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ACCESS INTELLIGENCE PLC

("Access Intelligence" or "the Group")

PRELIMINARY RESULTS

FOR

THE FINANCIAL YEAR ENDED 30 NOVEMBER 2011

Access Intelligence Plc (AIM: ACC), a leading supplier of compliance Software-as-a-Service solutions for the financial services, procurement and media sectors, is pleased to announce its preliminary results for the year ended 30 November 2011.

Financial Highlights

* Turnover from continuing activities was flat at £7,232,999 (2010: restated £7,224,737)
* Adjusted EBITDA on continuing activities down 53% to £720,544 (2010: restated £1,526,557)*
* Loss after tax on continuing activities was £91,013 (2010: restated loss £1,620,286)
* Profit after tax on continuing and discontinued activities was £2,101,034 (2010: loss £1,562,427)
* Basic earnings per share on continuing and discontinued operations 0.84p (2010: loss 0.67p)
* Positive cash balance of £4,162,377 (2010: £2,214,278)
* Court sanction of a capital restructure to facilitate dividend payments and the subsequent payment of a special dividend in August of 0.1p
* Proposed maiden final dividend of 0.2p per share payable on 20 April 2012

Operational Highlights

* Sale of Solcara Ltd for £2,610,623 resulting in a profit in the year of £2,192,047
* Successful claim against the vendors of Cobent Ltd resulted in £1.78m of shares being returned to Treasury
* Redemption of £500,000 of convertible loan notes at par
* Total software development spend of £638,970 (2010: £816,000) of which £314,250 (2010: £414,620) was capitalised
* Recurring revenue was £4,807,500 (2010: restated £4,796,740) being 66% of sales (2010: restated 66%)
* New management team in place at Cobent showing signs of turning the company around
* A strengthening of the head office team in the areas of Finance, Technology and Marketing
* Board changes include the appointments of Joanna Arnold as COO in December 2011, Henrik Bang as Non-Executive in November 2011, Howard Sears leaving the board in July 2011 and Kole Dhoot appointed CFO in March 2012.

*The adjusted EBITDA has been arrived at before development cost impairment, share based payments and exceptional costs.

Michael Jackson, Executive Chairman, commented: -

''2011 was a tough year which included the implementation of the Cobent turnaround strategy. The company has continued investing in product innovation as well as strengthening our sales and marketing engine. 2012 will see further investment across the group with the full benefits starting to come through in the latter part of the current financial year. The proposed dividend is a sign of our confidence in the future.''

For further information:

Access Intelligence plc

Michael Jackson (Chairman)	020 7831 5088
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Notes to Editors:

Access Intelligence plc. has a portfolio of **Software-as-a-Service** ("SaaS") brands delivering **Governance, Risk and Compliance** solutions to the public and private sector. The board is headed by Michael Jackson as Executive Chairman, Joanna Arnold as COO and Kole Dhoot as CFO.

<u>Product Portfolio – Software as a Service</u>

e-Procurement:

- **AIProcurement/ Due North** delivers SaaS procurement and contract management solutions. A strong presence in the public sector where demand is driven by **compliance** with EU regulations, ensuring transparency of procurement processes and fair competition. Early successes in the private sector driven by cost saving requirements and the **UK Bribery Act** 2010.

- Over 200 customers including the Bank of England, Met Police, Ladbrokes, Investec, and many large Local Government Authorities.

Training & Competence:

- **AITrackRecord** delivers SaaS solutions for the financial services sector solving the industry's key challenges; controlling and **monitoring compliance commitments** and reducing administration overheads. Sales driven by the need to comply with the FSA's **Retail Distribution Review**.

- **AITalent** delivers SaaS **training and compliance management** solutions to FDA, FSA and HSE regulated industries.

- Their combined customer base includes RBS, Aviva, National Australia Bank, DSGi, Orange, Dentsply, AAH Pharmaceuticals and The UN World Food Programme.

Stakeholder Relationship and Reputation Management:

- **AIMediaComms** delivers SaaS solutions for stakeholder engagement and news flow management. A market leader in the UK for media relations management software in the public sector. The integrated application enables users to capture, create, distribute, and analyse all communications, facilitating **compliance** with corporate messaging and **upholding the reputation** of the organisation.

- AIMediaComms has almost 300 customers including the Bank of England, Met Police, RBS, United Utilities, and many large Local Government Authorities.

- **AIControlPoint** delivers SaaS solutions for **managing high profile incidents**. Its suite of applications includes a secure notification system and online virtual incident room through which security and safety incidents can be managed. Customers include SubSea7, Petrofac, Societe Generale, ING, easyJet and Thomas Cook.

<u>Product Portfolio – IT Support Services</u>

- Willow Starcom has made a transition from hardware maintenance and storage solutions to higher value hosted services.

The company also delivers the **infrastructure support for the Group under the AICloud brand** and has an excellent reputation for service quality.

CHAIRMAN'S STATEMENT

I am pleased to announce our results for the year ended 30 November 2011, a period in which the group has continued to make considerable strategic and financial progress. Whilst a challenging year in terms of profit, our balance sheet has improved immensely and our team has been strengthened on many fronts. Our overall strategy as a compliance Software-as-a-Service provider remains our priority but the focus has matured considerably during the last 12 months, as described below. We sold Solcara Ltd in June, paid our first dividend in August and made progress in many areas of the business.

Results

Group turnover from continuing activities remained flat at £7,232,999 (2010: restated £7,224,737). Adjusted Ebitda fell 53% to £720,544 (2010: restated £1,526,557) largely due to MS2M and Cobent performing below the levels of the previous year. There was no goodwill impairment in the 2011 financial year (2010: £2,600,000), and no acquisition cost (2010: £98,276). The re-organisation of Cobent Ltd has cost £333,782 (2010: £124,080) and the directors also decided to impair all development expenditure at Cobent relating to the document management software as it is now integrated with the core AITalent product costing £299,475 (2010: £nil). The loss after tax on continuing operations was £91,013 (2010: restated loss £1,620,286). On a very positive note Solcara was sold for £2,610,623 delivering a profit on discontinued operations of £2,192,047 (2010: profit £107,047 on Wired-Gov). The profit attributable to the owners of the parent company before dividend payment was £2,101,034 (2010: loss £1,562,427). The basic loss per share from continuing operations was 0.04p (2010: loss 0.70p) whilst the basic earnings per share on continuing and discontinued operations rose to 0.84p per share (2010: loss 0.67p). The group had cash at bank of £4,162,377 (2010: £2,214,278).

The continuing commitment to the software-as-a-service business model has enabled the group to build its long-term visibility of revenues and for the year under review recurring revenues on continuing operations accounted for 66% (2010: restated 66%) of total revenues at £4,807,500 (2010: restated £4,778,130). At 30 November 2011 the deferred revenue stood at £2,553,326 (2010: restated £2,143,083) reflecting the growth in our already invoiced but not recognized revenue. A further £2,713,000 (2010: estimated £1,565,000) of contracted but not yet invoiced revenue is also growing strongly.

Dividend

During the year the shareholders approved a resolution to carry out a capital restructure which was subsequently approved by the High Court of Justice. As a result the holding company has merged its share premium account with its revenue reserves enabling the group to pay a dividend. In August 2011, as a result of the Solcara Ltd sale, the directors paid a special dividend of 0.1 pence per share. The directors now propose a final dividend for the year ended 30 November 2011 of 0.2 p which if approved at the AGM will be paid on 20 April 2012. The shares will go ex-dividend on 14 March 2012 with the record date on 16 March 2012.

Disposal

In June 2011 the group sold Solcara Ltd to Thomson Reuters for £2,610,623 including the working capital adjustment of which all but £250,000 was paid at completion in cash. £250,000 is held in escrow to be released to the group on 30 June 2012. The direct costs of the sale were £38,213. Further details are available in note 7. The price paid for Solcara Ltd is a reflection of the value a buyer can see in developed software that might not yet be reflected in its operating results.

Convertible Loan Notes

On 30 September 2011 the company redeemed £500,000 of loan notes at par at the request of the loan note holder. As a result the number of shares taken into the fully diluted earnings per share calculation will be reduced by 12,500,000 on a full year basis. Our interest expense also drops by £30,000 per annum.

Cobent Ltd

In September 2011 the directors made a claim against the vendors of Cobent Ltd under the terms of the sale and purchase agreement dated February 2010. The result of this claim was the return to the group of 29,666,667 shares which had been issued as consideration of £1,780,000 of the original purchase price.

The shares are held in treasury at the reporting date and the return of shares has been accounted for in accordance with IAS 32 'Financial instruments: Presentation' such that the instruments have been deducted from equity with no gain or loss recognised in profit or loss.

This claim had been necessary due to the profit performance of Cobent Ltd since our acquisition of it announced on 1 March 2010. Although Cobent's performance had started well post acquisition, posting an operating profit over the 9 months of our ownership last year, the performance was slipping fast by November 2010. The subsequent replacement of the team and re-focusing of the strategy has cost the group £333,782 in exceptional re-organisation costs this year on top of trading losses before tax of £311,567.

However the new team have made considerable progress in turning the business around, the second half of 2011 was an improvement on the first half, its deferred revenue at 30 November 2011 had risen to £384,205 (2010: £30,806) and it has been self-sufficient in cash terms since July 2011.

Operations – Software-as-a-Service segment

Access Intelligence has developed a portfolio of complementary brands for the Governance, Risk and Compliance marketplace. The solutions cover the GRC lifecycle, delivering compliance-driven training and competence, internal and external operational governance and incident and reputation management. In order to facilitate cross-selling opportunities within our complementary products, we have realigned the branding of our subsidiaries under the AI umbrella. The brands within the portfolio are at differing stages of maturity and require different levels of investment to drive growth.

At the Group level we made our first key hire in marketing during 2011, and added resource in finance and technology functions in early 2012, to help stabilise the group's embryonic brands, whilst driving strategic opportunities in the more established subsidiaries. This enhanced level of investment will continue in 2012 with the formation of Group centres of excellence to drive strategic sales and marketing, project management, product innovation, quality and infrastructure support, all designed to provide the foundations of best in class GRC solutions, delivered by adept, agile customer-focussed teams. These solutions can either be sold individually or as a combined end-to-end suite, with ease of deployment and integration into existing corporate systems with minimal training.

Training and Competence

AITalent, previously named Cobent, went through significant restructuring in 2011 and has benefited from new management, office rationalisation and a focus on tighter cost control. Whilst the restructuring efforts resulted in a significant one-off cost in the first half of 2011, we substantially reduced the operational losses in the second half and returned the business to a cash positive position. The pipeline development targeted key regulated industries, delivering revenue growth from financial services and pharmaceuticals customers. Product innovation at AITalent continued to be strong with the launch of v.3 of the Learning Compliance Suite incorporating an industry-leading user interface, enhanced performance management and incorporating the new Controlled Document Manager.

Whilst 2011 proved to be a tough year with the strengthening of the whole business, 2012 has begun well for AITalent with continued momentum in the pharmaceuticals sector in both the UK and US markets. The new sales and marketing engine is starting to deliver and product innovation continues with the launch of enterprise reporting and mobile solutions. We hope to return the business to profit during the first half of 2012.

AITrackRecord, previously MS2M, has continued to leverage its customer base of industry leading financial services institutions. With the Retail Distribution Review on the horizon, the solution's functionality is essential to ensuring organisations meet the regulatory requirements and avoiding substantial fines from the FSA. The company's investment in strategic marketing is starting to deliver results with opportunities in the mortgage and general insurance markets emerging.

During 2012 we will invest significantly in research and development at AITrackRecord, within our centre of excellence for development, enhancing its risk monitoring functionality which will be integrated with other Group products to drive additional value across the brands.

e-Procurement

AIProcurement/Due North had another successful year opening 24 new accounts in the public and private sectors. Despite continued Government spending cuts, Due North's ProContract solution was sold into key customers including the East Midlands Improvement Efficiency Partnership, several London Boroughs and the NHS. Investment in the private sector offering is starting to pay off, with new clients including Investec, Age UK and Mencap, as well as strong pipeline development, further offsetting reliance on the public sector.

We invested heavily in R&D in 2011, upgrading the product to .Net and developing new private sector functionality which will be delivered to new customers in the first half of 2012. The new AIProcurement private sector product launch brings industry leading auction tools, supplier relationship management capabilities and a network of over 250,000 active suppliers, further cementing Due North's reputation as an innovator in the procurement market.

Enterprise Crisis and Reputation Management

AIMediaComms' enviable track record in the public sector continued despite tough market conditions, with the new Freedom of Information management product proving successful in the NHS and Central Government. In the private sector, the Vuelio product has continued to strengthen its brand equity within the wider stakeholder management market, benefiting from private sector wins including RBS, Trafigura and Electricity North West.

The business also achieved ISO9001 and ISO27001, international quality management and information security standards, a reflection of the Group's continued focus on delivering robust solutions to its customer base.

2012 sees the launch of enhanced stakeholder management functionality, broadening the product for public affairs and other communications teams. We will also continue to drive strategic sales and marketing to position AIMediaComms as a major provider in the corporate sector.

AIControlPoint grew significantly in 2011, moving from a fledgling incubator opportunity to a robust and scalable business. Despite its low cost base, AIControlPoint continued to develop its suite of incident management solutions and delivered a number of high-profile deployments in Oil and Gas, Financial Services and Aviation sectors including Petrofac, ING, Thomas Cook and easyJet. The business signed a number of three year contracts totalling c £1.2m although most of this is not yet visible due to the revenue recognition of the SaaS business model.

2012 will bring support from our centre of excellence in sales and marketing to capitalise on the brands emerging reputation as the "weapon of choice" for Emergency Response teams in high risk industries who consider it "easy to use" and "highly flexible".

Operations - IT Support Services segment

Willow Starcom had a transformational year in 2011 as the business moved away from traditional channel hardware maintenance towards direct end-user hosted services. This shift led to a significant improvement in product margins with the replacement of channel business by revenue generated from direct end user relationships. We continued to invest and develop the cloud based solutions and services both for SMEs, predominantly in the North West of England, and to support the hosting requirements of the Group's own brands.

2012 brings the launch of **AICloud,** as the Group's infrastructure solution for the delivery of our Software-as-a-Service (SaaS) proposition.

Strategy and Market

The Group continues to drive market leading innovation across its suite of GRC solutions with investment of £638,970 in research and development during 2010/11. The investment has enabled Access Intelligence to competitively engage with both industry leading companies and SME businesses, providing value driven solutions to support their compliance life cycle.

With the significant growth of cloud computing, the SaaS model continues to demonstrate itself as the most value driven deployment option for both customers and vendors. While customers benefit from a lower total cost of ownership, improved solution availability and increased data security, it enables Access Intelligence to take advantage of a stable recurring revenue base (through three year contracts), reduced implementation costs and greater scalability. In addition, synergies in the development of product functionality across the Group will enable significant return on investment through the SaaS model, with a prime example being customisable reporting.

In 2012 we will continue to invest heavily for future shareholder value, depressing profits in the short term in order to benefit from significant revenue growth in 2013 and beyond. The centre of excellence for strategic sales and marketing, technology, and IT infrastructure will provide the core support for the growth of the embryonic brands whilst supporting the established subsidiaries on an ad hoc basis. The technology centre of excellence will continue to drive best practice in product development and quality assurance, enabling opportunities for deployment of innovation across the Group to be recognised at a substantially reduced cost and enhanced quality. In addition the Group will drive organic growth by leveraging the opportunities in cross selling and centralised marketing resources.

The markets in which we operate continue to experience ever more stringent regulation, forcing companies to continually review their governance processes to ensure compliance. With Access Intelligence's solutions core to companies achieving compliance, there continues to be significant opportunities both within our enviable customer base and regulated markets as a whole for the group to expand further. The board continues to review acquisition opportunities that will add value to the management of our customer's compliance lifecycle and drive additional value to the Group.

Directors and Staff

On 30 July 2011 Howard Sears resigned from the board to follow other interests.

On 1 November 2011 Henrik Bang joined the board as a non-executive director. His experience and skills as a builder of businesses, most recently at Netcall plc, will be a significant addition to the board.

On 5 December 2011 Joanna Arnold was promoted to the position of Chief Operating Officer of the group. She joined the company in November 2008 and the board in December 2010 after an early career in financial services.

On 6 March 2012 Kole Dhoot took-over from Jeremy Hamer as Chief Financial Officer as the demands of the job now justify a full-time executive. Jeremy will remain on the board as a non-executive director.

Outlook

The need for software solutions to provide the necessary governance, risk and compliance data and controls is growing across regulated and non-regulated industries, in both the public and private sectors. With that clearly in focus we are investing heavily in our software and our skill base to provide state of the art solutions to these enterprise challenges.

2011 was a tough year which included the implementation of the Cobent turnaround strategy. The company also continued the process of investing in product innovation as well strengthening in particular our sales and marketing skills. 2012 will see further investment across the group with the full benefits starting to come through in the latter part of the year.

Our strategy continues to evolve but as described above the cohesiveness of our product offering is growing, the number of customers using more than one of our solutions is growing and the opportunity to combine technologies is accelerating.

I would like to thank all our staff for their hard work and help in a year where progress was considerable. Together we have delivered significant advances in most areas of the group and I look forward to working with them in 2012.

Michael Jackson
Chairman

Date 6 March 2012

Consolidated Statement of Comprehensive Income for the Year Ended 30th November 2011

	Note	2011 £'000	Restated 2010 £'000
Revenue - continuing operations	**4**	**7,233**	7,224
Cost of sales		**(2,142)**	(2,023)
Gross profit		**5,091**	5,201
Administrative expenses		**(5,212)**	(3,878)
Share based payment		**(35)**	(39)
		(156)	1,284
Impairment of goodwill		**-**	(2,600)
Cost of acquisition		**-**	(98)
Operating loss	**5**	**(156)**	(1,414)
Financial income		**26**	-
Financial expense		**(149)**	(155)
Loss before taxation		**(279)**	(1,569)
Taxation recovery/(charge)	**6**	**188**	(51)
Loss for the year from continuing operations		**(91)**	(1,620)
Profit for the year from discontinued operations net of income tax expense	**7**	**2,192**	58
Profit/(loss) for the year attributable to the equity holders of the parent company		**2,101**	(1,562)
Other comprehensive income		**-**	-
Total comprehensive income for the period attributable to the owners of the parent company		**2,101**	(1,562)

	Note	2011	2010
Earnings per share			
Continuing and discontinued operations			
Basic profit/(loss) per share	**8**	**0.84p**	(0.67)p
Diluted profit/(loss) per share	**8**	**0.64p**	(0.67)p
Continuing operations			
Basic loss per share	**8**	**(0.04)p**	(0.70)p
Diluted loss per share	**8**	**(0.04)p**	(0.70)p

Consolidated Statement of Financial Position as at 30th November 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Property, plant and equipment		**249**	204
Intangible assets	**10**	**8,130**	8,519
Deferred tax assets		**199**	420
Total non-current assets		**8,578**	9,143
Current assets			
Inventories		**253**	248
Trade and other receivables		**1,932**	1,967
Current tax receivables		**-**	74
Cash and cash equivalents		**4,162**	2,214
Total current assets		**6,347**	4,503
Total assets		**14,925**	13,646
Current liabilities			
Trade and other payables		**803**	761
Accruals and deferred income		**2,973**	2,889
Bank overdraft		**2**	-
Total current liabilities		**3,778**	3,650
Non-current liabilities			
Interest bearing loans and borrowings	**11**	**1,183**	1,607
Deferred tax liabilities		**368**	554
Total non-current liabilities		**1,551**	2,161
Total liabilities		**5,329**	5,811
Net Assets		**9,596**	7,835
Equity			
Share capital		**1,286**	1,286
Treasury shares		**(148)**	-
Share premium account		**-**	13,490
Capital redemption reserve		**191**	191
Share option valuation reserve		**226**	319
Equity reserve		**126**	176
Retained earnings		**7,915**	(7,627)
Total equity attributable to the equity holders of the parent company		**9,596**	7,835

Consolidated Cash Flow Statement for the Year Ended 30th November 2011

	Note	2011 £'000	Restated 2010 £'000
Loss for the year from continuing operations after tax		**(91)**	(1,620)
Adjusted for:			
Taxation		**(188)**	51
Depreciation		**86**	82
Impairment of intangible assets		**421**	2,600
Share option valuation charge		**35**	39
Interest income		**(26)**	-
Interest expense		**149**	155
Loss on disposal of property, plant and equipment		**1**	11
Operating cash inflow before changes in working capital		**387**	1,318
Decrease/(increase) in trade and other receivables		**286**	(658)
(Increase)/decrease in inventories		**(5)**	20
Increase in trade and other payables		**126**	546
Net cash inflow from the continuing operations		**794**	1,226
Taxation received/(paid)		**61**	(128)
Net cash inflow from continuing activities		**855**	1,098
Cash flows from investing in continuing activities			
Interest received		**26**	-
Acquisition of subsidiary		**-**	(3,200)
Cash acquired with subsidiary		**-**	64
Acquisition of property, plant and equipment		**(134)**	(108)
Proceeds of sale of subsidiary (net)		**2,345**	136
Cost of software development		**(314)**	(415)
Net cash inflow/(outflow) from investing in continuing activities		**1,923**	(3,523)
Cash flows from financing continuing activities			
Interest paid		**(118)**	(113)
Issue of equity share capital		**-**	3,055
Redemption of loan notes		**(500)**	-
Cost of share issues		**-**	(130)
Repayment of borrowings		**(25)**	(17)
Payment of Dividend		**(257)**	-
Net cash (outflow)/inflow from financing continuing activities		**(900)**	2,795
Net increase in cash and cash equivalents		**1,878**	370
Cash from discontinued operations	**6**	**68**	130
Opening cash and cash equivalents		**2,214**	1,714
Closing cash and cash equivalents		**4,160**	2,214

1. Notes to the Shareholders' funds

Share capital and share premium account

When shares are issued, the nominal value of the shares is credited to the share capital reserve. Any premium paid above the nominal value is taken to the share premium account. Access Intelligence plc shares have a nominal value of 0.5p per share. Directly attributable transaction costs associated with the issue of equity investments are accounted for as a reduction from equity, net of any relating income tax benefit.

In May 2011, the High Court of Justice sanctioned a capital reduction and cancellation of the share premium account, which had been approved by special resolution by the shareholders, As a result the share premium account of £13,490,000 was cancelled in order to create distributable reserves and allow the payment of a dividend.

Share option reserve

This reserve arises as a result of amounts being recognised in the income statement relating to share based payment transactions granted under the group's share option scheme. The reserve will fall as share options vest and are exercised over the life of the options.

Capital redemption reserve

This reserve arises as a result of keeping with the doctrine of capital maintenance when the company purchases and redeems its own shares. Amounts transferred into/out from this reserve from a purchase/redemption is equal to the amount by which share capital has been reduced/increased, when the purchase/redemption has been financed wholly out of distributable profits, and is the amount by which the nominal value exceeds the proceeds of any new issue of share capital, when the purchase/redemption has been financed partly out of distributable profits.

Equity reserve

The equity reserve arises as a result of the equity component that has been recognised on the convertible loan notes that have been issued by the group (note 11). The reserve is determined by deducting the amount of the liability component from the fair value of the convertible loan notes as a whole, net of income tax effects and the relative proportion of the directly attributable transaction costs associated with the issue of the compound instruments.

Retained earnings

The retained earnings reserve records the accumulated profits and losses of the group since inception of the business. Where subsidiary undertakings are acquired, only profits arising from the date of acquisition are included.

2. Statement of Compliance.

The Group results have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

3. Basis of consolidation and Goodwill

The group results comprise the financial statements of Access Intelligence plc and its subsidiaries as at 30th November 2011. They are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000).

4. Revenue

The group's revenue is primarily derived from the rendering of services with the value of sales of goods being not significant in relation to total group revenue.

The group's revenue was split into the following territories:-

	2011	2010
	£'000	£'000
United Kingdom	**6,699**	6,842
European Union	**162**	30
Rest of the World	**372**	352
	7,233	7,224

All non current assets are held in the United Kingdom as they were in 2010.

No customer represents 10% or more of revenue as was the case in 2010.

Segment reporting

Segment information is presented in respect of the group's operating segments which are based upon the group's management and internal business reporting.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses.

Segment non-current asset additions show the amounts relating to property, plant and equipment and intangibles including goodwill.

Operating segments

The group operating segments have been decided upon according to their revenue model and product or service offering. The software as a service segment derives its revenues from software licence sales and support and training revenues. The IT support services revenue derives from maintenance and back-up services. The segments are:-

- Software as a service
- IT support services
- Division in recovery – Cobent Ltd
- Head Office

The composition of reportable operating segments has changed from the prior year to include an additional reportable segment: Division in recovery – Cobent Ltd. In 2010 the segment had been aggregated and included as part of Software as a Service reportable segment, however during this year the directors considered that the segment reporting disclosure provides more useful information to present this division separately because of the transformation in operating structure the company has been undertaking. The prior year information has been restated to show the corresponding items of segment information.

The segment information for the year ended 30 November 2011, having restated the Solcara Ltd trading activity as discontinued activities and the separate segmental information for Cobent Ltd, is as follows:-

	Software as a Service £'000	**IT Support Services £'000**	**Head Office £'000**	**Cobent Ltd £'000**	**Discontinued operations (see note 7) £'000**	**Consolidation Adjustment £'000**	**Total £'000**
External revenue	4,369	1,895	-	969	-	-	7,233
Internal revenue	5	15	-	-	-	(20)	-
Operating profit/(loss)	1,162	210	(803)	(656)	-	(69)	(156)
Re-allocation of exceptional costs	-	-	283	(283)	-	-	-
Internal dividend	(350)	(100)	450		-	-	-
Finance income	17	1	8		-	-	26
Finance costs	-	-	(144)	(5)	-	-	(149)
Taxation	23	(6)	179	170	-	(178)	188
Profit from discontinued operations	-	-	-	-	2,192		2,192
Profit/(loss) after taxation	852	105	(27)	(774)	2,192	(247)	2,101
Reportable segment assets	6,249	1,482	11,660	481	-	(4,863)	15,009
Reportable segment liabilities	2,736	972	3,858	1,138	-	(3,393)	5,311
Other information:							
Additions to property, plant and equipment	64	57	11	-	-	-	134
Depreciation and amortisation	81	37	1	21	-	69	209
Impairment of development cost	-	-		299	-	-	299

The segment information for the year ended 30 November 2010, having restated the Solcara Ltd trading activity as discontinued activities, is as follows:-

	Software as a Service £'000	**IT Support Services £'000**	**Head Office £'000**	**Cobent Ltd £'000**	**Discontinued operations (see note 7)) £'000**	**Consolidation Adjustment £'000**	**Total £'000**
External revenue	4,499	1,760	-	965	-	-	7,224
Internal revenue	5	10	-		-	(15)	-
Operating profit	1,313	156	(372)	187	-	-	1,284
Impairment of Goodwill		-	-	(2,600)	-	-	(2,600)
Cost of acquisition	-	-	(98)	-	-	-	(98)
Finance income	-	-	-	-	-	-	-
Finance costs		-	(151)	(4)	-	-	(155)
Taxation	(74)	(8)	31	-	-	-	(51)
Profit from discontinued operations	-	-	-		58	-	58
Profit/(loss) after taxation	1,239	148	(590)	(2,417)	58	-	(1,562)
Reportable segment assets	4,977	1,263	10,623	670	824	(4,711)	13,646
Reportable segment liabilities	2,196	665	3,772	663	725	(2,210)	5,811
Other information:							
Additions to property, plant and equipment	83	18	-	5	2	-	108
Additions to intangible assets	108	-		6,015	-	-	6,123
Depreciation and amortisation	40	33		-	2	-	82

5. Operating Loss

Operating loss is stated after charging:-

	2011	2010
	£'000	£'000
Depreciation of property, plant and equipment	**86**	82
Amortisation of Development Costs	**54**	-
Amortisation of Brand values	**68**	-
Loss on disposal of property, plant and equipment	**1**	11
Impairment of goodwill	**-**	2,600
Exceptional costs (see below)	**633**	124
Operating lease charges - land and buildings	**262**	191
Acquisition costs	**-**	98
Auditors' remuneration	**68**	70
Share based payments	**35**	53
Research and development expenditure – p&l	**325**	403
(a further £314k (2010: £413k) was capitalised)		

The exceptional costs relating to Cobent Ltd are made up of the following elements:-

	2011	2010
	£'000	£'000
Compensation for loss of office – Director	**30**	124
Compensation and notice payments – all staff	**122**	-
Impairment of development cost	**299**	-
Recruitment & temporary fees	**78**	-
Legal costs on the sale & purchase agreement & other matters	**104**	-
	633	124

6. Taxation

Analysis of tax (credit)/charge in the year	**2011**	2010
	£'000	£'000
Current income taxes credit:		
UK corporation tax credit for the year	**-**	(74)
Adjustment in respect of prior year	**30**	(17)
	30	(91)
Deferred tax		
Impact of change in tax rate	**(10)**	-
Origination and reversal of temporary differences	**(161)**	142
Adjustment in respect of prior year	**(47)**	-
Income tax expense on continuing operations	**(188)**	51

As shown above, the tax assessed on the loss on ordinary activities for the year is lower than (2010: higher) the standard rate of corporation tax in the UK of 26% (2010: 28%).

As shown above, the tax assessed on the (loss) for the year is lower than (2010: higher than) the standard rate of corporation tax in the UK of 26% (2010: 28%). The differences are explained as follows:

Factors affecting tax credit	**2011**	2010
	£'000	£'000
(Loss) on ordinary activities before tax	**(279)**	(1,569)
(Loss) on ordinary activities by rate of tax of 26.7% (2010: 27.7%)	**(74)**	(434)
Expenses not deductible for tax purposes	**37**	675
Adjustment in respect of prior year	**(17)**	(17)
Additional R&D claim CTA 2009	**(134)**	(173)
	(188)	51

7. Discontinued Operations

Discontinued Operations profit	**2011**	2010
	£'000	£'000
Wired-Gov Ltd	**-**	107
Solcara Ltd	**2,192**	(49)
	2,192	58

Discontinued Operations Cash	**2011**	2010
	£'000	£'000
Wired-Gov Ltd	**-**	(64)
Solcara Ltd	**68**	194
	68	130

On 30 June 2011 the group sold the share capital of Solcara Limited for £2,500,000 less costs and a subsequent £110,623 working capital adjustment. This company was the legal market arm of Solcara Ltd purchased by the group in November 2008. The Spotlight and ControlPoint products had been transferred to other parts of our group in December 2009. The business was not a discontinued operation or classified as held for resale as at 30 November 2010 and the comparative income statement has been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operation	**2011**	2010
	£'000	£'000
Revenue	**541**	749
Expenses	**(673)**	(730)
Results from operating activities	**(132)**	19
Financial expense	**2**	-
Pre-tax (loss)/profit of the discontinued operation	**(130)**	19
Related tax expense	**-**	(68)
Loss after tax of discontinued operations	**(130)**	(49)
Consideration received, satisfied in cash	**2,610**	-
Net assets of the group disposed of	**(250)**	-
Costs directly attributable to disposal	**(38)**	-
Profit/(Loss) after tax for the period	**2,192**	(49)
Basic profit per share	**1.0p**	0.02p
Diluted profit per share	**0.8p**	0.01p

Cash flows from discontinued operation

Net cash used in operating activities	**68**	194
Net cash used in discontinued operation	**68**	194

Effect of disposal on the financial position of the group

	2011	2010
	£'000	£'000
Property, plant and equipment	**3**	1
Trade and other receivables	**153**	388
Cash and cash equivalents	**227**	435
Trade and other payables	**(191)**	(325)
Accruals	**(224)**	(400)
Net (Liabilities)/assets at date of disposal	**(32)**	99
Associated goodwill disposed of	282	
Net assets of group disposed of	250	

On 12 May 2010 the group sold the share capital of Wired-Gov Limited for £142,692 less costs. This company was one of the legacy businesses acquired when the group was admitted to AIM. The business was not a discontinued operation or classified as held for resale as at 30 November 2009 and the comparative income statement has been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operation	**2011**	2010
	£'000	£'000
Revenue	**-**	92
Expenses	**-**	(96)
Results from operating activities	**-**	(4)
Financial expense	**-**	-
Pre-tax (loss)/profit of the discontinued operation	**-**	(4)
Related tax expense	**-**	-
	-	(4)
Consideration received	**-**	142
Net assets of the group disposed of	**-**	(25)
Costs directly attributable to disposal	**-**	(6)
Profit after tax for the period	**-**	107
Basic profit per share	**-**	0.05p
Diluted profit per share	**-**	0.03p

Cash flows from discontinued operation

Net cash used in operating activities	**-**	(64)
Net cash used in discontinued operation	**-**	(64)

Effect of disposal on the financial position of the group

	2011 £'000	2010 £'000
Property Plant and equipment	-	3
Trade and other receivables	-	70
Cash and cash equivalents	-	(2)
Trade and other payables	-	(33)
Accruals	-	(13)
Net assets at the date of disposal	-	25

8. Earnings per share

The calculation of earnings per share is based upon the profit for the continuing and discontinued business after taxation of £2,101,034 (2010: loss of £1,562,427) divided by the weighted average number of ordinary shares in issue during the year which was 251,581,201 (2010: 231,609,874). The loss for continuing operations of the group of £91,013 (2010: restated loss of £1,620,886). The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 329,197,511 (2010: 311,054,231). This has been adjusted for the effect of potentially dilutive share options granted under the company's share option schemes and convertible loan notes issued.

This has been computed as follows:

	2011			2010		
	Profit after tax £'000	**Weighted average no. of shares**	**Earnings per share (pence)**	Restated (Loss) after tax £'000	Weighted average no. of shares	Loss per share (pence)
Continuing and discontinued operations						
Earnings/(loss) attributable to ordinary shareholders from continuing activities	**2,101**	**251,581,201**	**0.84**	(1,562)	231,609,874	(0.67)
Dilutive effect of options	**-**	**35,955,351**		-	35,194,357	-
Dilutive effect of loan note conversion	**-**	**41,660,959**		-	44,250,000	-
Diluted earnings/(loss) per share for the year	**2,101**	**329,197,511**	**0.64**	(1,562)	311,054,231	(0.67)

	2011			2010		
	Profit after tax £'000	**Weighted average no. of shares**	**Loss per share (pence)**	Restated (Loss) after tax £'000	Weighted average no. of shares	Loss per share (pence)
Continuing operations						
Loss attributable to ordinary shareholders from continuing activities	**(91)**	**251,581,201**	**(0.04)**	(1,620)	231,609,874	(0.70)
Dilutive effect of options	**-**	**35,955,351**	**-**	-	35,194,357	-
Dilutive effect of loan note conversion	**-**	**41,660,959**	**-**	-	44,250,000	-
Diluted loss per share for the year	**(91)**	**329,197,511**	**(0.04)**	(1,620)	311,054,231	(0.70)

On the 21 September 2011 29,666,667 shares were returned to the company and were held in Treasury at the year end. Once in treasury they were removed from the earnings per share calculation.

The total number of options and warrants granted at 30 November 2011 of 38,254,314 would generate £1,249,414 in cash if exercised. At 30 November 2011 they were all priced above the mid-market closing price of 2.5p per share.

At the 30 November 2011 2,182,970 staff options were eligible for exercising at an average price of 5.3p. Also eligible for exercising are the 21,300,000 warrants priced at 2.75p per share held by M Jackson, D Lowe and Elderstreet VCT plc consequent to their investment in October 2008.

The outstanding loan notes will convert to 31,250,000 shares in June 2014.

In 2010 potential ordinary shares from the share option schemes and convertible loan notes have an anti-dilutive effect due to the Group being in a loss position. As a result, dilutive loss per share is disclosed as the same value as basic loss per share. This is still the case on continuing operations in 2011.

9. Purchase of subsidiary undertaking and business

Consequent to the acquisition of Cobent Ltd in March 2010 and the disappointing performance of the company in our ownership a claim was made in September 2011 under the terms of the Sale and Purchase agreement. The settlement of this claim in September 2011 resulted in the return of 29,666,667 shares from the two major vendors representing £1,780,000 at the issue price of 6 pence per share. As part of this claim we also received £63,500 as partial recovery of the bad debt inherited with acquisition in relation to Organisation Metrics of Canada. We are still seeking further recompense from Organisation Metrics themselves.

The returned shares are now held in treasury and attract no voting rights, nor do they impact dilution calculations. The return of shares has been accounted for in accordance with IAS 32 ‘Financial instruments: Presentation’ such that the instruments have been deducted from equity with no gain or loss recognised in profit or loss. The directors were satisfied that no further goodwill impairment was necessary at 30 November 2011 (2010: Impairment £2,600,000).

10. Intangible Fixed Assets

	Brand value £'000	Goodwill £'000	Development costs £'000	Total £'000
Cost				
At 1 December 2009	1,200	6,746	-	7,946
Additions on acquisition of subsidiary	169	5,541	-	5,710
Capitalised during the year	-	-	413	413
At 30 November 2010	1,369	12,287	413	14,069
At 1 December 2010	1,369	12,287	413	14,069
Capitalised during the year	-	-	314	314
Disposal of subsidiary	-	(282)	-	(282)
At 30 November 2011	**1,369**	**12,005**	**727**	**14,101**
Amortisation and impairment				
At 1 December 2009	-	2,950	-	2,950
Impairment in year	-	2,600	-	2,600
At 30 November 2010	-	5,550	-	5,550
At 1 December 2010	-	5,550	-	5,550
Amortisation in year	68	-	54	122
Impairment in year	-	-	299	299
At 30 November 2011	**68**	**5,550**	**353**	**5,971**
Net Book Value				
At 30 November 2011	**1,301**	**6,455**	**374**	**8,130**
At 30 November 2010	1,369	6,737	413	8,519

Impairment testing for cash-generating units containing goodwill and brands

For the purpose of impairment testing, goodwill is allocated to the group's operating segments which represent the lowest level within the group at which the goodwill is monitored for internal management accounts purposes. The review of the useful life assessment for the brands during the year resulted in a change from indefinite to finite useful life. This is considered to be an indicator for impairment. The tests were performed at the cash-generating unit level on the basis of value in use.

The aggregate carrying amounts of goodwill and brand allocated to each unit are:-

	Goodwill 2011 £'000	Brands 2011 £'000	Total 2011 £'000	2010 £'000
Software as a service	3,050	1,140	4,190	2,996
IT Support Services	800	-	800	800
Division in recovery – Cobent Ltd	2,605	161	2,766	2,941
	6,455	**1,301**	**7,756**	**6,737**

The value in use was determined by discounting the future cash flows generated from the continuing operation of the business segment and was based on the following assumptions:

- Cash flows were projected based on actual operating results and a ten year group trading forecast as approved by management. An approved forecast of ten years is considered to be justified because of the size and nature of the markets in which the group's products are sold. The carrying value is fully covered by this ten year forecast period and therefore no terminal value or terminal growth rate has been applied.
- Cash flows were estimated based on a revenue growth rate in a range of between 2% and 20% per annum in each year from 2 to 10, and an increasing cost base in a range of between 3% and 15% per annum. These rates of revenue growth are based upon past achievements of the group companies and have been decided upon company by company. Some companies are relatively early stage whilst others are more mature.
- The discount rate used in the value in use calculation is 11% (2010: 11%).

In addition to revenue growth, the key assumptions used in the impairment testing were:-

- Gross margins remain consistent over the ten year period with software businesses of a similar type.
- 60% of costs relate to employment costs which are therefore the key cost driver. Our experience has been that in the recent low inflation years we have been able to hold salary increases to 3% levels. Certain subsidiaries are expected to grow significantly over the next few years and will need to build their infrastructure accordingly. In these cases our costs have been assumed to rise at 20%.
- In overall terms the directors view the key sensitivities to be employment costs and gross margins. It would take an increase of over 15% in employment costs (current year increase 3%) in the case of each subsidiary to bring about any risk of impairment to the carrying value of goodwill. In the case of gross margins a fall of 5% could be absorbed before any goodwill impairment would be threatened.

In the case of Cobent Ltd the Directors have projected cash flows for a five year period, based on a forecast approved by management, and adopted a terminal value approach with the following assumptions:-

Discount rate at 11%
Longer term growth rate of 4%

The directors are satisfied that the current value in use is justified.

Development Costs

An impairment review took place of the capitalised development costs relating to the document management system (CDM) carried by Cobent Ltd, capitalised in 2010. As part of the reorganisation of Cobent Ltd in 2011 it has become clear that although this software has been sold on a stand alone basis it is better offered to clients as an additional feature of our learning management system AITalent. As a result of this it is no longer possible to forecast revenues specifically associated with CDM and as a result the directors have decided to impair the remaining development cost of £299,475 fully in 2011.

The directors considered that there were no further indicators of impairment relating to the remaining development costs.

11. Other interest bearing loans and borrowings

	2011	2010
	£'000	£'000
Non-current		
Former Director's Loan	2	-
Convertible loan notes	1,181	1,607

On 30 June 2009 £1,750,000 convertible loan notes were issued. The notes mature on 30 June 2014 and carry a coupon of 6% per annum, payable semi-annually until such time as they were repaid or converted in accordance with their terms. The holders of the notes may convert all or part of the notes held by them into new ordinary shares in the company on delivery to the company of a conversion notice, at 4 pence per share.

On 9 July 2009 the company issued a further £100,000 convertible loan notes with the same terms as those issued on 30 June 2009 except that their maturity date is 9 July 2014. In August 2010 this loan note holder exercised his right to convert this loan to equity at 4p per share. These 2,500,000 shares were admitted to AIM on 1 September 2010.

On 30 September 2011 £500,000 convertible loan notes were redeemed early at par. At the date of redemption the consideration allocated to the liability component resulted in a loss being recognised in profit or loss of £22,512 upon extinguishment and the consideration allocated to the equity component resulted in a reduction to equity of £22,369. The original equity component associated with this convertible loan note of £50,239 has been transferred to retained earnings.

The net proceeds received from the issues of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the company, as follows:-

	2011 £'000	**2010 £'000**
Proceeds of issue of convertible loan notes	**1,250**	1,750
Equity component	**(126)**	(176)
Deferred taxation	**(17)**	(40)
	1,107	1,534
Interest charged	**144**	147
Interest paid	**(115)**	(106)
Redemption – fair value of consideration allocation	**45**	32
Liability component at 30 November 2011	**1,181**	1,607

The equity component of £125,597 (2010: £175,834) has been credited to equity reserve.. The interest charged for the year is calculated by applying an effective rate of interest of 9.8% to the liability component for the 12 month period. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the balance sheet at 30 November 2011 represents the effective interest rate less interest paid to that date.

The movement on the Convertible Loan note liability is summarised below;-

	2011 £'000	**2010 £'000**
Opening loan liability	**1,607**	1,655
Interest charged for the year	**144**	147
Interest paid in the year	**(115)**	(106)
Redemption in the year	**(455)**	**(89)**
Liability component at 30 November 2011	**1,181**	1,607

12. AGM date

It is intended that the AGM will take place at the company's registered office, 32 Bedford Row, London, WC1R 4HE, at 2.00 pm on Monday, 16th April 2012.