2008 £'000	Year to November 2007 £'000
Revenue	28,218	29,877	26,150	35,915	30,104
Operating profit/(loss) before exceptional administrative expenses					
and share based payment charge	7,807	8,005	6,746	2,905	(4,113)
Exceptional administrative expenses	(874)	(550)	-	(5,314)	(427)
Share based payment charge	-	=	-	(180)	(180)
Operating profit/(loss)	6,933	7,455	6,746	(2,589)	(4,720)
Finance income/(charges)	219	260	187	405	(386)
Profit/(loss) before tax	7,152	7,715	6,933	(2,184)	(5,106)
Taxation	(1,900)	(1,942)	(1,602)	57	1,197
Profit/(loss) after tax from continuing operations	5,252	5,773	5,331	(2,127)	(3,909)
(Loss)/profit from discontinued operations	(35)	(2,198)	1,444	(24,962)	(250)
Profit/(loss) for the year	5,217	3,575	6,775	(27,089)	(4,159)
EPS – before exceptionals – continuing	2.7	2.8	2.4	0.8	(2.6)
EPS – after exceptionals – continuing	2.3	2.6	2.4	(1.0)	(2.9)
EPS – total basic	2.3	1.6	3.0	(12.4)	(3.1)
Operating cashflow before					
exceptional administrative expenses	7,878	5,795	6,766	12,975	(1,579)
Operating cashflow	5,315	4,846	6,742	3,661	(3,562)

Registered Auditors

Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB

Registrars and Transfer Office

Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Solicitors

Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW

Principal Bankers

HSBC plc 22 Victoria Street London SW1H 0NJ

Stockbrokers & Financial Advisers

Investec Investment Banking 2 Gresham Street London EC2V 7QP

Registered Office

Lacon House 84 Theobald's Road London WC1X 8RW

52 Notice of Annual General Meeting

Year ended 31 December 2011

Notice is hereby given that the annual general meeting of Timeweave plc (the "Company") will be held on 3 May 2012 at 10.00 a.m. at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW to transact the following business.

Resolutions

Ordinary Resolutions:

- 1. To receive the accounts, the report of the Directors and the auditors' report on the accounts for the year ended 31 December 2011.
- 2. To re-elect Graham Parr as a director of the Company;
- 3. To re-appoint Grant Thornton UK LLP as auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.
- 4. To authorise the directors to determine the auditors' remuneration;
- 5. That in accordance with sections 366 and 367 of the 2006 Act the Company and all companies which are subsidiaries of the Company at the date on which this resolution 5 is passed or during the period when this resolution 5 has effect are authorised to:
 - 5.1 make political donations to political parties or independent election candidates, as defined in the 2006 Act, not exceeding £50,000 in total;
 - 5.2 make political donations to political organisations other than political parties, as defined in the 2006 Act, not exceeding £50,000 in total; and
 - incur political expenditure, as defined in the 2006 Act, not exceeding £50,000 in total, during that period beginning with the date of the passing of this resolution and ending on the conclusion of the next annual general meeting of the Company provided that the authorised sums referred to in paragraphs 5.1, 5.2 and 5.3 above may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sums, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter), or, if earlier, on the day on which the Company enters into any contract or undertaking in relating to the same.
- 6. That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "2006 Act") in substitution for all existing authorities:
 - 6.1 to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together "Relevant Securities") up to an aggregate nominal amount of £1,878,458; and
 - 6.2 to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) up to an additional aggregate nominal amount of £1,878,458 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever, provided that the authorities in paragraphs 6.1 and 6.2 shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the annual general meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired;

Special Resolutions:

- 7. That the Directors be and are empowered, in accordance with section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution number 6 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
 - 7.1 the allotment of equity securities in connection with a rights issue or other pro rata offer (but, in the case of the authority conferred by paragraph 6.2, by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held (or deemed to be held) by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and
 - 7.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal amount of £281,768, and shall expire upon the expiry of the general authority conferred by resolution 6 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired;
- 8. That the Company is authorised to call any General Meeting of the Company other than the Annual General Meeting by notice of at least 14 clear days during the period beginning on the date of the passing of this resolution and ending on the conclusion of the next annual general meeting of the Company.

Dated: 1 March 2012 REGISTERED OFFICE: Lacon House 84 Theobald's Road London WC1X 8RW BY ORDER OF THE BOARD J M Sadler, FCIS Secretary

Notice of Annual General Meeting

Year ended 31 December 2011

NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
- 2. Your proxy can be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
- A form of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, completed proxies must be received (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) by our registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 1 May 2012. Alternatively you may submit your appointment of proxy online at www.capitashareportal.com by following the on-screen instructions.
- 4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars on 0871 664 0300 (calls costs 10p a minute plus network extras. Lines are open 8.30a.m. 5.30p.m. Monday- Friday). The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
- 5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- 7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- 9. Only those shareholders registered in the Register of Members of the Company as at 6:00 p.m. on 1 May 2012 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
- 10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 11. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
- 12. As at 1 March 2012 (being the last practicable date before the publication of this Notice), the Company's issued share capital consisted of 225,415,063 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 225,415,063.
- 13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 14. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.timeweave.com.
- 15. The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting:
 - (a) copies of the executive director's service contract with the Company; and
 - (b) copies of the letters of appointment for each of the non-executive directors.

