Parallel Media Group plc

Financial Statements
for the year ending 31 December 2011
Registered Number 630968

PARALLEL MEDIA GROUP PLC,
A LEADING SPORTS, ENTERTAINMENT AND DIGITAL MEDIA AGENCY

Parallel Media Group (PMG) has a strong Asian focus and owns major golf assets, including Korea's largest tournament, the Ballantine's Championship The company also recently entered into a joint venture with Alpha Entertainment Private Ltd to promote KPOP concerts throughout Asia PMG has a track record of creating specific projects for international brands,working with clients as varied as Pernod Ricard, Hyundai, Emirates, Omega, Marina Bay Sands, Bank of America & Korean Telecom The company is also developing Smart Media channels for global events in conjunction with leading brands

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DIRECTORS AND ADVISERS

Directors	David Ciclitira (Chairman) Serenella Ciclitira Leonard Fine Ranjit Murugason
Company No	630968
Secretary and Registered Office	Sole Associates Accountants Limited 10 Peterborough Mews Parsons Green London, SW6 3BL
Nominated Adviser and Broker	Northland Capital Partners Limited 60 Gresham Street London, EC2V 7BB
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Solicitors	Starr & Partners LLP 21 Garlick Hill London, EC4V 2AU
Bankers	Lloyds TSB Commercial 2nd Floor, 25 St George Street London, W1S 1FS
Registrars	Capita IRG Plc Beckenham Kent, BR3 4TU

CHAIRMAN'S STATEMENT

Overview

During this period of global uncertainty, Parallel Media Group PLC (PMG) has continued to make progress, focusing especially on Asian emerging markets, while continuing to grow the traditional events and sponsorship business, and build long-term assets 2011 saw PMG reduce its operational loss considerably

Operational Review

In the short to medium term, the core of PMG's business will continue to be the promotion of golf tournaments in mainstream Asian markets In addition to the Ballantine's Championship, PMG is currently in negotiations for the creation of a second golf tournament on the European Tour calendar

In April 2011, the Ballantine's Championship was held at the prestigious Black Stone Golf Course just outside of Seoul The tournament, which was sponsored by Hyundai, Korean Telecom, Korean Insurance, Bank of America, Emirates Airline and Omega was won by Lee Westwood

In July 2011, PMG completed the acquisition of a 50% interest in Parallel Smart Media (PSM) and is now in discussions with various third parties, including sponsors and editorial partners, to create smart media channels for portable devices PMG also opened new offices in Singapore and Seoul to develop new business across Asia, with particular focus on golf, lifestyle and music

Financial Highlights

- The loss for the financial year was reduced to £0 4 million (2010 loss £1 27 million)
- The loss per share fell to 2 2p (2010 Loss per share 24 1p)
- Administration costs decreased to £1 9 million (2010 £2 9 million)
- The net liabilities of the Group have reduced by £1 0m
- At 31 December 2011, the Group has a positive balance sheet with net assets of £0 4 million

Operational Highlights

2011 was a transformational time for PMG During this period, we

- Acquired a 50% interest in Parallel Smart Media, a company which develops smart media channels for mobile devices, for £1 million
- Raised £1 2 million of new capital in August 2011 for the development of the Smart Media business
- Formed a joint venture with Arena for development of temporary event structures in Korea
- Launched Parallel Media Korea, a new sports event business in Seoul

Post Year End Highlights – The Company Has

- Established a new joint venture company Parallel Smart Media Asia (subsequently renamed Parallel Media Group Asia (PMGA)) based in Singapore to utilise PSM's smart media platforms to develop business areas in sponsorship rights, acquisition and sales, out of home advertising sales, as well as entertainment and art projects
- In April 2012, staged the most successful Ballantine's Championship to date
- Increased its interest in Parallel Smart Media to 75%
- Established Parallel Smart Media Asia Alpha Entertainment PTE Ltd, a joint venture with Alpha Entertainment Private Ltd to promote K-POP concerts throughout Asia
- Raised £500,000 of new working capital in April 2012 for the development of PMGA and the new joint venture with Alpha Entertainment.
- Established Parallel Media Italia, a 50/50 joint venture in Milan, to develop sports marketing in Italy and the 2015 Milan Expo
- Created Froggies Media, a joint venture in Paris for the development of smart media platforms in France

CHAIRMAN'S STATEMENT (continued)

Financial Review

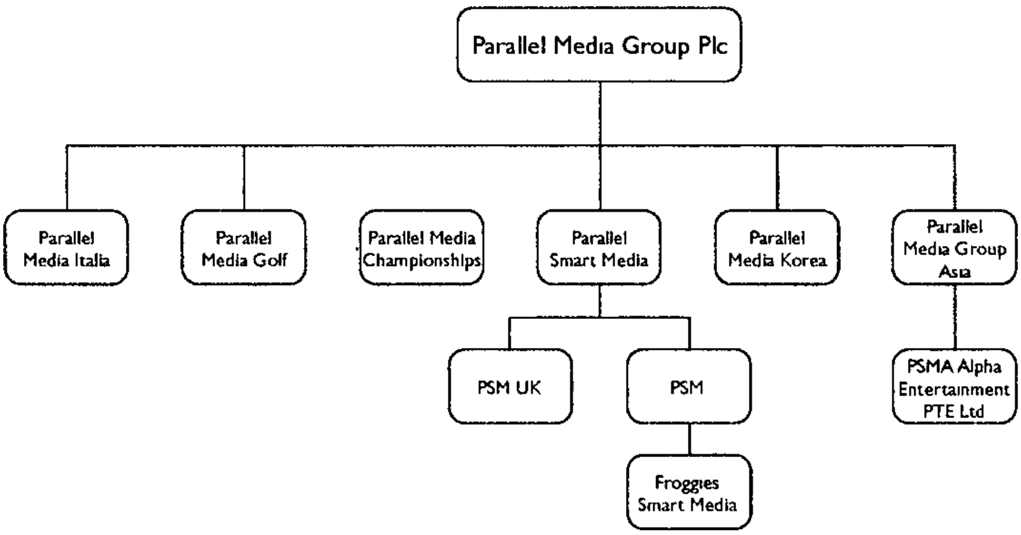
Turnover for the year was £6 4 million (2010 £6 7 million) The reduction in turnover is due to our reduced commission structure in relation to the Hong Kong Open Gross margins decreased to 31% (2010 34%) resulting in gross profits for the year of £2 0 million (2010 £2 2 million)

Administration costs decreased to £1 9 million (2010 £2 9 million), partly due to the renegotiation in 2010 of PMG's core contracts and the capital restructuring and partly due to costs of £0 5 million being recharged to the Parallel Smart Media Joint Venture in 2011, resulting in a profit before interest, tax, depreciation, amortisation and exceptional items of £0 1 million (2010 loss before interest, tax, depreciation and amortisation of £0 6 million) The loss for the financial year was £0 4 million (2010 loss £1 3 million) The loss per share is 2 2p (2010 Loss per share 24 1p)

The net liabilities of the Group have reduced by £1 0m At 31 December 2011, the Group has a positive balance sheet with net assets of £0 4 million

Group Structure

PMG is simplifying the group structure underneath its umbrella name into five companies - Parallel Media Championships, Parallel Media Group Asia, Parallel Smart Media, Parallel Media Korea and Parallel Media Italia (See chart below) In addition the Group has outsourced its management accounting operations in order to reduce costs and increase efficiency



Parallel Media Italia (PMI) is a joint venture between PMG and Italian media company, Media Makers PMI is developing new projects across the sport, entertainment and lifestyle sectors with a particular focus on the 2015 Milan EXPO

Parallel Media Golf (formerly Parallel Media Europe), which is wholly owned by PMG, houses the non Ballantine's Championship golf tournaments such as the Kazakhstan Open golf tournament and is seeking to expand its portfolio with the addition of further tournaments in Asia

The Ballantine's golf tournament is housed in a separate company called Parallel Media Championships Ltd

Parallel Smart Media (PSM), which is 75% owned by PMG, is a digital service provider for the professional networks, education, conferencing, sports and entertainment sectors for the latest generation of phone and tablet devices

Parallel Media Korea (PMK), which is a wholly owned subsidiary of PMG, is focused on strengthening PMG's position within the South Korean sports events sector and allows for significant expansion of operations in this region

Parallel Media Group Asia (PMGA) (formerly Parallel Smart Media Asia), which is 51% owned by PMG, has a focus on sponsorship rights, acquisition and sales, out of home advertising sales as well as entertainment and art projects PMGA has entered into a joint venture with Singapore and Korea based HW Alpha PTE Ltd, to promote K-Pop concerts in Asia

CHAIRMAN'S STATEMENT (continued)

Future Prospects

In April 2012, Parallel Media Championships enjoyed a successful Ballantine's Championship, generating revenues of over US$8 million, up 5% on 2011, with over 45,000 people attending the tournament.

In line with its strategy to become one of the leading golf promoters in Asia, Parallel Media Golf has agreed a new date for an event on the European Tour calendar to be hosted in Asia and we expect to announce new sponsors in the near future In addition, Parallel Media Golf is also negotiating the launch of two new men's golf tournaments in Asia - which are scheduled to commence in 2013

PMK, which has been responsible for the staging and sale of secondary sponsorship of the Ballantine's Championship, is also in discussions to launch a new Ladies Golf Tournament in Korea from 2013, building on the success of the Korean Ladies Masters In early 2012, key sales executives joined PMGA to broaden PMG's reach in the Asian markets Together with PMK, PMGA focuses on sponsorship rights, acquisition and sales, as well as entertainment projects across Asia

PMGA is also involved in the development of smart media applications within the Asian markets In addition, PMGA has set up a joint venture with Alpha Entertainment Private Ltd to promote K-POP artists throughout the region The first concert on June 16th 2012, featuring Shinhwa, was a resounding success both in terms of sponsorship and ticket sales A further three concerts are scheduled to take place in the next six months

In January 2012, PMG successfully completed the acquisition of a further 25% interest in PSM for a consideration of £200,000, increasing its stake to 75%

PSM has implemented some important changes over the past six months with the production of its technology being relocated from Korea to the Ukraine This move allows PSM to work more efficiently with its developers and to be more cost effective As a result, PSM is launching the first channel to be produced out of Ukraine -a new Korean Eye App, which will be available for download by the end of July 2012

I would like to take this opportunity to thank my fellow board members, Serenella Ciclitira, Leonard Fine and Ranjit Murugason, and all of our hard working staff around the world I would also like to welcome all of the new members of staff including our new COO, KD Han, who has recently joined us after 27 years in a senior management position with Korean Air

We now have an extremely strong Asia-based team in place and look forward to further developing operations in the coming months PMGA, based in Singapore, is headed up by Jin Wei Toh who joined from the Sports Marketing agency IMG Singapore, and the President of Parallel Media Korea is Sonia Hong who prior to joining PMK was Secretary General of Visit Korea Year 2010-2012

Martin Capstick, based in Hong Kong, runs our golf division and has been involved in over 50 golf tournaments throughout 9 different countries, including the promotion of 15 PGA European Tour events

As with many businesses, the last couple of years have been challenging but I am personally excited about the future and look forward to the rest of 2012 and 2013 with confidence

David Ciclitira

Chairman

REPORT OF THE DIRECTORS for the year ended 31 December 2011

The directors of Parallel Media Group plc ("PMG" or the "Company and its subsidiaries") present their annual report and audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 31 December 2011 were those of sports promotion, event management, sponsorship sales, media distribution, and sports sponsorship advisory services

BUSINESS REVIEW

In the year ended 31 December 2011, PMG successfully staged two events (Ballantine's Championship and Kazakhstan Open) and earned sales commissions and consultancy revenues on sponsorship arrangements in Asia and Europe

PMG has continued in its role as the commercial representative to the Ladies European Tour selling television rights on their behalf PMG is also the promoter of KPOP concerts in Asia and provides consultancy services for key brands in relation to their commercial activities in sport.

The Summary of Financial Results for the year ended 31 December 2011 is included in the Chairman's Statement on Page 04

BASIS OF PREPERATION, FORECASTS AND ASSUMPTIONS

The financial statements have been prepared on a going concern basis which assumes that the group will continue in operational existence for the foreseeable future The directors have prepared trading and cash flow forecasts for the group for the period to 31 December 2013 The forecasts incorporate trading assumptions, including increased sponsorship from existing tournaments and new sponsorship revenues The forecasts include realistic assumptions on raising additional equity and/or loans from investors

PRINCIPAL UNCERTAINTIES

REVENUE RISK

PMG derives the majority of revenues from business in Asia with both events and sponsorship sales in the region Sponsorship sales rely on international brands seeking to expand their presence in the Asian markets Downturn in Asian sponsorship could negatively impact PMG results PMG is working to mitigate this risk through the development of long-term sponsorship contracts

COST RISK

A considerable portion of PMG's cost of sales is derived from business in Asia for the delivery of events in the region Increases in local supplier costs may negatively impact PMG results PMG works to mitigate this risk by working with internationally recognised suppliers and renegotiates supply contracts on an event by event basis

EVENT CANCELLATION RISK

A large proportion of PMG revenues and costs are derived from the staging of international golf events in the Asia region To mitigate the impact of event cancellation, PMG insures against this risk

REPORT OF THE DIRECTORS for the year ended 31 December 2011

DEVELOPMENT RISKS

During 2011, PMG, through its subsidiary Parallel Media Korea (New Media) Limited acquired a Joint Venture in Parallel Smart Media Limited The development activities of Parallel Smart Media to 31 December 2011 have resulted in new products that, through on going negotiations with third parties, are viable and marketable

NEW PRODUCT RISKS

PMG carries out market research on new products and expects all new products to generate revenues

DIVIDEND

No dividend is recommended in respect of the year ended 31 December 2011 (31 December 2010- £ Nil)

DIRECTORS

The directors during the year were

Director	**Period of office**
David Ciclitira	Director for the full year ended 31 December 2011
Leonard Fine	Non- Executive Director for the full year ended 31 December 2011
Stewart Mison	Executive Director resigned 29 July 2011
Serenella Ciclitira	Non- Executive Director for the full year ended 31 December 2011
Ranjit Murugason	Non- Executive Director for the full year ended 31 December 2011

DIRECTORS INTERESTS IN SHARES AND OPTIONS

The beneficial interests in the ordinary share capital of the Company of the directors in office at 31 December 2011 were as follows (Further details on the directors' beneficial interests in the share options are given in note 25 of the financial statements)

	31 December 2011 Ordinary shares of 2 2p		**31 December 2010 Ordinary shares of 2 2p**	
Fully Paid	**Fully Paid**	**Options**	**Fully Paid**	**Options**
David Ciclitira	7,928,911	44,935	6,536,704	44,935
Leonard Fine	133,750	11,907	133,750	11,907
Stewart Mison (resigned 29 July 2011)	-	-	612,500	-
Serenella Ciclitira	-	-	-	-
Ranjit Murugason	892,857	-	750,000	-

REPORT OF THE DIRECTORS for the year ended 31 December 2011

The shares or beneficial interest in the shares held by David Ciclitira are as follows

Holder	No of 2 2p shares 31 December 2011	No of 2 2p shares 31 December 2010	Reference
D Ciclitira	177,672	177,672	held by D Ciclitira directly
Walbrook Trustees (Jersey) Ltd	4,956,788	4,956,788	a discretionary trust, of which D Ciclitira is a potential beneficiary
Luna Trading Ltd	2,794,451	1,402,244	a company held by a discretionary trust, of which D Ciclitira is a potential beneficiary
	7,928,911	6,536,704	

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is Group policy that appropriate terms and conditions for its transactions be agreed with its suppliers and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them The Group does not follow any code or standard on payment practice The number of creditor days of the Group outstanding at 31 December 2011 was 150 days (at 31 December 2010 160 days)

FINANCIAL INSTRUMENTS

Although PMG is based in the UK, a considerable portion of revenue and costs are denominated in US dollars and Euros As a result, the Group's consolidated financial statements (presented in Sterling) can be affected by currency movements The Group's financial risk management objective is to minimise the exposure to such foreign currency risks PMG's policy is to match US dollar and Euro revenue and costs as closely as is practicable

The Group is exposed to interest rate risk from movements in the bank base rate, as the rate at which medium term loans charge interest is 3% above base

The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures The Group's customers are predominantly comprised of large multi-national luxury brands The sponsorship & consulting revenues are secured by contracts for the provision of services Title sponsors pay contracted stage payments in regular intervals throughout the year Secondary sponsors pay contracted sponsorship fees usually 60 days prior to the event. The Group aims to ensure that the majority of sponsorship is paid prior to the provision of the service or event.

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits The Group plans to continue to meet operating and other commitments as they fall due Liquidity risk is managed through cash flow forecasts and regular planning

REPORT OF THE DIRECTORS for the year ended 31 December 2011 (continued)

SUBSTANTIAL SHAREHOLDINGS

The following investors notified the directors that they hold or are beneficially interested in 3% or more of the Company's ordinary share capital

David Ciclitira Concert Party	7,928,911	39 61%
BNY (OCS) Nominees Limited	2,357,142	11 77%
UBS Private Banking Nominees Limited	1,656,907	8 28%
Ranjit Murugason	892,857	4 46%
Chinui Kim	857,142	4 28%
Pierce Casey	713,807	3 57%
Smith & Williamson Nominees	677,672	3 39%
Other shareholders	4,935,313	24 64%
	20,019,751	100%

DIRECTORS' LIABILITY INSURANCE

During the year, directors' and officers' liability insurance was maintained for directors and other officers of the Company as permitted by the Companies Act 2006

AIM COMPLIANCE

In accordance with AIM Rule 31, the company is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules In order to ensure that these obligations are met, matters of compliance are managed through regular Board meetings and advice is sought from the Group's nominated adviser (Nomad) The Directors are satisfied that the company's obligations under AIM Rule 31 have been met during the period under review

PROVISION OF INFORMATION TO AUDITOR

In the case of each of the directors who are directors of the company at the date when this report is approved

- So far as they are individually aware, there is no relevant audit information of which the company's auditor is unaware, and

- Each of the directors has taken all the steps that they ought to have taken as a director to make them selves aware of any relevant audit information and to establish that the company's auditor is aware of the information

AUDITOR

PKF (UK) LLP have indicated their willingness to continue in office A resolution will be submitted to the Annual General Meeting to propose their re-appointment.

POST BALANCE SHEET EVENTS

Since the year end, the company has

- Successfully completed the acquisition of a further 25% interest in Parallel Smart Media for a consideration of £200,000
- Developed a Joint Venture with Alpha Entertainment Private Ltd (Parallel Smart Media Asia Alpha Entertainment PTE Ltd) to promote KPOP concerts throughout Asia
- Raised £500,000 of new working capital in April 2012 for the development of PMGA and the new joint venture with Alpha Entertainment.
- Established a Joint Venture partnership business in Milan, based around sports marketing in Italy and the 2015 Milan Expo (Parallel Media Italia)
- Concluded a capital raise of SGD 1,000,000
- Created a Joint Venture in Paris for the development of Smart Media Platforms in France (Froggies Media)

Full details of Post Balance Sheet events are contained in note 31 of the Financial Statements

On behalf of the Board

David Ciclitira

Chairman

24th July 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

Overview

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business

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

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

REPORT OF THE INDEPENDENT AUDITOR

Independent Auditor's Report to the Members of Parallel Media Plc

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company'smembers as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion

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

Opinion on Other Matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters On Which We Are Required To Report By Exception

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

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

Jason Homewood PKF(UK)LLP
Senior statutory auditor
for and on behalf of PKF (UK) LLP,
Statutory auditor, London, UK

24th July 2012

Parallel Media Group plc

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Continuing operations			
Revenue	4	6417	6651
Cost of sales	5	(4420)	(4406)
Gross profit		1997	2245
Administrative expenses		(1920)	(2945)
Administrative expenses-Foreign exchange		31	77
Profit/(Loss) before interest, tax, depreciation, amortisation and exceptional items		108	(623)
Depreciation of fixed assets		(5)	(7)
Amortisation of intangibles		(220)	(155)
Operating (Loss) before exceptional Items	6	(117)	(785)
Exceptional items	6a	(101)	-
Operating (Loss) after exceptional Items		(218)	(785)
Finance Costs- non recurring	9	-	(86)
Finance Costs	9	(111)	(398)
Investment income		-	-
Share of post acquisition loss of Joint Venture		(46)	-
(Loss) on ordinary activities before tax	4	(375)	(1269)
Taxation	11	-	-
(Loss) for the year		(375)	(1269)
Attributable to			
Non-controlling interests		-	-
Equity holders of the parent		(375)	(1269)
(Loss) for the financial year		(375)	(1269)
(Loss) per share			
-basic	12	(2 2p)	(24 1p)
-diluted	12	(2 2p)	(24 1p)

The notes on pages 17 to 47 form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2011

	Group	
	2011	2010
	£'000	£'000
(Loss) for the year	(375)	(1269)
Other comprehensive income		
Exchange difference on translation of foreign operations	29	(34)
Total comprehensive expense for the year	(346)	(1303)
Total comprehensive expense attributable to		
Equity holders of the parent	(350)	(1301)
Non-controlling interest	4	(2)
	(346)	(1303)

The notes on pages 17 to 47 form part of these financial statements

STATEMENTS OF FINANCIAL POSITION as at 31 December 2011

	Note		Group		Company
		2011	2010	2011	2010
		£'000	£'000	£'000	£'000
Non current assets					
Property, plant and equipment	13	1	6	1	6
Intangible assets- Tournament rights	14	2002	2138	2002	2138
Intangible assets-Development costs	14	219	306	219	306
Investment in Joint Venture	15	1319	-	-	-
Investments	15	12	12	2111	1100
Total non current assets		3553	2462	4333	3550
Current assets					
Trade and other receivables	16	1917	1388	1231	1045
Cash and cash equivalents	17	22	142	19	139
Total current assets		1939	1530	1250	1184
Current liabilities					
Financial liabilities-Borrowings	18	250	104	250	104
Financial liabilities-Convertible loans	19	-	39	-	39
Deferred income	20	1299	958	-	-
Trade and other payables	20	2546	2598	4339	2874
Total current liabilities		4095	3699	4589	3017
Net current liabilities		(2156)	(2169)	(3339)	(1833)
Non current liabilities					
Financial liabilities-Borrowings	21	667	896	667	896
Deferred tax	23	354	-	-	-
Total Non-Current Liabilities		1021	896	667	896
Net assets/(liabilities)		376	(603)	327	821
Equity					
Share capital	24	3463	3362	3463	3362
Share premium		6653	5429	6653	5429
Other reserves		557	557	557	557
Capital redemption reserve		5034	5034	5034	5034
Foreign exchange reserve		13	(12)	-	-
Retained earnings		(15210)	(14835)	(15380)	(13561)
Equity attributable to equity holders of the parent		510	(465)	327	821
Non-controlling interests		(134)	(138)	-	-
		376	(603)	327	821

The financial statements were approved and authorised for issue by the board of directors on 24th July 2012 and were signed on its behalf by

David Ciclitira - Chairman

The notes on pages 17 to 47 form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2011

The table below shows the statement of changes in equity for the year ended 31 December 2011

	Ordinary Share Capital	Share Premium	Equity Reserves	Other Reserves	Capital Redemption	Forex Reserve	Retained Earnings	Subtotal	Non Controlling Interests	Total
Group										
At 31 December 2010	3362	5429		557	5034	(12)	(14835)	(465)	(138)	(603)
Loss for the year	-						(375)	(375)	-	(375)
Foreign exchange	-				-	25		25	4	29
Total comprehensive income	-					25	(375)	(350)	4	(346)
Issued share capital	101	1504				-		1605	-	1605
Share issue costs	-	(280)			-	-		(280)	-	(280)
At 31 December 2011	3463	6653		557	5034	13	(15210)	510	(134)	376
Company										
At 31 December 2010	3362	5429		557	5034		(13561)	821	-	821
Loss for the year	-					-	(1819)	(1819)		(1819)
Issued share capital	101	1504				-		1605	-	1605
Share issue costs	-	(280)					-	(280)		(280)
At 31 December 2011	3463	6653		557	5034		(15380)	327	-	327

The table below shows the statement of changes in equity for the year ended 31 December 2010

	Ordinary Share Capital	Share Premium	Equity Reserves	Other Reserves	Capital Redemption	Forex reserve	Retained earnings	Subtotal	Non contolling Interests	Total
Group										
At 31 December 2009	3070	2091	57	557	5034	20	(13566)	(2737)	(136)	(2873)
Loss for the year		-				-	(1269)	(1269)		(1269)
Foreign exchange		-	-			(32)		(32)	(2)	(34)
Total comprehensive income		-	-			(32)	(1269)	(1301)	(2)	(1303)
Issued share capital	292	3338	-					3630		3630
Conversion of shares		-	(57)					(57)	-	(57)
At 31 December 2010	3362	5429		557	5034	(12)	(14835)	(465)	(138)	(603)
Company										
At 31 December 2009	3070	2091	57	557	5034	-	(12326)	(1517)		(1517)
Loss for the year		-	-			-	(1235)	(1235)		(1235)
Issued share capital	292	3338	-			-		3630		3630
Conversion of shares		-	(57)			-		(57)		(57)
At 31 December 2010	3362	5429		557	5034		(13561)	821		821

The Equity Reserve is the difference between the net issue proceeds and the liability component of convertible loans at the time of issue, which is accounted for as an equity instrument. The Foreign Exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries that do not have a sterling functional currency The Foreign Exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries that do not have a sterling functional currency

Parallel Media Group plc

STATEMENTS OF CASH FLOWS for the year ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Cash flows from operating activity				
Operating (loss)	(218)	(785)	(1704)	(753)
Depreciation	5	7	5	7
Amortisation of intangibles-Tournament rights	136	136	136	136
Amortisation of intangibles-Development costs	87	19	87	19
(Increase)/decrease in receivables	(936)	(104)	(593)	(297)
Increase/(decrease) in payables	289	305	1465	443
Foreign exchange on non-operating activities	4	(23)	(4)	(23)
Increase in translation reserve	25	(35)	-	-
Cash (used in) from operations	(608)	(480)	(608)	(468)
Cash flow from investing activities				
Acquistion of development costs	-	(71)	-	(71)
Interest received	-	1	-	1
Net cash (used in) investing activities	-	(70)	-	(70)
Cash flow from financing activities				
(Repayment) of bank facility	146	(247)	146	(247)
Cash received from convertible loans	-	-	-	-
Convertible loans repaid	(39)	(494)	(39)	(494)
Cash proceeds from issue of new shares	721	950	721	950
Loans received	-	1200	-	1200
Loans repaid	(229)	(783)	(229)	(783)
Interest paid	(111)	(228)	(111)	(230)
Net cash generated from financing activities	488	398	488	396
Cash and cash equivalents at beginning of the year	142	322	139	309
Net decrease in cash and cash equivalents	(120)	(152)	(120)	(142)
Exchange losses on cash and cash equivalents	-	(28)	-	(28)
Cash and cash equivalents at end of the year	22	142	19	139

The notes on pages 17 to 47 form part of these financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1 Basis Of Preparation

These financial statements have been prepared on the historical cost basis and in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3

A separate income statement for the parent company has not been presented as permitted by section 408 of the Companies Act 2006

The directors have prepared trading and cash flow forecasts for the group for the period to 31 December 2013 The forecasts incorporate trading assumptions, including increased sponsorship from existing tournaments, new sponsorship revenues, and revenues from new products The forecasts show that the group has sufficient cash to meet liabilities as they fall due

The directors believe these forecasts to be realistic, and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future

1 1 Adoption of Standards Affective in 2011

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU in force at the reporting date

a) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the group

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

The standards and interpretations that have been issued, but are not yet effective are

- IAS 19 Employee Benefits
- IFRS 9 Financial Instruments Classification, measurement and recognition
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair Value Measurement
- IFRS 7 Financial Instrument. Disclosure
- IAS 12 Income Taxes
- IFRS 1 First time adoption of IFRS
- IFRS 11 Joint arrangements
- IAS 1 Presentation of financial statements

2 Accounting Policies

2 1 Consolidation and Investments

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2011 using the acquisition method of accounting Under the purchase method the results of subsidiary undertakings are included from the date of acquisition (see Note 2 2) On disposal, the results are included up to the date of disposal Inter-company balances, transactions, and unrealised gains/losses are eliminated on consolidation

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

2 2 Intangible Assets – Tournament Rights

The rights to promote European Tour golf events were acquired in September 2006 and included in the statement of financial position as intangible assets in the audited financial statements for the year ended 31 December 2006 These assets are amortised over their expected life of 20 years Intangible assets acquired are held at cost less amortisation and are reviewed on an annual basis for impairment

2 3 Intangible Assets - Development Costs

Development costs are included in the statement of financial position at cost less any impairment provision Development costs are only recognised where it can be demonstrated that the project is technically feasible, where there is a clear intention to complete the project, that there is ability to use or sell the asset, that there is a high probability of future economic benefits and expenditure can be measured reliably

2 4 Investment in Joint Venture

A joint venture is an entity over which the group has joint control Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control The investment in a joint venture is initially recognised at cost and adjusted for the group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value If the group's share of losses of a joint venture exceeds its interest in the joint venture, the group discontinues recognising its share of further losses

2 5 Property, Plant & Equipment

Depreciation is provided on office equipment and fixtures & fittings at 20% on a straight line basis

The carrying amounts of the Group's assets, other than inventories, are reviewed at each statement of financial position date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated The recoverable amount of assets is the greater of their value in use and fair value less costs to sell

2 6 Impairment of Assets

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount Impairment losses are recognised in the income statement An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised

2 7 Financial Instruments

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement

Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument

2 7 1 Available-For-Sale Financial Assets

Available-for-sale financial assets comprise equity investments Subsequent to initial recognition available-for sale financial assets are stated at fair value Movements in fair values are taken to other comprehensive income, with the exception of impairment losses which are recognised in profit or loss Fair values are based on prices quoted in an active market if such a market is available If an active market is not available, the group establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis When an investment is disposed of, any cumulative gains and losses previously recognised in other comprehensive income are recognised in profit or loss Dividends are recognised in profit or loss when the right to receive payments is established

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

2 8 Trade Receivables

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts

2 9 Cash and Cash Equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

2 10 Trade Payables

Trade payables are stated at their amortised cost

2 11 Interest-Bearing Borrowings (other than compound financial instruments)

Interest-bearing borrowings are stated at amortised cost using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability

2 12 Share Based Payments

Options are measured at fair value at grant date using the Black-Scholes model The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Cash settled share based payment transactions results in the recognition of a liability at its current fair value

2 13 Revenue Recognition

Revenue includes sponsorship, management fees, sales & consulting fees, and income from sales of broadcasting rights Revenue is recognised when the Group has earned the right to receive consideration for its performance, measured on the following basis

(i) Management fees and other fees earned – on rendering of services to third parties
(ii) Income from sale of sponsorship and commercial rights – on a straight line basis in accordance with the terms of the agreement.
(iii) Income from sale of broadcasting rights – on delivery of the programmes to broadcasters in accordance with the terms of the agreement

2 14 Barter Transactions

When services are rendered in exchange for dissimilar goods or services, the revenue generated for the services rendered is measured at the fair value of the goods or services received, adjusted for the amount of any cash or cash equivalents transferred

2 15 Leases

Rentals under operating leases are charged to the Income Statement on a straight line basis over the lease term

2 16 Deferred Taxation

Deferred tax is provided in full using the balance sheet liability method Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date

The group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future

2 16 Deferred Taxation (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered

2 17 Segmental Reporting

Segments are distinguishable components of the Group that are engaged either in Event Promotion, Sales and Consultancy, or Smart Media, which are subject to risks and rewards that are different from one another Disclosure of segment results is provided in note 4 of the financial statements

2 18 Foreign Currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date Transactions in foreign currencies are translated at the rate ruling at the date of the transaction Differences on exchange arising on translation of subsidiaries are charged directly to other comprehensive income All other exchange differences have been charged to the Income Statement

2 19 Compound Financial Instruments – Convertible Loans

Compound financial instruments comprise both liability and equity components At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option The liability component is accounted for as a financial liability

The difference between the net issue proceeds and the liability component, at the time of issue, is the residual or equity component, which is accounted for as an equity instrument Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the proceeds The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument

2 20 Business Combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets Subsequent changes in the proportion of the non-controlling interests, which do not result in derecognition of the subsidiary, are accounted for in equity Costs incurred in connection with the acquisition are recognised in profit or loss as incurred

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date If the business combination is achieved in stages, the acquisition date fair-value of the Group's previously held equity interest in the acquire is re-measured to fair-value as at the acquisition date through the profit and loss The value of any non-controlling interest acquired is measure at the proportional share of the acquired net identifiable assets

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's share of net identifiable assets acquired and liabilities assumed If this consideration is lower than the fair-value of nets assets of the subsidiary acquired, the difference is recognised in profit and loss

After initial recognition, goodwill is measured at cost less any recognised impairment losses For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquire are assigned to those units

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December

2 20 Business Combinations (continued)

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained

Goodwill arising from business combinations is assessed for impairment annually

The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained

3 Accounting Estimates and Judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows

3 1 Intangible Assets

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006 These assets are carried at cost less amortisation Amortisation is calculated to write-off the assets over their expected useful life of 20 years Management use a combination of discounted cash flow and valuation multiples to assess the value of the assets at each reporting date If the assets are deemed to be impaired, the amount of this impairment is taken directly to the income statement.

3 2 Development Costs

Development costs are incurred in the creation of new media assets and propositions, the benefits of which are expected to be derived in future years Development costs are written-off over the expected useful life of the asset. The development assets are assessed for impairment annually

3 3 Assets and Liabilities Acquired in Business Combinations

The Group makes estimates to the fair value of assets and liabilities acquired in business combinations at the date of acquisition The primary asset acquired relates to the joint venture in Parallel Smart Media The fair value of the joint venture has been determined by reference to the consideration paid for the acquisition of Parallel Media Korea (New Media) Limited, which already held the interest in the joint venture

4 Segment Reporting

Operating Segments

The group is organised into two main segments Event Promotion and Sales & Consultancy, with a third segment, Smart Media, having assets and liabilities at 31 December 2011, but only trading through the Joint Venture in the later part of 2011 Parallel Sports is the Event Promotion brand and operates professional golf tournaments in Asia which are sanctioned by The European Tour and Ladies European Tour

The Sales and Consultancy Division is Comprised of Three Units

- Parallel Thinking is the sales and consultancy brand based in London and works with major international brands and federations on sports related marketing opportunities and projects

- Parallel Media Korea has been established to provide a greater focus on the development of new opportunities in the Korean market, providing sales and marketing presence in Korea which enhances existing sports properties and provides a platform for the creation of new properties

- Parallel Media Worldwide is responsible for the worldwide distribution of TV rights

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

4 Segment Reporting (continued)

Segment results for the year

Operating Segments	**Event Promotion**		**Sales & Consultancy**		**Consolidated**	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	6,044	5,697	373	954	6,417	6,651
Segment result	1,647	1,291	350	954	1,997	2,245
Exceptional item	(101)				(101)	
Segment result-after exceptional item	1,546	1,291	350	954	1,896	2,245
Unallocated corporate expenses					(2,114)	(3,030)
Operating Loss					(218)	(785)
Finance costs					(111)	(484)
Share of loss of Joint Venture					(46)	-
Loss for the year					**(375)**	**(1,269)**

Revenue by major customers Operating Segments	**Event Promotion**		**Sales & Consultancy**		**Consolidated**	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Client 1	4,197	4,429	-	-	4,197	4,429
Other Clients	1,847	1,268	373	954	2,220	2,222
Total by client and segment	6,044	5,697	373	954	6,417	6,651

Geographic analysis Operating Segments	**Revenues**		**Non-current Assets**	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
South Korea	6,044	5,697	1,800	506
Hong Kong	-	-	1,446	1,569
UK	373	954	307	386
Total by geography	6,417	6,651	3,553	2,462

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

Segment Assets and Liabilities

Operating Segments	Event Promotion		Sales & Consultancy		Smart Media		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment assets	2,588	2,339	332	850	1,800	-	4720	3,189
Unallocated corporate assets							772	803
Consolidated total assets							5,492	3,992
Segment liabilities	(2,092)	(2,077)	(321)	(69)	(354)	-	(2,767)	(2,146)
Unallocated corporate liabilities							(2,349)	(2,449)
Consolidated total liabilities							(5,116)	(4,595)
Net assets/(liabilities)							376	(603)

Other Segment Information for The Year

Operating Segments	Event Promotion		Sales & Consultancy		Consolidated	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation of tangible assets	-	(1)	(5)	(6)	(5)	(7)
Capital expenditure on intangible assets	-	-	(3)	164	(3)	164
Amortisation of intangible assets	(136)	(136)	(84)	(19)	(220)	(155)

5 Cost of Sales

The Group's Cost of Sales comprises

	2011	2010
	£'000	£'000
Prize purse and sanction fees	2,057	2,240
Commissions payable	53	106
Direct delivery costs	2,310	2,060
Cost of Sales	4,420	4,406

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

6 Operating loss On Ordinary Activities Before Tax

	2011 £'000	2010 £'000
This is stated after charging		
Depreciation	5	7
Amortisation	220	155
Operating lease rentals - land & buildings	49	29
Loss/(gain) on foreign exchange	(31)	(77)

6a Exceptional Item

The exceptional item is in respect of a payment relating to the Ballantine's Championships of 2009 and 2010 This payment represents a settlement following a review in which the company's contractual obligations was negotiated and agreed

7 Auditor's Remuneration

	2011 £'000	2010 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	37	30
Fees payable to the company's auditor and associates in respect of the auditing of accounts of subsidiaries and associates of the company pursuant to legislation	5	5
Services relating to taxation	8	5
	50	**40**

8 Employees

	2011	2010
Group		
The average number of employees (including directors) during the year was	(No)	(No)
Administration	17	14

	2011 £'000	2010 £'000
The aggregate payroll costs including directors were		
Wages, salaries and fees	635	1,294
Social security costs	16	38
	651	**1,332**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

9 Finance Costs

	2011	2010
	£'000	£'000
On fair value of convertible extension premium		86
Finance costs – non recurring	-	86
On convertible loans	30	85
On other loans	30	226
Interest on related party loans	-	21
On bank overdrafts	1	12
On loan guarantee from related parties	50	54
Finance costs – recurring	111	398

10 Remuneration Of Directors

Directors' remuneration, including non executive directors, during the year was as follows

	2011	2010
Group & Company	**£'000**	**£'000**
David Ciclitira (Chairman)	221	221
Edward Adams (Non -Executive – resigned 29 November (2010)	-	30
Leonard Fine (Non – Executive)	24	30
Stewart Mison (Managing Director – resigned 29 July (2011)	78	88
Serenella Ciclitira (Non – Executive)	25	15
Ranjit Murugason (Non – Executive)	25	-
Total Emoluments	373	384

11 Tax

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
UK Corporation tax in respect of current year	-	-
Current taxation	-	-
Total tax charge for the year	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

11 Tax (continued)

Loss on ordinary activities before tax	(375)	(1,269)
The tax assessed for the year is lower than the standard UK corporation tax rate of 26 5% (2010 - 28%) due to the following factors		
(Loss)/Profit on ordinary activities at the standard rate of corporation tax of 26 5% (2010 - 28%)	(99)	(355)
Effect of		
Expenses not deductible for tax purposes	5	7
Tax losses utilised in year - not recognised through deferred tax	(5)	(7)
Tax losses carried forward - deferred tax not recognised	(99)	(355)
Total tax charge for the year	-	-

12 Earnings Per Share

The basic earnings per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue during the year In calculating the diluted earnings per share, outstandingshare options, warrants and convertible loans are taken into account where the impact of these is dilutive

	2011	2010
(i) Basic		
Loss for the financial year (£'000)	(375)	(1,269)
Weighted average number of shares in issue	17,339,456	5,257,672
Loss per share	(2 2p)	(24 1p)
(ii) Diluted		
Loss for the financial year (£'000)	(375)	(1,269)
Add back interest charged on convertible loans where the impact of these loans is dilutive (£'000)	30	57
Diluted Loss (£'000)	(345)	(1,212)
Weighted average number of shares in issue	17,339,456	5,257,672
Weighted average of potential dilutive effect of ordinary shares issuable under Convertible loan agreements	-	-
	17,339,456	5,257,672
Fully diluted Loss per share	(2 2p)*	(24 1p)*

* The fully diluted loss per share is the same as the basic loss per share as the effects of potential shares are anti-dilutive

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

13 Property, Plant & Equipment

The useful lives of each class of fixed asset are reviewed annually to assess impairment. Where the asset is found to be impaired an appropriate charge is taken to the Income Statement.

	Group		Company	
	Office Equipment 2011 £'000	Office Equipment 2010 £'000	Office Equipment 2011 £'000	Office Equipment 2010 £'000
Cost				
Cost at start and end of year	246	246	45	45
Depreciation				
Cumulative depreciation at start of year	240	233	39	32
Charge for year	5	7	5	7
Cumulative depreciation at end of year	245	240	44	39
Net book value at end of year	1	6	1	6
Net book value at start of year	6	13	6	13

Tournament Rights

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006 These assets are carried at cost less amortisation Amortisation is calculated to write-off the assets over their expected useful life of 20 years

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

14 Intangible Assets

Group and Company	2011 £'000	2010 £'000
Cost		
Cost at start of year	2,713	2,713
Additions in the year	-	-
Cost at end of year	2,713	2,713
Amortisation		
Cumulative amortisation at start of year	575	440
Amortisation for the year	136	135
Cumulative amortisation at end of year	711	575
Net book value at start of year	2,138	2,273
Net book value at end of year	2,002	2,138

Development Costs

Development costs are incurred in the creation of new media assets and propositions, the benefits of which are expected to be derived in future years Development costs are written-off over the expected useful life of the asset The development assets are assessed for impairment annually

Group and Company	2011 £'000	2010 £'000
Cost		
Cost at start of year	396	325
Additions in the year	(3)	71
Cost at end of year	393	396
Amortisation		
Cumulative amortisation at start of year	90	71
Amortisation for the year	84	19
Cumulative amortisation at end of the year	174	90
Net book value at start of year	306	254
Net book value at end of year	219	306

All research costs are expensed as incurred Similarly, sales and marketing costs of exploiting assets are expensed through the Income statement as incurred

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

15 Investments

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Investment in subsidiaries	-	-	2,111	1,100
Investment in joint venture	1,319	-	-	-
Other investments-available for sale	12	12	-	-
	1,331	12	2,111	1,100

Subsidiaries	**Company**
Investments in subsidiaries are stated at fair value at the date of acquisition less impairment	£'000
At 1 January 2011	1,100
Addition in the year	1,011
At 31 December 2011	2,111

In July 2011, PMG acquired Parallel Media Korea (New Media) Limited and Parallel Media (Africa) Limited for a consideration of £1,010,947 Parallel Media Korea (New Media) Limited has a Joint Venture with Talspace, its Korean partner, for the development and sale of new technology solutions Parallel Media Korea (New Media) Limited owns 50% of the ordinary share capital of Parallel Smart Media Limited, the Joint Venture See Note 30 for further details

Joint Venture	**Group**
The investment in Joint Venture is stated at fair value at the date of acquisition less the group's post acquisition share of losses	£'000
At 1 January 2011	-
Addition in the year	1,365
Share of post acquisition losses	(46)
At 31 December 2011	1,319

Joint Venture

The financial statements of Parallel Smart Media Limited show the following

	31/12/11	31/12/10
	£'000	£'000
Turnover	-	-
Profit/(loss) before tax	(146)	-
Taxation	-	-
Profit after tax	(146)	-
Fixed assets- intangibles-development costs	599	-
Current assets	5	-
Liabilities due within one year	(740)	-
Liabilities due after one year	-	-
Other investments available for sale	**£'000**	**£'000**
At 1 January 2011	12	-
At December 2011	12	-

16 Trade and Other Receivables

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade receivables	514	909	52	695
Amounts owed by subsidiaries	-	-	44	-
Amounts owed by joint venture	599	-	537	-
Other receivables	543	205	500	160
Prepayments and accrued income	261	274	98	190
	1,917	1,388	1,231	1,045

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

16 Trade and Other Receivables (continued)

At 31 December 2011 all amounts included under trade receivables are due within one year Group and Company trade receivables include £0 8m due from related parties (2010 £0 68m) (see note 27 for further information)

17 Cash and Cash Equivalents

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Sterling Bank Accounts	(6)	(24)	(6)	(24)
Euro Bank Accounts	15	139	15	139
Dollar Bank Accounts	13	27	10	24
	22	142	19	139

18 Financial Liabilities - Borrowings

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Bank facility	250	104	250	104
	250	104	250	104

The bank facility at 31 December 2011 totalling £0 917 million is secured by a personal guarantee provided by David Ciclitira

19 Financial Liabilities - Convertible Loans

	Group		Company	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	£'000	£'000	£'000	£'000
Convertible loans due in less than one year	-	39	-	39

As at 31 December 2011, there were no convertible loans All convertible loans together with accrued interest were converted and / or repaid during the year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

20 Trade and Other Payables and Deferred Income

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade payables	1,799	1,961	775	833
Amounts owed to subsidiary entities	-	-	2,961	1,462
Other payables	271	189	260	250
Other tax and social security	150	81	147	82
Accruals and deferred income	326	367	196	247
Trade and other payables	2,546	2,598	4,339	2,874

	Group		Company	
	2011	2010	2011	2010
Deferred income	1,299	958	-	-

Deferred income of £1,299,000 (2010 - £958,000) is income received in advance as at 31 December which will be recognised as revenue in the following year when services are rendered

21 Non-Current Liabilities

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Bank facility	667	896	667	896
Other loans	-	-	-	-
	667	896	667	896

At the 31 December 2011, amounts payable to Lloyds bank totalled £917k (of which £250k is included in current liabilities and £667k is included in non-current liabilities above) The loan is repayable in 48 consecutive monthly instalments representing principal and interest commencing on the date which is 12 months after the date the loan was borrowed (i e a effective term of five years with a one year repayment holiday) The loan carries interest payable at 3% over base rate The loan may be repaid early at the discretion of the company The loan is secured by personal guarantees provided by David Ciclitira

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

22 Financial Instruments

The Group and Company operations expose them to a number of financial risks The directors aim to protect the Group and Company against the potential adverse effects of these financial risks

Financial Assets

Financial Assets include cash and trade and other receivables (excluding prepayments) which are classified as "loans and receivables", and equity investments which are classified as "available for sale" (excluding investments in subsidiaries and joint ventures) These amounts have been shown separately on the face of the statement of financial position Funds not immediately required for the Group and Company's operations are invested in bank deposits It is the directors' opinion that the carrying values of cash, trade receivables and investments approximate to their fair values

Financial Liabilities

Financial Liabilities include current and non-current borrowings, convertible loans and trade and other payables (excl tax & social security, and deferred income) All amounts are carried at amortised cost These amounts have been disclosed in the notes to the financial statements It is the directors' opinion that the carrying values of financial liabilities approximate to their fair value

Liquidity Risk

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits The Group and Company plan to continue to meet operating and other loan commitments as they fall due Liquidity risk is managed through cash flow forecasts and regular planning

Remaining Contractual Maturities Year ended 31 December 2011

Group	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank Loans & borrowings	62	188	667	917
Trade & other payables (excluding tax and deferred income)	2,396	-	-	2,396
	2,458	188	667	3,313

Company	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank Loans & borrowings	62	188	667	917
Trade & other payables (excluding tax and deferred income)	4,143	-	-	4,143
	4,205	188	667	5,060

Liquidity Risk (continued)

Set out below are Liquidity risk comparative tables as at 31 December 2010

Remaining Contractual Maturities Year ended 31 December 2011

Group	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank Loans & borrowings	-	104	896	1,000
Convertible Loans	-	39	-	39
Trade & other payables (excluding tax and deferred income)	2,517	-	-	2,517
	2,517	143	896	3,556

Company	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank Loans & borrowings	-	104	896	1,000
Convertible Loans	-	39	-	39
Trade & other payables (excluding tax and deferred income)	2,792	-	-	2,792
	2,792	143	896	3,831

22 Financial Instruments (continued)

Credit Risk

Financial assets past due but not impaired as at 31 December 2011

	Not impaired	Not impaired but past due by the following amounts			
		>30 days	>60 days	>90 days	>120 days
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Group Trade & other receivables (excluding prepayments)	1,656		3		693
Company Trade & other receivables (excluding prepayments)	1,133		2		249

Financial assets past due but not impaired as at 31 December 2010

	Not impaired	Not impaired but past due by the following amounts			
		>30 days	>60 days	>90 days	>120 days
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Group Trade & other receivables (excluding prepayments)	1,114	-	7	33	496
Company Trade & other receivables (excluding prepayments)	855	-	7	-	302

Trade and other receivables excluding prepayments as at 31st December 2011 were £1,656k Assets not impaired but past due were £693k PMG have contra supply arrangements which are expected to enable the recovery of the unimpaired but past due amounts and/or consider these collectable Impaired trade receivables for the year ended 31st December 2011 represent specifically identified amounts which are past due and for which collection is deemed unlikely All remaining trade and other receivables as at 31st December 2011 are collected and/or collectable and are therefore considered of low credit risk All bank deposits are maintained in the UK and are considered to be low credit risk The Group and company's maximum exposure to credit risk at 31 December 2011 was £1,684k (2010 - £1,280k)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

Allowance for Credit Losses (Group and Company)

	2011	2010
	£'000	£'000
Allowances at start of year	94	53
Amounts written back during the year	27	-
Additions charged to Income Statement in year	-	41
	121	94

Market Risk

(a) Interest rate risk

Bank loans totalling £0 917 million are at variable interest rates and are therefore exposed to interest rate fluctuations Sensitivity For each +/- 1% change in the bank rate, the Profit for the year will be positively or negatively impacted by £9,170 (2010 £10,000)

(b) Foreign currency risk

Although the Company is based in the UK, a significant part of the Group's and Company's operations are overseas, primarily in Asia, and the operating of a large part of the Asian business is in US Dollars As a result, the Company's consolidated Sterling accounts can be affected by movements in the US Dollar/Sterling exchange rate

The foreign assets and liabilities of the Group and Company are closely matched as at 31 December 2011 The table below sets out the carrying amounts of assets and liabilities for the Group in their presentational currency (i e Sterling) and a total impact for each 10% fluctuation in exchange rates Based on the carrying amounts of foreign assets and liabilities as at 31 December 2011, for each 10% fluctuation in exchange rates, net assets are expected to be impacted by +/- £95,000 (2010 £96,000) The Company (standalone) exposure to foreign currency risk is +/- £30,000 (2010 £103,000) for each 10% move in exchange rates

Year ended 31 December 2011

	Carrying Amount (Sterling Equivalent)					Carrying Amount	-10%	10%
	£'000	$'000	€'000	HK$'000	KW '000	£'000	£'000	£'000
Financial Assets								
Cash	(6)	13	15	-	-	22	3	(3)
Trade receivables	563	-	550	-	-	1113	55	(55)
Investments held for sale	12	-	-	-	-	12	-	-
Other debtors	543	-	-	-	-	543	-	-
	1112	13	565	-	-	1690	58	(58)
Financial Liabilities								
Borrowings<1 year	250	-	-	-	-	250	-	-
Convertible loan	-	-	-	-	-	-	-	-
Trade creditors	373	1383	26	-	17	1799	(143)	143
Other creditors	271	-	-	-	-	271	-	-
Accruals and provisions	225	-	101	-	-	326	(10)	10
Non current borrowings	667	-	-	-	-	667	-	-
	1786	1383	127	-	17	3313	(153)	153
Net Impact							(95)	95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

(b) Foreign Currency Risk (continued)

Year ended 31 December 2010

	Carrying Amount (Sterling Equivalent)					Total Carrying Amount	Forex Risk 10%	10%
	£'000	$'000	€'000	HK$'000	KW '000	£'000	£'000	£'000
Financial Assets								
Cash	(24)	27	139	-	-	142	17	(17)
Trade receivables	478	309	122	-	-	909	43	(43)
Investments held for sale	12	-	-	-	-	12	-	-
Other debtors	160	44	-	-	-	205	4	(4)
	626	380	261	-	-	1268	64	(64)
Financial Liabilities								
Borrowings<1 year	104	-	-	-	-	104	-	-
Convertible loan	39	-	-	-	-	39	-	-
Trade creditors	477	1281	14	189	-	1961	(148)	148
Other creditors	187	2	-	-	-	189	-	-
Accruals and provisions	246	120	-	-	-	367	(12)	12
Non current borrowings	896	-	-	-	-	896	-	-
	1949	1403	14	189	-	3556	(160)	160
Net Impact							(96)	96

23 Deferred Taxation

The actual and potential liability to deferred tax is nil Due to the availability of tax losses, subject to agreement with the HM Revenue and Customs, there is an estimated deferred tax asset of £4,173k which has not been recognised in these accounts (31 December 2010 £4,074k) The deferred tax asset is based on gross losses of £14,706k (2010 £14,331k) No deferred tax asset has been recognised due to the uncertainty over making sufficient profits in the future against which the losses may be recovered

The fair value of the two subsidiaries acquired during the year ended 31 December 2011, together with the joint venture of one of these subsidiaries, was £1011k The deferred tax liability of £354k in respect of the excess of the fair value on acquisition over the book value of the assets acquired has been recognised in these accounts

24 Called Up Share Capital

The Authorised Share Capital is set out in the table below

	2011 £'000	2010 £'000
Authorised Share Capital		
316,989,608 ordinary shares of 2 2p	6,974	6,974
199,831,545 deferred shares of 0 5p each	999	999
103,260 deferred B shares of £19 60	2,024	2,024
	9,997	9,997

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

24 Called Up Share Capital (continued)

The Issued Share Capital is set out in the table below

	2011 £'000	2010 £'000
Issued and fully paid as at 31 December 2011		
20,019,751 ordinary shares of 2 2p	440	339
199,831,545 deferred ordinary shares of 0 5p each	999	999
103,260 deferred B shares of £19 60	2,024	2,024
	3,463	3,362

Reconciliation of the number of shares outstanding is	2011 (number)	2010 (number)
Ordinary shares of 0 01p each in issue at start of year	-	467,072,593
Ordinary shares of 0 01p each issued during the period	-	598,951,267
Ordinary shares of 0 01p each at consolidation	-	1,066,023,860
Ordinary shares of 0 01p each in issue at end of year	-	-
Consolidation of ordinary shares at 220 1		
Ordinary shares of 2 2p following consolidation	15,437,437	4,845,563
Ordinary shares of 2 2p each issued during the period	4,582,314	10,591,874
Ordinary shares of 2 2p each in issue at end of year	20,019,751	15,437,437
Issued and fully paid deferred shares	(number)	(number)
Deferred shares of 0 5p each in issue	199,831,545	199,831,545
Deferred B shares of £19 60	103,260	103,260

24 Called Up Share Capital (continued)

(i) Ordinary shares during the year ordinary shares were issued as follows

Ordinary shares of 2 2p each issued during the year	2011 (number)
1 August 2011 at 35p per share	1,153,746
3 August 2011 at 35p per share	3,428,568
Total shares of 2 2p each issued during the year	4,582,314

1 August 2011- Being £403,811 equivalent settlement of amounts owed to Luna Trading Limited and Stuart Mison on the acquisition of Parallel Media Korea (New Media) Ltd and Parallel Media (Africa) Limited by Parallel Media Group plc – (See Note 27) for details 3 August 2011- Being £1 2 million new share issue for cash

(ii) Deferred Shares

The deferred shares do not entitle their holders to receive any dividend or other distribution, they do not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company, and they do not entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred Shares and only after repayment of the capital paid up on each Ordinary Share in the capital of the Company and the payment of a further £100,000 on each such Ordinary Share (£1,000,000 in the case of each deferred B share)

25 Share Based Payments

Share options and warrants outstanding at the year ended 31 December 2011 had a weighted average exercise price of 45p and a weighted average remaining contract life of 1 7 years No options were exercised during the year

	2011		2010	
	Number of options & warrants ('000s)	Weighted average exercise price (Pence)	Number of options & warrants ('000s)	Weighted average exercise price (Pence)
Outstanding at start of year	445	45p	46,869	0 46p
Share warrants and options following consolidation and repricing during the year	-	-	213	51p
Share options & warrants granted during the year, or expiring	(88)	45p	232	40p
Outstanding at the end of the year	357	45p	445	45p
Exercisable at the end of the year	357	45p	445	45p

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

25 Share Based Payments (continued)

The weighted average vesting period is estimated at 1 7 years There is no charge to the Income Statement for the twelve months to 31 December 2011 (31 December 2100 £Nil) for share based payments as reported under IFRS 2

Share Option Scheme

The Group operates approved and unapproved share option schemes No new share options were issued during the year The following share options were outstanding at 31 December 2011

Scheme	Latest exercise date	Exercise price (pence)	Options as at 31 December 2011	Options as at 31 December 2010
Approved	October 2016	55p	33,806	33,806
Unapproved	October 2016	55p	35,113	35,113
			68,919	68,919

Options granted to directors and not exercised at 31 December 2011 (included above) were as follows

Name	Latest Exercise Dates	Approved Scheme		Unapproved Scheme	
		Price	Number	Price	Number
D Ciclitira	October 2016	55 pence	11,818	55 pence	33,117
L Fine	October 2016	55 pence	10,909	55 pence	998
			22,727		34,115

Share Warrants

No new warrants grants were entered into during the year Warrants outstanding at 31 December 2011 are

Latest exercise date	Options as at 31 December 2010	Exercise price (pence)	Options as at 31 December 2011
31 December 2010	88,437	55p	-
29 April 2012	2,272	40p	2,272
29 April 2012	1,136	40p	1,136
1 November 2012	11,363	40p	11,363
1 November 2012	4,545	40p	4,545
28 February 2013	13,636	40p	13,636
28 February 2013	22,727	40p	22,727
8 November 2013	231,562	40p	231,562
	375,678	-	287,241

26 Capital Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders The group has net assets of £376k which includes convertible debt of £nil (2010 £39,000) The Group's capital management strategy is to retain sufficient working capital for day to day operating requirements and to ensure sufficient funding is available to meet commitments as they fall due and to support growth

	31 December 2011 £'000	31 December 2010 £'000
Bank facility	917	1,000
Convertible loans	-	39
Other loans	-	161
Total Debt	917	1,200
Cash	(22)	(142)
Net Debt	895	1,058

In order to maintain or adjust the capital structure the group may issue new shares or sell assets to reduce debt.

27 Related Parties

Walbrook Trustees (Jersey) Limited

Walbrook Trustees (Jersey) Limited is a company who are trustees of a discretionary trust (the Tokyo Settlement) of which David Ciclitira is a potential beneficiary During the year ended 31 December 2010, the Tokyo Settlement provided convertible loans totalling £1 175m to the company, which were converted during 2010

	2011 £'000	2010 £'000
Opening balance at 1 January	-	(1,296)
Interest charged in the year (not paid)	-	(30)
Settled by the issue of ordinary shares	-	1,326
Closing balance at 31 December	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

Related Parties (continued)

Luna Trading - Loan balances and conversions

Luna Trading Ltd is a company under the control of David Ciclitira The movements in the payable balances due to the company in 2011 were as follows

Luna Trading Limited	2010 £'000
At 31 December 2009	296
Net interest carried and expenses paid by PMG on behalf of Luna Trading Limited as at 31 December	(15)
Costs incurred to convert Luna loan and short-term loans	55
Balance of Luna loan at 3 October 2010	336
Amount of loan converted	(175)
Interest on short term Luna loan payable but not paid during the year	30
Net movement in PMG/Luna balances in November and December 2010	(77)
Amount loan outstanding as at 31 December 2010	114
Loan guarantee interest paid	50
Expenses incurred	(146)
Payments made	139
Total loan amounts outstanding to Luna at 31 December 2011	157

Luna Trading Ltd is the company through which PMG contracts with D Ciclitira for consulting and business services During the year ended 31 December 2011, Luna Trading Ltd charged PMG (and PMG paid) for Consultancy fees in respect of directors' remuneration of £221,000 (2010 - £221,000) and remote office costs of £41,000 (2010 - £39,000)

During the year, the company acquired 100% of the equity interests of Parallel Media Korea (New Media) Limited and Parallel Media (Africa) Limited from Luna Trading and Mr S Mison The total consideration of £1 011m was settled by the cancellation of amounts owed to PMG by Luna Trading of £607k and the issue of ordinary shares totalling £400k to Luna Trading Limited and £4k to Mr S Mison

Related Parties (continued)

During the year ended 31 December 2010, David Ciclitira agreed to provide a personal guarantee of £1 million to Lloyds bank to support medium term PMG loans As consideration for providing a personal guarantee, Luna Trading charges interest at 5% per annum of the guarantee amount for the period of the guarantee In addition David Ciclitira has been granted a fixed and floating charge over the company's assets for the period of the guarantee and has been granted an option to acquire at fair market value, Parallel Media (Championships) Limited (a wholly owned subsidiary of PMG which holds rights to the company's major sporting events)

Parallel Media Korea (New Media) Limited

Following the acquisition of Parallel Media Korea (New Media) Limited -PMK(NM)- on 29 July 2011, PMG provided funding of £65,000 to finance the running costs of the company These costs were in respect of Parallel Smart Media Limited, the joint venture, and were recharged to Parallel Smart Media Limited in 2011

Parallel Smart Media Limited

During the year ended 31 December 2011, PMG recharged expenses of £597,000 to Parallel Smart Media Limited and was charged licence fees of £93,750 At 31 December 2011, trade debtors, for both the group and the company, included £597,000 owed by Parallel Smart Media Limited Parallel Smart Media Limited is the joint venture owned by Parallel Media Korea (New Media) Limited and Talspace

Parallel Contemporary Arts Limited

During the year PMG incurred costs in the staging and management of Art Projects owned by Parallel Media Contempory Arts Limited, a company under the control of David Ciclitira Recoverable debtor amounts outstanding as at 31 December 2011 are £133,085 (2010 - £71,116) These amounts were repaid in full after the statement of financial position date

28 Operating Leases

The amounts payable in respect of operating leases are shown below All of the operating lease amounts relate to the rental of premises The future minimum lease payments under non-cancellable operating leases is £65,000 The group does not sub-lease any of its leased premises Lease payments recognised in losses for the period amounted to £49,000 (2010 £28,000)

	Group		Company	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	£'000	£'000	£'000	£'000
Lease commitments payable within 1 year	65	49	65	49
Lease commitments payable 1-2 years	50	-	50	-

29 Subsidiaries

The following were subsidiaries at the end of the year and have all been included in the consolidated financial statements

	Country of Incorporation	PMG % of ordinary shares	Nature of Business
Holding companies			
Held Directly			
Parallel Media (Jersey) Ltd	Jersey	100%	Holding company
Held Indirectly			
Parallel Media Group International Ltd	Jersey	100%	Holding company
Parallel Media (Americas) Ltd	BVI	100%	Holding company
Trading subsidiaries			
Held directly			
Parallel Media Hong Kong Ltd	HK	100%	Management of sports eve
Parallel Media (Championships) Ltd	UK	100%	Management of sports eve
Parallel Media Korea (New Media) Ltd	UK	100%	Smart media
Parallel Media (Africa) Ltd	UK	100%	Smart media
Held Indirectly			
Parallel Media Europe Ltd	UK	100%	Marketing of sports even
Parallel Media Worldwide Ltd	UK	100%	Marketing of sports even
PGAA Media Limited	BVI	83 9%	Exploitation and sale of commercial and broadcast rights relating to golf tournaments
Dormant Held Indirectly			
Parallel Media Americas Inc	US	100%	Dormant
Joint Venture Held Directly			
Parallel Smart Media	UK	50%	Smart Media

30 Acquisition of Parallel Media Korea (New Media) Limited and Parallel Media (Africa) Limited

On 29 July 2011 Parallel Media Group PLC acquired 100% of the equity interests of Parallel Media Korea (New Media) Limited and Parallel Media (Africa) Limited from Luna Trading Limited and Mr S Mison, related parties At the acquisition date and at 31 December 2011, Parallel Media Korea (New Media) Limited was a partner in a Joint Venture, Parallel Smart Media Limited Parallel Smart Media Limited has developed a series of smart phone applications for the live streaming and digital media presentation of sporting events

There was no goodwill arising from the acquisition

At 29 July 2011

Consideration	£'000
Cancellation of the amounts owed to PMG by Luna Trading Limited	607
Issue of ordinary shares at the placing price (Note 27)	404
Total consideration transferred	1,011

The fair value of the 1,153,746 ordinary shares issued as part of the consideration paid for Parallel Media Korea (New Media) Limited and Parallel Media (Africa) Limited of £404k was determined on the basis of the closing market price of Parallel Media Group PLC's ordinary shares on the acquisition date, which was £0 35 per share A total of £400k was issued to Luna Trading Limited and £4k to Mr S Mison

Recognised amounts of identifiable assets acquired and liabilities assumed Parallel Media Korea (New Media) Limited and Parallel Media (Africa) Limited	£'000
Investment in Joint Venture	1,365
Deferred Tax	(354)
Total identifiable net assets	1,011

On acquisition and at 31 December 2011, there was a contingent liability of £45k in respect of uncalled ordinary share capital of Parallel Smart Media Limited, the Joint Venture This contingent liability has not been recognised, as it is not considered likely that the balance will be called

The Acquisition-Related Costs Were Negligible

The revenue included in the consolidated income statement since 29 July 2011 contributed by Parallel Media Korea (New Media) Limited, Parallel Media (Africa) Limited and Parallel Smart Media limited was £nil Parallel Smart Media Limited contributed a loss of £46k over the same period Had the subsidiaries and Joint Venture been consolidated from 1 January 2011, the consolidated statement of comprehensive income would have included revenue of £nil and a loss of £146k.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 31 December 2011

31 Post Balance Sheet Events

Business Combinations After the Reporting Period

On 15th January 2012, Parallel Media Korea (New Media) Limited increased its interest in the equity of the Parallel Smart Media Limited joint venture from 50% to 75% for a consideration of £200,000 The joint venture partner owed this amount to the group and, therefore, the opportunity arose to consolidate the group's interest in the joint venture on favourable valuation terms

Details of the Profit and Loss account and Balance Sheet of Parallel Smart Media Limited at the year end are detailed in Note 15

Due to a reorganisation of the group's finance function, the initial accounting for the acquisition has not yet been determined As a result, the following disclosures required by IFRS 3, "Business Combinations", in respect of this transaction are unable to be made

- A qualitative description of the factors that make up goodwill, as the amount, if any, of goodwill has not yet been determined Any goodwill arising will not be deductible for tax purposes

- The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed

- The business combination has been achieved in stages However, the fair value of the initial 50% investment held immediately before the acquisition has not been determined and, therefore, the amount of any gain or loss on re-measurement cannot currently be determined This factor, taken together with the above need to determine the fair values of assets and liabilities acquired, means that it is not possible to ascertain whether there was a bargain purchase arising from the transaction undertaken

- The amount of the non-controlling interest in the subsidiary at the acquisition date, which will be calculated as a proportion of the identifiable assets and liabilities acquired

Shares Issued After the Reporting Period

In April 2012, the company concluded a capital raise of SGD 1,000,000 at 35p