FOR RELEASE
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ACCESS INTELLIGENCE PLC

("Access Intelligence" or "the Group")

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 NOVEMBER 2012

Access Intelligence Plc (AIM: ACC), a leading supplier of Software-as-a-Service (SaaS) solutions for the full life cycle management of a company's governance, risk and compliance .

Highlights

* Turnover from continuing activities increased by 11% to £8,053,000 (2011: £7,223,000)
* Contracted not yet invoiced revenue up 101% to £5,453,000 (2011: £2,713,000)
* Recurring revenue up 16% to £5,562,000 (2011: £4,807,000) at 69% of sales (2011: 66%)
* Adjusted EBITDA on continuing activities down 49% to £368,000 (2011:£720,000)*
* Loss after tax on continuing activities was £114,000 (2011: loss £91,000)
* Loss after tax on continuing and discontinued activities was £114k (2011: profit £2,101,000)
* Loss per share on continuing and discontinued operations 0.05p (2011: profit 0.84p)
* Cash balance of £2,772,000 (2011: £4,162,000).
* Total technology spend of £1,929,000 (2011:£639,000) of which £706,000 (2011:£314,000) was capitalised
* Proposed final dividend of 0.05p per share (2011: 0.2p) payable on 26 April 2013.

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

Michael Jackson, Executive Chairman, commented: -

2012 has seen strategic investment in both the Company and its solutions. We have already started to see the early signs of return on this investment, with a significant increase in revenues contracted not yet invoiced and an increase in long term shareholder value with a growing recurring revenue base. Our strategy continues to evolve and the synergies and interoperability between our products continues to grow, with customers recognising considerable benefits from utilising our combined suite of brands.

For further information:

Access Intelligence plc	
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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.

Forward looking statements

This document contains forward-looking statements.

These statements appear in a number of places in this document and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, revenue, financial condition, liquidity, prospects, growth, strategies, new products, the level of product launches and the markets in which we operate.

Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors.

These factors include any adverse change in regulations, unforeseen operational or technical problems, the nature of the competition that we will encounter, wider economic conditions including economic downturns and changes in financial and equity markets. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

CHAIRMAN'S STATEMENT

I am pleased to announce our results for the year ended 30 November 2012, a period in which the Company has made significant investment, whilst continuing to deliver considerable strategic and top line progress.

The year has seen strategic investment in both the Company and its solutions. We have already started to see the early signs of return on this investment, with a significant increase in revenues contracted not yet invoiced (up 101%) and an increase in long term shareholder value with a growing recurring revenue base.

RESULTS

Revenue was up by 11% to £8,053,000 (2011: £7,233,000).

Our continued commitment to the software-as-a-service business model has enabled us to build long-term visibility of revenues and in 2012 recurring revenues on continuing operations, at £5,562,000 (2011: £4,807,000), accounted for 69% (2011: 66%) of total revenues.

At 30 November 2012, deferred revenue stood at £2,732,000 (2011: £2,553,000) reflecting the growth in our already invoiced but not recognised revenue. A further £5,453,000 (2011: £2,713,000) of contracted but not yet invoiced revenue reflects the strong growth in SaaS contract sign ups.

Operating loss before taxation was £390,000 (2011: loss £156,000). In arriving at the operating loss we have charged £276,000 (2011: £208,000) for the depreciation and amortisation; no impairment charge (2011: £299,000) and £36,000 (H1 2011: £35,000) for share-based payments.

Cost of sales increased to £2,398,000 (2011: £2,142,000) due to higher messaging costs at AIControlPoint and sub-contractor costs suffered in the first half of the year. Messaging services were tendered resulting in a 76% reduction in on-going costs, while sub-contractors have now been replaced by permanent hires.

Total operating costs rose to £6,009,000 (2011: £5,212,000), these include exceptional costs, which are explained separately in Training and Competence. The increase in total operating cost reflects the significant investment made with the creation of a cutting edge development centre in York, housing specific staff in functional roles for research, development, programme management and quality assurance, rather than developers covering all areas. Significant investment has also been made in central functions as well as at brand operating level.

2013 will see continued investment across the Company's brands with the full benefits starting to come through in the latter parts of the current financial year. The proposed dividend is a sign of our confidence in the future.

Loss per share

The basic loss per share was 0.05p (2011: earnings 0.84p).

Cash

The Company had net cash at the end of the year of £2,772,000 (2011: £4,162,000), the change reflecting the significant investments made, which continue to be made into 2013.

Dividend

On 20 April 2012, the directors paid a final dividend of 0.2 pence per share. The directors propose a final dividend of 0.05p for those shareholders on the register on 22 March 2013 and payable on 26 April 2013 if approved by the shareholders at the AGM to be held on 22 April 2013.

OPERATIONS

2012 saw the launch of the Access Intelligence centre of excellence for product development in York, which has enabled us to align R&D strategy, methodologies and deliverables. This evolution in our development process has enabled the brands to benefit from shared technologies, reducing the time to market for new product innovations. In addition we have invested in the latest software testing technology and processes, ensuring we deliver robust solutions to market and providing customers with greater confidence and value.

Training and Competence

AITalent went through significant restructuring in 2011 and operating losses at AITalent have decreased to £236,000 (2011: loss £656,000) including exceptional costs of £171,000 (2011: £633,000) relating to the re-organisation and centralisation of the brand, moving location to Access Intelligence's head offices, with a focus on tighter cost controls.

2012 has seen an increased investment in sales and marketing, which has had a positive impact during the year with growth in new and existing business. Pipeline generation each quarter is up significantly compared to the same point in the previous period, whilst at the same time delivering a shortened lead time and an improved conversion rate.

Product innovation at AITalent has continued to be strong with the launch of the new reporting module, which has given AITalent a competitive advantage in the market.

Business Performance Management

AITrackRecord continues to be fundamental to the on-going operations of its customers and has enabled them to meet the requirements of the Retail Distribution Review, whilst ensuring minimal impact on sales operations. AITrackRecord has continued to leverage its customer base of industry leading financial services institutions and the results from this work have been recognised in early 2013 with a significant increase to the recurring revenue.

The investment AITrackRecord has made in R&D is already starting to benefit the Company's brands and has enabled AITalent to bridge the gap between the pure compliance training market and that of talent and performance management. The resulting combination of AITalent and AITrackRecord has enabled the commercial team to offer prospects additional functionality that outperforms that of its competitors, which both brands will benefit from during 2013.

e-Procurement and Supplier Risk Management

AIProcurement has had continued successes, opening 20 new accounts in the public and private sectors in the year. Despite a continued reduction in Government spending, AIProcurement continues to see growth from the public sector and now delivers e-Procurement solutions for . AIProcurement has also delivered significant savings for one of the UK's leading pub chains, Spirit Pub, continuing to demonstrate the value the solution delivers for the private sector.

As a result of the investment in new functionality and commercial activities during 2012, AIProcurement has been selected by leading technology research house, Gartner, to appear on their highly regarded Magic Quadrant for Strategic Sourcing Suites. This will help with the development of brand equity in both the public and private sector during 2013.

AIProcurement has also launched a new solution, Pure Tenders, designed for use by the supply chain of the public and private sectors and marketing activities have been specifically focused on AIProcurement's network of over 180,000 suppliers. The Pure Tenders product is a dynamic live search solution for UK and European tender opportunities and has unique selling points compared to other similar portals currently available. The current focus is to continue to develop functionality for the product and to significantly increase awareness.

Business Continuity and Incident Management

AIControlPoint has continued to deliver strong growth during 2012 and has established itself as the primary incident management solution for the UK Oil and Gas industry. The business has continued to improve on its strong presence in its core verticals of aviation, finance and oil and gas, with key customer acquisitions during 2012 including; Chevron and Edinburgh Airport. In addition AIControlPoint has seen a growing interest from the leisure industry and during 2012 has signed the largest hotel chain in the world, Intercontinental Hotel Group.

Through the sales and marketing activities and unique innovations in the solution, AIControlPoint has been noted in a number of Gartner Research papers over the past 12 months and selected as a 'cool vendor', which has helped to increase visibility and build upon the reputation of AIControlPoint as the "weapon of choice" for Emergency Response teams in high risk industries.

Stakeholder and Reputation Management

AIMediaComms' strong market position in the public sector continued despite tough market conditions, with customer acquisitions including Edinburgh Council, one of the largest authorities in the UK. The release of the new Freedom of Information (FOI) management product has proved 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 and reputation management market, benefiting from customer wins including Debenhams, Trafigura and Electricity North West.

2012 also saw the launch of enhanced stakeholder management functionality, including the launch of an advanced integrated political database in conjunction with Zetter's online, broadening the product for public affairs and other communications teams.

Infrastructure (IaaS), Cloud and Data Security Management

Willow Starcom has continued to move away from its previously traditional channel of 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 have 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 Access Intelligence Company brands.

2012 saw the launch of AICloud, as the standard infrastructure solution for the delivery of our SaaS proposition. With successful security and penetration testing, by the security and IT teams of market leading customers, the AICloud solution has continued to demonstrate the resilience and value of its offering. 2012 saw the acquisition of AICloud's first large enterprise solution, outside of the SaaS platform it delivers for Access Intelligence customers.

Strategy and Market

The Company continues to drive market leading innovation across its suite of GRC solutions with investment of £706,000 in R&D during 2012. 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 and risk management 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 multi-year contracts), reduced implementation costs and greater scalability. In addition, synergies in the development of product functionality across the brands, enables significant return on investment through the SaaS model, with a prime example being customisable reporting.

The markets in which we operate continue to experience ever more stringent regulation, with substantial consequences for companies that fail to meet them. Access Intelligence's solutions are core to companies achieving compliance and there continues to be significant opportunities for growth, both within our enviable customer base and regulated markets as a whole. The Board continues to review acquisition opportunities that will add value to the management of our customer's compliance and risk management lifecycle and drive additional value to the Company.

In 2013 will we will continue to invest in the development of our products and our focus is on recognising the benefits from our brand synergies, both for product innovation and commercial activities, with cross selling of the products already proving to deliver significant value for our existing customers.

Directors and Staff

2012 has continued our core belief of building a company based on the expertise, experience and integrity of our staff. A key example of this has been the investment made in additional staff during the year to support the growth in demand and product innovation across the company.

I would like to thank all our staff for their hard work and commitment, which has enabled us to recognise considerable progress both during 2012 and that we will continue to benefit from in the coming years. As a Company, we have delivered significant advances and I look forward to our continued success 2013.

Outlook

Organisations operating in both regulated and non-regulated markets across the world, continue to recognise the fundamental importance of utilising software solutions to provide the necessary governance, risk and compliance data combined with insightful and responsive management information that enables them to reduce costs, improve performance and mitigate risks. Meeting this demand will continue to be at the core of our strategy and be the driver for our continued innovation of our leading SaaS based solutions.

Our strategy continues to evolve and the synergies and interoperability between our products continues to grow, with customers recognising considerable benefits from utilising our combined suite of brands.

Michael Jackson
Chairman
5 March 2013

Consolidated Statement of Comprehensive Income for the Year Ended 30th November 2012

	Note	2012 £'000	2011 £'000
Revenue — continuing operations	3	**8,053**	7,233
Cost of sales		**(2,398)**	(2,142)
Gross profit		**5,655**	5,091
Administrative expenses		**(6,009)**	(5,212)
Share-based payment		**(36)**	(35)
Operating loss	5	**(390)**	(156)
Financial income		**23**	26
Financial expense		**(130)**	(149)
Loss before taxation		**(497)**	(279)
Taxation credit	6	**383**	188
Loss for the year from continuing operations		**(114)**	(91)
Profit for the year from discontinued operations net of income tax expense	7	**-**	2,192
(Loss)/profit for the year attributable to the equity holders of the parent company		**(114)**	2,101
Other comprehensive income		**-**	-
Total comprehensive income for the period attributable to the owners of the parent company		**(114)**	2,101
Earnings per share			
Continuing and discontinued operations			
Basic (loss)/profit per share		(0.05)p	0.84p
Diluted (loss)/profit per share		(0.05)p	0.64p
Continuing operations			
Basic loss per share		(0.05)p	(0.04)p
Diluted loss per share		(0.05)p	(0.04)p

Consolidated Statement of Financial Position as at 30th November 2012

	Note	2012 £'000	2011 £'000
Non-current assets			
Property, plant and equipment		**472**	249
Intangible assets	9	**8,846**	8,130
Deferred tax assets		**226**	199
Total non-current assets		**9,544**	8,578
Current assets			
Inventories		**191**	253
Trade and other receivables		**2,244**	1,932
Cash and cash equivalents		**2,772**	4,162
Total current assets		**5,207**	6,347
Total assets		**14,751**	14,925
Current liabilities			
Trade and other payables		**1,012**	803
Accruals and deferred income		**3,400**	2,973
Bank overdraft		**-**	2
Total current liabilities		**4,412**	3,778
Non-current liabilities			
Trade and other payables		**37**	-
Interest bearing loans and borrowings	10	**1,217**	1,183
Deferred tax liabilities		**-**	368
Total non-current liabilities		**1,254**	1,551
Total liabilities		**5,666**	5,329
Net assets		**9,085**	9,596
Equity			
Share capital		**1,286**	1,286
Treasury shares		**(148)**	(148)
Capital redemption reserve		**191**	191
Share option valuation reserve		**284**	226
Equity reserve		**126**	126
Retained earnings		**7,346**	7,915
Total equity attributable to the equity holders of the parent company		**9,085**	9,596

Consolidated Statement of Changes in Equity for the Year Ended 30th November 2012

Attributable to equity holders of the parent

	Share capital £'000	Treasury shares £'000	Share premium account £'000	Capital redemption reserve £'000	Share option reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
Group								
At 1 December 2010	1,286	-	13,490	191	319	176	(7,627)	7,835
Total comprehensive income for the year	—	—	—	—	—	—	2,101	2,101
Capital re-organisation	—	—	(13,490)	—	—	—	13,490	-
Equity component of convertible loan notes								
— equity portion	—	—	—	—	—	(50)	28	(22)
Share-based payments								
— lapsed/exercised in year	—	—	—	—	(32)	—	32	-
Share-based payments								
— current year	—	—	—	—	22	—	—	22
Tax reversal relating to share-based payment	—	—	—	—	(83)	—	—	(83)
Dividends recognised as distributions to owners	—	—	—	—	—	—	(257)	(257)
Treasury shares	—	(148)	—	—	—	—	148	-
At 30 November 2011	**1,286**	**(148)**	**-**	**191**	**226**	**126**	**7,915**	**9,596**
At 1 December 2011	1,286	(148)	-	191	226	126	7,915	9,596
Total comprehensive loss for the year	—	—	—	—	—	—	(114)	(114)
Share-based payments								
— current year	—	—	—	—	36	—	—	36
Tax reversal relating to share-based payment	—	—	—	—	22	—	—	22
Dividends recognised as distributions to owners	—	—	—	—	—	—	(455)	(455)
At 30 November 2012	**1,286**	**(148)**	**-**	**191**	**284**	**126**	**7,346**	**9,085**

Consolidated Cash Flow Statement for the Year Ended 30th November 2012

	2012 £'000	2011 £'000
Loss for the year from continuing operations after tax	**(114)**	(91)
Adjusted for:	-	
Taxation	**(383)**	(188)
Depreciation and amortisation	**276**	86
Impairment of intangible assets	-	421
Share option valuation charge	**36**	35
Interest income	**(23)**	(26)
Interest expense	**130**	149
Loss on disposal of property, plant and equipment	**-**	1
Operating cash inflow before changes in working capital	**(78)**	387
(Increase)/decrease in trade and other receivables	**(555)**	286
Decrease/(increase) in inventories	**62**	(5)
Increase in trade and other payables	**634**	126
Net cash inflow from the continuing operations	**63**	794
Taxation received	**20**	61
Net cash inflow from continuing activities	**83**	855
Cash flows from investing in continuing activities		
Interest received	**23**	26
Acquisition of property, plant and equipment	**(462)**	(134)
Proceeds of release of escrow (2011 sale of subsidiary (net))	**243**	2,345
Cost of software development	**(715)**	(314)
Net cash inflow/(outflow) from investing in continuing activities	**(911)**	1,923
Cash flows from financing continuing activities		
Interest paid	**(80)**	(118)
Redemption of loan notes	**-**	(500)
Repayment of borrowings	**(25)**	(25)
Payment of dividend	**(455)**	(257)
Net cash (outflow)/inflow from financing continuing activities	**(560)**	(900)
Net increase in cash and cash equivalents	**(1,388)**	1,878
Cash from discontinued operations	**-**	68
Opening cash and cash equivalents	**4,160**	2,214
Closing cash and cash equivalents	**2,772**	4,160

1. BASIS OF PREPARATION

This announcement has been prepared in accordance with the Company's accounting policies, which in turn are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The accounting policies comply with each IFRS that is mandatory for accounting periods ended 30 November 2012.

The results are unaudited, however we do not expect there to be any difference between the numbers presented and those within the annual report.

The financial information set out above does not constitute the group's statutory accounts, but is derived from those accounts. The statutory accounts for the year ended 30 November 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the group's annual general meeting.

2. Basis of consolidation

The group results comprise the financial statements of Access Intelligence plc and its subsidiaries as at 30th November 2012. They are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000).

3. Revenue

The group's revenue is primarily derived from the provision 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:-

	2012 £'000	2011 £'000
United Kingdom	**7,412**	6,699
European Union	**182**	162
Rest of the World	**459**	372
	8,053	7,233

All non-current assets are held in the United Kingdom as they were in 2011.

No customer represents 10% or more of revenue as was the case in 2011.

4. 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 – AI Talent Ltd (formerly Cobent Ltd)
- Head Office

The segment information for the year ended 30 November 2012, is as follows:

2012	Software as a service £'000	IT support services £'000	Head office £'000	AI Talent Ltd (Cobent Ltd) £'000	Discontinued operations £'000	Consolidation adjustment £'000	Total £'000
External revenue	5,343	1,736	-	974	-	-	8,053
Internal revenue	-	263	-	-	-	(263)	-
Operating profit/(loss)	1,072	173	(1,365)	(236)		(34)	(390)
Re-allocation of exceptional costs							-
Internal dividend			-				-
Finance income	11	1	11	-	-	-	23
Finance Costs	-	-	(125)	(5)	-	-	(130)
Taxation	107	10	210	19	-	37	383
Profit from discontinued operations			-				-
Profit/(loss) after taxation	1,190	184	(1,269)	(222)	-	3	(114)
Reportable segment assets	7,726	1,456	10,355	421	-	(5,207)	14,751
Reportable segment liabilities	3,292	857	4,081	1,194	-	(3,758)	5,666
Other information:							
Additions to property, plant and equipment	67	129	212	3	-	(34)	377
Depreciation and amortisation	152	77	33	14	-	-	276
Impairment of development cost	-	-	-	-	-	-	-

The segment information for the year ended 30 November 2011, is as follows:-

2011

	Software as a service	IT support services	Head office	AI Talent Ltd (Cobent Ltd)	Discontinued operations	Consolidation adjustment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'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	**65**	**57**	**12**	**-**	**-**	**-**	**134**
Depreciation and amortisation	**81**	**37**	**-**	**21**	**-**	**69**	**208**
Impairment of development cost	**-**	**-**	**-**	**299**	**-**	**-**	**299**

5. Operating loss

Operating loss is stated after charging:-

	2012	2011
	£'000	£'000
Depreciation of property, plant and equipment	**154**	86
Amortisation of development costs	**37**	54
Amortisation of brand values	**68**	68
Amortisation of software licence	**17**	-
Loss on disposal of property, plant and equipment	**23**	1
Exceptional costs (see below)	**446**	633
Operating lease charges - land and buildings	**398**	262
Acquisition costs	**-**	-
Auditor's remuneration (see below)	**60**	68
Share based payments	**36**	35
Research and development and other technical expenditure - p&l	**1,224**	325
(a further £706k (2011: £314k) was capitalised)		
Cost of inventories	**400**	513
Provision/(release of provision) for receivables	**50**	(16)
Impairment losses and (recoveries) on trade receivables	**-**	(31)

The exceptional costs are made up of the following:

	2012	2011
	£'000	£'000
Compensation for loss of office - director	**-**	30
Compensation and notice payments - all staff	**180**	122
Impairment of development cost	**-**	299
Recruitment and temporary staff fees	**213**	78
Legal Costs	**-**	24
Legal costs on the sale and purchase agreement & lease termination	**53**	80
	446	633

6. Taxation

	2012 £'000	2011 £'000
Current income taxes (credit)/charge:		
UK corporation tax credit for the year	**-**	-
Adjustment in respect of prior year	**(10)**	30
Total current income tax (credit)/charge	**(10)**	30
Deferred tax		
Impact of change in tax rate	**(11)**	(10)
Origination and reversal of temporary differences	**(362)**	(161)
Adjustment in respect of prior year	**-**	(47)
Total deferred tax	**(373)**	(218)
Total tax credit	**(383)**	(188)

As shown above, the tax assessed on the loss on ordinary activities for the year is higher than (2011: higher) the standard rate of corporation tax in the UK of 24% (2011: 26%).

The differences are explained as follows:

Factors affecting tax credit	2012 £'000	2011 £'000
Loss on ordinary activities before tax	**(497)**	(279)
Loss on ordinary activities by effective rate of tax of 24.7% (2010: 26.7%)	**(122)**	(74)
Expenses not deductible for tax purposes and other temporary differences	**22**	37
Adjustment in respect of prior year	**(10)**	(17)
Additional R&D claim CTA 2009	**(273)**	(134)
Total tax credit	**(383)**	(188)

7. Discontinued Operations

During the year ended 30 November 2012 there were no disposals or discontinued operations.

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.

	2012	2011
	£'000	£'000
Profit from discontinued operations	-	2,192
Cash used in discontinued operations	-	68

Results of discontinued operation	**2012 £'000**	2011 £'000
Revenue	-	541
Expenses	-	(673)
Results from operating activities	-	(132)
Financial expense		2
Pre-tax (loss)/profit of the discontinued operation	-	(130)
Related tax expense	-	—
Loss after tax of discontinued operations	-	(130)
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
Basic profit per share	-	1.0p
Diluted profit per share	-	0.8p

Effect of disposal on the financial position of the Group	**2012 £'000**	2011 £'000
Property, plant and equipment	-	3
Trade and other receivables	-	153
Cash and cash equivalents	-	227
Trade and other payables	-	(191)
Accruals	-	(224)
Net (liabilities)/assets at date of disposal	-	(32)
Associated goodwill disposed of	-	282
Net assets of Group disposed of	-	250

8. Earnings per share

The calculation of earnings per share is based upon the loss for the continuing and discontinued business after taxation of £114,000 (2011: profit of £2,101,000) divided by the weighted average number of ordinary shares in issue during the year which was 227,604,029 (2011: 251,581,201). The loss for continuing operations of the Group of £114,000 (2011: loss of £91,000). The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 296,536,627 (2011: 329,197,511), taking account of 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:

	2012			2011		
	Loss after tax £'000	**Weighted average no. of shares**	**Loss per share (pence)**	Profit after after tax £'000	Weighted average no. of shares	Earnings per share (pence)
Continuing and discontinued operations						
(Loss)/earnings attributable to ordinary shareholders from continuing activities	(114)	227,604,029	(0.05)	2,101	251,581,201	0.84
Dilutive effect of options	n/a	n/a	n/a	-	35,955,351	-
Dilutive effect of loan note conversion	n/a	n/a	n/a	-	41,660,959	-
Diluted (loss)/earnings per share for the year	(114)	227,604,029	(0.05)	2,101	329,197,511	0.64

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 2012 of 38,543,208 would generate £1,172,448 in cash if exercised. At 30 November 2012 they were all priced above the mid-market closing price of 3.03p per share.

At the 30 November 2012 9,954,314 staff options were eligible for exercising at an average price of 3.7p. 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 be redeemed at par or convert to 31,250,000 shares in June 2014.

In 2012 and 2011 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.

9. Intangible Fixed Assets

	Brand value £'000	Goodwill £'000	Development costs £'000	Software Licences £'000	Total £'000
Cost					
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
At 1 December 2011	1,369	12,005	727	-	14,101
Capitalised during the year	—	—	706	132	838
Disposal of subsidiary	—	-	—	-	-
At 30 November 2012	**1,369**	**12,005**	**1,433**	**132**	**14,939**
Amortisation and impairment					
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
At 1 December 2011	68	5,550	353	-	5,971
Amortisation in year	68	-	37	17	122
Impairment in year	-	-	-	-	-
At 30 November 2012	**136**	**5,550**	**390**	**17**	**6,093**
Net Book Value					
At 30 November 2012	**1,233**	**6,455**	**1,043**	**115**	**8,846**
At 30 November 2011	1,301	6,455	374	-	8,130

Annual impairment testing for cash-generating units ("CGUs") containing goodwill
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, these represent the CGUs. The impairment tests were performed at the CGU level on the basis of value in use.

The review of useful life assessment for the brands during 2011 resulted in a change from indefinite to finite useful life of 20 years. The aggregate carrying amounts of goodwill and brand allocated to each unit are:

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

	Goodwill 2012 £'000	Goodwill 2011 £'000	**Brands 2012 £'000**	Brands 2011 £'000
Software as a service	**3,050**	3,050	**1,080**	1,140
IT Support Services	**800**	800	**-**	-
Division in recovery — AI Talent Ltd (formerly Cobent Ltd)	**2,605**	2,605	**153**	161
	6,455	6,455	**1,233**	1,301

In the impairment testing of goodwill, 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:

- For each CGU cash flows were projected based on a detailed bottom-up budget for 2013 and extrapolated forecasts at growth rates and assumptions approved by management to provide a ten year group trading forecast. 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 10% and 40% per annum in each year from 2 to 10, and an increasing cost base in a range of between 2% and 40% per annum. These rates of revenue growth are based upon management expectations for the group companies and have been decided upon company by company. Some companies are relatively early stage whilst others are more mature, though all are considered to be growing due to the ongoing or recent investment in sales and marketing and product development.

- Specifically, the cost base has had the following growth rate ranges applied: cost of sales between 5% and 40%, staff costs between 3% and 25% and other operating costs at between 2% and 20%

- The discount rate used in the value in use calculation is 11% (2011: 11%).

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

- Gross margins remain consistent over the ten year period driven many by budgeted expectation and not factoring synergies through technical advances. Management consider this to be a prudent assumption.

- 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 by up to 25%.

In overall terms the directors view the key sensitivities to be sales growth as other costs can largely be controlled and predicted. In terms of all CGUs considered, there remains significant headroom in the discounted future cash flows against their respective carrying value of goodwill, except for in the case of AI Talent Ltd, which has been in turnaround for some time. In May 2012, AI Talent Ltd came under direct control of the Chief Operating Officer and was relocated within the head office in London. Several changes to staff were made and the new team have made considerable progress. In terms of key sensitivities for AI

Talent Ltd, sales growth would need to fall to 11%, from the projected 20% to trigger the risk of impairment to the carrying value of goodwill.

Specifically, in the case of AI Talent Ltd (formerly Cobent Ltd) the directors have projected based on a detailed bottom-up budget for 2013 and extrapolated forecasts at growth rates and assumptions approved by management to provide a ten year group trading forecast, with the following assumptions:

- Discount rate at 11%
- Longer term revenue growth rate of 20%, costs of sales growth at 20% to maintain a constant margin as budgeted for 2013, staff cost growth at between 3% and 10% reflecting new hires in the sales team and long term other operating cost growth rate of 4%.

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

Development Costs

An impairment review using value in use calculations, took place of the capitalised development costs in 2012 and no impairment was considered necessary as the development projects' discounted future cash flows exceeded the carrying value of the capitalised development costs. In 2011, an impairment review was conducted relating to the document management system (CDM) carried by AI Talent Ltd (formerly Cobent Ltd). 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 AI Talent. As a result of this it is no longer possible to forecast revenues specifically associated with CDM and as a result the directors impaired the remaining development cost of £299,000 fully in 2011.

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

10. Other interest bearing loans and borrowings

	2012	2011
	£'000	£'000
Non-current		
Former employee's loan	**-**	2
Convertible loan notes	**1,217**	1,181

On 30 June 2009 £1,750,000 convertible loan notes were issued. The notes are redeemable at par or convertible to ordinary shares at 4p per ordinary share on or before maturing 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.

No redemptions or conversions of the convertible loan stock arose in the year ended 30 November 2012.

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:

	2012	2011
	£'000	£'000
Proceeds of issue of convertible loan notes	**1,250**	1,250
Equity component	**(126)**	(126)
Deferred taxation	**(9)**	(17)
	1,115	1,107
Interest charged	**125**	144
Interest paid	**(75)**	(115)
Redemption - fair value of consideration allocation	**52**	45
Liability component at 30 November 2012	**1,217**	1,181

The equity component of £126,000 (2011: £126,000) has been credited to equity reserve (see note 9 of the parent Company). 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 2012 represents the effective interest rate less interest paid to that date.

The movement on the Convertible Loan note liability is summarised below:

	2012	2011
	£'000	£'000
Opening loan liability	**1,181**	1,607
Interest charged for the year	**111**	144
Interest paid in the year	**(75)**	(115)
Redemption in the year	**-**	(455)
Liability component at 30 November 2012	**1,217**	1,181

11. AGM date

It is intended that the AGM will take place at the company's registered office, 32 Bedford Row, London, WC1R 4HE, at 2.30 pm on Monday, 22nd April 2013.