World Television Group PLC

Report and Financial Statements

Year Ended 31 December 2011

Company Number 03901656

Chairman's statement

Dear Shareholders,

2011 was a good year for World Television Group as we built on some of the positive trends we saw in 2010 By continuing to focus on client service and product development we met the challenges of an uncertain economic environment and made a profit before tax, saw a positive cash inflow and grew underlying revenues

The Group achieved a PBT of £110k (2010 loss £355k) on revenues of £7 49m (2010 £8 70m), EBITDA of recurring operations was £315k (2010 £371k) 2010 losses were due mainly to the loss incurred in Sweden and the liquidation of the Swedish subsidiaries Total Group revenue fell due to Sweden and a large one-off project for a UK client in 2010 Underlying revenue excluding the large one-off project and the discontinued business in Sweden grew by £310k or 4 4%

Once again we saw clients use video more than ever before and it has become one of the most important tools for corporate communications professionals This suited our strategy as we consolidated our position in western Europe and looked for opportunities to grow the business

There was also a trend for clients to centralise their video communications purchasing with one or two suppliers, normally through a procurement process that required bidders to spend considerable time and resources to establish their credentials This favoured larger suppliers, especially those who provide a broad range of video communications services, and World Television falls into that category in a highly fragmented industry

The time we invested in responding to large-scale tender opportunities earned us considerable amounts of business, including a webcasting contract with the Council of the European Union in Brussels

While using video more, clients were also careful with their budgets and the Eurozone crisis reinforced this caution further World Television's response was to demonstrate the cost-effectiveness of video, especially though the use of streaming technology and our continued development of our two product families, StreamStudio and Video360

Our business in Germany delivered strong revenue growth and Spain beat the Eurozone crisis to increase its revenues After a weak second quarter the UK's revenues recovered in the second half as a result of a new sales strategy implemented in Q3

During the year Toby Low decided to leave World Television and accordingly stepped down from the Board I am delighted that Paul VerBruggen has now joined the Board as Joint Managing Director of the UK business Paul has been with the company for 11 years and has a wealth of experience in video production for BP and other major clients

I would like to thank all my colleagues at World Television for their contribution to our successful year It is a genuine pleasure to work with a team of such outstanding professionals who continue to impress with their dedication, creativity and expertise

Outlook

Client spending in 2012 remains difficult to forecast due particularly to unresolved economic problems in the Eurozone Clients continue to be cautious with budgets as they aim to reduce operating expenses Against this background we expect clients to produce and distribute more video and believe we have the right strategy to find growth

To meet these challenges we have focused on business development and gross margins Sales results in the UK have been encouraging and we expect to win business around the London Olympic and Paralympic Games in the summer We are launching our live streaming solution for tablet computers and have already won new business as a result We are applying the same strategy outside the UK in H2 to counter the economic uncertainty that has affected H1 We are focussed on increasing gross profit margins over the year as we bring more work in-house to maintain quality control and support higher production volumes

Overall there are growth opportunities and the business has a motivated team However World Television has limited ability to invest in faster organic growth or acquisition and continues to work within the constraints of its balance sheet and ownership structure The focus of the business will be on new business wins to strengthen the risk profile and to help offset the uncertain economic background

Steve Garvey
Chairman

21 May 2012

Operatıonal and financıal revıew

2011 Fınancıal Hıghlights

- Profit before tax of £110,000 (2010 loss £355,000)
- Operatıng profit of £139,000 (2010 loss of £272,000)
- Total revenue for contınuıng operatıons was £7 49m (2010 £8 31m), a reductıon of £812k or 9 8%
- Excludıng a large one-off proȷect for a UK clıent ın 2010, underlyıng revenue ıncreased by £0 31m or 4 4%
- Net operatıng cash ınflow was £234,000 (2010 £149,000 outflow)

Fınancıal Summary

Contınuıng operatıons

In the year to 31 December 2011, Group revenue from contınuıng operatıons fell by 9 8% to £7 49 mıllıon (2010 £8 31 mıllıon) Operatıng expenses before amortısatıon decreased by £0 78 mıllıon, made up maınly of lower costs of sales due to decreased revenue and the reductıons ın Zurıch servıce centre costs

In revenue terms Germany was the best performer ın 2011 and Spaın showed modest growth Excludıng the revenue from a large one-off proȷect, revenue ın the UK was flat whıle Swıtzerland showed a declıne as corporate clıents experıenced the effects of the strong Swıss Franc durıng 2011

Operatıng profit was £139,000 (2010 £103,000) and EBITDA was £315,000 (2010 £371,000)

Dıscontınued Operatıons

There were no dıscontınued operatıons ın 2011 Dıscontınued operatıons ın 2010 ıncluded the lıquıdatıon of the Swedısh group of companıes on 9 July 2010 and costs assocıated wıth the Australıan subsıdıary whıch was deregıstered ın January 2011 as ıt was no longer tradıng

Total Operatıons

Total revenue for the year was £7 49 mıllıon (2010 £8 70 mıllıon), a declıne of £1 21 mıllıon or 13 9% Revenue from dıscontınued operatıons ın 2010 accounted for £0 40 mıllıon of the reductıon

Total operatıng expenses (whıch ınclude cost of sales) totalled £7 35 mıllıon (2010 £8 98 mıllıon)

Net operatıng cash ınflow was £234,000 (2010 £149,000 outflow) Cash contınues to be tıghtly managed

Operational and financial review (continued)

Key performance indicators

The KPI's are set out below

	2011 £'000	2010 £'000
Total turnover	7,493	8,703
Turnover - continuing operations	7,493	8,305
EBITDA - recurring operations *	315	371
EBITDA per employee - recurring operations	6 2	7
Total PBT	110	(355)
Net operating cashflow	234	(149)

* Recurring operations - excludes discontinued operations

Treasury policy and financial risk management

The funding and treasury functions of the Group are managed centrally under guidelines approved by the Board The treasury function raises all the funding for the Group and focuses on minimising interest rate and foreign exchange rate risk The Group has a number of overseas subsidiaries whose functional currency is not sterling As a result, changes in exchange rates impact on the translation of the net assets of the subsidiary balance sheets and operating results into sterling, and the Group's balance sheet and profit and loss account can be affected significantly by movements in exchange rates against sterling The treasury positions are managed in a non-speculative manner The main financial risks faced by the Group are funding of working capital and credit risk The Board continually reviews the funding requirements of the Group and its exposure to liquidity risk Credit risk is tightly managed particularly in the economic climate The Group does not enter into derivative instruments

Group strategy

The Group's main strategic goal continues to be a leading online video communications provider to international organisations and large corporations The priority remains to achieve consistent profitability and to increase the scale of the online business

Business Plan 2012

The plan for 2012 is to build on the profitability of the continuing businesses The Board has planned for modest improvement in Germany and the UK and have taken a more cautious view with Spain and Switzerland

Outlook and Commercial Risk

The principal risk facing the Group is for client budgets to show improvement in uncertain economic conditions The economic outlook is difficult in 2012 due particularly to unresolved financial problems in Europe Liquidity remains a business risk as the Group relies on operational cash flows and banking facilities to fund its working capital A further risk is that certain key client relationships are managed by senior staff and the business could suffer if these staff left the Group

The Board's outlook remains cautious in the current trading conditions that are expected to remain challenging during 2012 Focus remains on the main goal of improving profitability

Steve Garvey
Chief Executive Officer

Evelyn Kimber
Chief Financial Officer

21 May 2012

Directors and advisors

Directors

Steve Garvey
Chairman and Chief Executive Officer

Evelyn Kimber
Chief Financial Officer

Jim Hall
Chief Operating Officer

Thomas Rajman
Managing Director World Television Switzerland

Tanja Bach
Managing Director World Television Spain

Paul VerBruggen
Joint Managing Director World Television UK (appointed on 23 February 2012)

Company Secretary

Evelyn Kimber

Registered office

33 Notting Hill Gate
London W11 3JQ

Registered in England and Wales

03901656

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Solicitors

Fladgate LLP
16 Great Queen Street
London
WC2B 5DG

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

Corporate governance statement

The Group de-listed from the Alternative Investment Market ("AIM") in September 2007 and is therefore not required to comply with the provisions of the Principles of Good Governance and the Code of Best Practice ("the Combined Code") Nevertheless the Board is committed to ensuring that proper standards of corporate governance operate throughout the Group and has followed the principles of the Combined Code so far as is practicable and appropriate for the nature and size of the Group

Below is a brief description of the role of the Board, followed by a statement regarding the Group's system of internal controls

The Board

The Board currently comprises the Chairman and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and three Executive Directors who are also Managing Directors of subsidiary companies

Key features of the Corporate Governance structure are

- the Chairman and Chief Executive Officer is responsible for the development of the corporate strategy and is closely involved with the financing of the Group, and
- the Chairman and Chief Executive Officer exercises his delegated powers through the management team comprising himself, the Chief Financial Officer, Chief Operating Officer, Executive Directors and senior members of management

All directors have access to the advice and services of the Company Secretary, who ensures that the Board meets formally at least eight times per year, receives appropriate and timely information for decision making, that Board procedures are followed and that statutory and regulatory requirements are met Any director, in order to fulfil his duties, may take independent professional advice at the parent company's expense

The Board as a whole is responsible for its structure, size, composition and succession planning thereby keeping under review the Board's blend of skills and experience

Audit Services

The Board meets at least twice per year with the external auditors to review the accounts and audit of the Group The Board reviews the Group's accounting policies, financial reporting, internal control and risk management procedures The Board seeks to ensure that its Annual Report and Financial Statements provide a balanced and concise assessment of the Group's position It also considers the appointment of the auditors and their remuneration

Statutory disclosures required by the Companies Act 2006 of audit and non-audit fees are given in note 6

The Board also reviews the independence of the external auditors

The external auditors continue to operate procedures to safeguard against the possibility that the auditors' objectivity and independence could be compromised This includes annual independence confirmations by all staff

The auditors report to the Board on matters including independence and non-audit fees on an annual basis

Remuneration

The Chairman and Chief Executive Officer provides advice and recommendations to the Board regarding the framework for executive remuneration

Corporate governance statement (continued)

Risk assessment and internal control

The directors are responsible for risk assessment and the systems of internal control Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately The key elements of the Group's system of internal control are as follows

Company management

The Chairman and Chief Executive Officer chairs management meetings for the Group comprising the senior management with responsibilities for sales, marketing, service support, technology, product development, business development and finance Additionally, there are regular meetings of business development forums where the future direction of the Group's product offerings and routes to market are considered

The Managing Directors of each operating company report monthly on key financial and operational matters

Financial management

Detailed annual budgets are prepared for the Group and each operating company These budgets are reviewed and agreed by the Board and actual performance is reported against these budgets on a monthly basis The Group has in place documented authority levels for approving purchase orders, invoices and all bank transactions Further information concerning financial risk management is detailed in the Operational and Financial Review

Quality management

The Group's businesses are focused on meeting the highest levels of customer satisfaction Quality procedures for the development of the products, services and maintenance support are documented and reviewed frequently

Internal audit

The Group does not operate an internal audit function, the Board feels this is appropriate due to the current size of the Group's business

External audit

Executive management have a dialogue with the external auditors on matters arising from their work

Dialogue with shareholders

The directors of the Group, together with their advisors, hold meetings with the key shareholders, thereby helping to ensure that there is a mutual understanding of objectives All shareholders can be kept informed of company announcements, in addition to statutory requirements by emailing ir@world-television com with details of their shareholding

On behalf of the Board

Steve Garvey
Chairman and Chief Executive Officer

21 May 2012

Report of the directors
for the year ended 31 December 2011

The directors present their report together with the audited Financial Statements for the year ended 31 December 2011

Results and dividends

The results of the Group for the year are set out on page 14 and show a profit after tax of £110,000 (2010 loss £355,000) after deducting amortisation of intangible assets of £49,000 (2010 £115,000)

The directors do not recommend a final dividend

Principal activities, review of business and future developments

World Television is a leading video communications company for corporations, governments and international organisations It has offices in London, Madrid, Frankfurt, Cologne, Zurich and Geneva

A review of the Group's operations and future developments is included in the Chairman's Statement and the Operational and financial review on pages 1 to 3

Research and development

The Group continues to invest in research and development This has resulted in improvements to previously developed products, which will benefit the Group in the medium to long term Costs of £30,000 in respect of these developments have been expensed in the profit and loss account

Changes to the Board

On 18 March 2010 Toby Low, Thomas Rajman and Tanja Bach were appointed to the Board

On 31 August 2011 Toby Low resigned as a Managing Director World Television UK

On 23 February 2012 Paul VerBruggen was appointed to the Board as Joint Managing Director World Television UK

Going Concern

As at 31 December 2011 the Group had net assets of £227,000 (2010 £116,000) and net current assets of £71,000 (2010 net current liabilities £99,000)

The Group's outlook and risks and uncertainties are set out in the Operational and Financial Review on page 3

In assessing the going concern of the Group, the directors have prepared forecast information for the period ending twelve months from the date of the approval of these Financial Statements The forecast has been prepared on a cautious basis to reflect the economic environment The directors are positive about the direction and focus of the business but client budgets continue to present a risk to cash flow due to uncertainty in the economic outlook

The liquidity position of the Group assumes that existing banking facilities continue and should this position change the directors would have to seek alternative facilities The directors have concluded that, in the event that trading deteriorates, economic conditions fail to improve or banking facilities are withdrawn, these factors would materially affect the company's ability to discharge its commitments in the normal course of business Nevertheless, after considering the uncertainties described above, the directors believe that the Group will have sufficient funding to continue in operational existence for at least twelve months from the date of approval of these Financial Statements On this basis, and after considering the uncertainty described above the Directors have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future and consider that it is appropriate to prepare the Financial Statements on a going concern basis

Dırectors' ınterests

The dırectors at the end of the year and theır benefıcıal ınterests (unless otherwıse stated) ın the ordınary share capıtal of the parent company are as follows

	At 31 December 2011		At 31 December 2010	
Name	**Numbers of shares held**	**Percentage of shareholdıng**	Numbers of shares held	Percentage of shareholdıng
Steve Garvey	10,950,000	0 66%	10,950,000	0 66%
Thomas Rajman	3,778,759	0 23%	3,778,759	0 23%
Evelyn Kımber	-	-	-	-
Jım Hall	-	-	-	-
Toby Low *	-	-	-	-
Tanja Bach	-	-	-	-

The dırectors at the end of the year had benefıcıal ınterests ın the management share capıtal of the parent company as follows

	At 31 December 2011		At 31 December 2010	
Name	**Numbers of shares held**	**Percentage of shareholdıng**	Numbers of shares held	Percentage of shareholdıng
Steve Garvey	65	65 0%	65	65 0%
Evelyn Kımber	25	25 0%	25	25 0%
Jım Hall	10	10 0%	10	10 0%

No dırectors have a materıal ınterest ın any contract, other than theır servıce contract, subsıstıng durıng or at the end of the fınancıal year that was sıgnıfıcant ın relatıon to the Group's busıness

* Toby Low resıgned as a dırector on 31 August 2011

Directors' share options

The table below sets out the interest of directors in share options of World Television Group PLC

	At start of year 000's	Granted/ Re-priced 000's	Lapsed 000's	At end of year 000's	Exercise price (pence)	Date of grant	Lapsed date
S Garvey	**2,604**	-	-	**2,604**	0 6	17/01/2005	16/01/2015
	-	-	-	-	0 25	22/12/2008	21/12/2018
	2,604	-	-	**2,604**			
E Kimber	-	-	-	-	0 25	22/12/2008	21/12/2018
Jim Hall	-	-	-	-	0 25	22/12/208	21/12/2018
Toby Low	**4,168**	-	(4,168)	-	0 25	22/12/2008	21/12/2018
Thomas Rajman	**8,335**	-	-	**8,335**	0 25	12/05/2009	11/05/2019
Tanja Bach	**2,000**	-	-	**2,000**	1 00	16/03/2006	15/03/2016
	-	-	-	-	0 25	16/04/2009	15/03/2019
	2,000	-	-	**2,000**			

Employment of disabled people and employee involvement

Every effort is made to keep all staff informed and involved in the operations and progress of the Group This is achieved through the use of electronic communications and staff briefings

The Group operates Approved, Unapproved and Enterprise Management Incentive employee share option schemes, in which certain of the Group's employees are invited to participate

It is the Group's aim that recruitment and development of staff should be determined solely on ability and other relevant requirements of the job Disabled people and those who become disabled are given the same consideration as others and depending on their skills, will enjoy the same prospects as other staff

World Television is committed to being a socially responsible employer and has an active policy of Equal Opportunities and Diversity & Inclusion The Group embraces part-time and job-share opportunities and offers a health benefit scheme

Supplier payment policy

The Group agrees appropriate terms and conditions individually with its suppliers It seeks to abide by these agreed terms provided that the supplier has also complied with them The Group had 56 creditors days at 31 December 2011 (2010 50 days)

Donations

There were no political or charitable donations during the year (2010 £Nil)

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 Group and Company and of the profit or loss of the Group and Company 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board

Evelyn Kimber

Company Secretary

21 May 2012

Report of the independent auditors

TO THE MEMBERS OF WORLD TELEVISION GROUP PLC

We have audited the financial statements of World Television Group PLC for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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

Report of the independent auditors (continued)

Matters on which we are required to report by exception

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

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

BDO LLP

Andrew Viner, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

21 May 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated profit and loss account
for the year ended 31 December 2011

	Note	2011 Total £'000	2010 Continuing Operations £'000	2010 Discontinued Operations £'000	2010 Total £'000
Turnover	2	**7,493**	8,305	398	8,703
Operating expenses before amortisation		**(7,305)**	(8,087)	(773)	(8,860)
- Amortisation of intangible fixed assets	10	**(49)**	(115)	-	(115)
Total operating expenses	3	**(7,354)**	(8,202)	(773)	(8,975)
Operating profit/(loss)	6	**139**	103	(375)	(272)
Interest receivable	8	-			-
Interest payable	8	**(29)**			(83)
Profit/(Loss) on ordinary activities before taxation		**110**			(355)
Taxation	9	-			-
Profit/(Loss) for the financial year	21	**110**			(355)

The notes on pages 19 to 42 form part of these Financial Statements

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit/(Loss) for the financial year		**110**	(355)
Exchange translation differences on consolidation	22	**1**	46
Total recognised gains/(losses) for the year		**111**	(309)

The notes on pages 19 to 42 form part of these Financial Statements

Consolidated balance sheet
at 31 December 2011

World Television Group PLC *Company number 03901656*	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Intangible assets	10		**32**		67
Tangible assets	11		**247**		210
			279		277
Current assets					
Debtors	13	**1,354**		1,538	
Cash at bank and in hand		**272**		442	
		1,626		1,980	
Creditors amounts falling due within one year	14	**(1,555)**		(2,079)	
Net current assets/(liabilities)			**71**		(99)
Total assets less current liabilities			**350**		178
Creditors amounts falling due after more than one year	15		**(73)**		(12)
Provisions for liabilities and charges	17		**(50)**		(50)
Net assets			**227**		116
Capital and reserves					
Called up share capital	18		**19,499**		19,499
Share premium account	21		**10,065**		10,065
Capital redemption reserve	21		**16,874**		16,874
Merger reserve	21		**(15,999)**		(15,999)
Other reserves	21		**2,384**		2,384
Profit and loss account	21		**(32,596)**		(32,707)
Shareholders' funds	22		**227**		116

The Financial Statements were approved and authorised by the Board on 21 May 2012

Steve Garvey
Chairman and Chief Executive Officer

Evelyn Kimber
Chief Financial Officer

The notes on pages 19 to 42 form part of these Financial Statements

Parent company ('the Company') balance sheet
at 31 December 2011

World Television Group PLC *Company number 03901656*	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Intangible assets	10		**32**		67
Tangible assets	11		**109**		-
Investments	12		**1,379**		1,879
			1,520		1,946
Current assets					
Debtors - due in one year	13	**91**		71	
Cash at bank and in hand		**187**		-	
		278		71	
Creditors amounts falling due within one year	14	**(301)**		(276)	
Net current liabilities			**(23)**		(205)
Total assets less current liabilities			**1,497**		1,741
Creditors amounts falling due after more than one year	15		**(1,037)**		(978)
Net assets			**460**		763
Capital and reserves					
Called up share capital	18		**19,499**		19,499
Share premium account	21		**10,065**		10,065
Capital redemption reserve	21		**16,874**		16,874
Other reserves	21		**19**		19
Profit and loss account	21		**(45,997)**		(45,694)
Shareholders' funds	22		**460**		763

The Financial Statements were approved and authorised by the Board on 21 May 2012

Steve Garvey
Chairman and Chief Executive Officer

Evelyn Kimber
Chief Financial Officer

The notes on pages 19 to 42 form part of these Financial Statements

Consolidated cashflow statement
for the year ended 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash inflow/(outflow) from operating activities	23		**234**		(149)
Returns on investment and servicing of finance					
Interest received		**-**		-	
Interest paid		**(7)**		(26)	
Interest element of finance lease rentals		**(8)**		(9)	
Net cash outflow from returns on investment and servicing of finance			**(15)**		(35)
Taxation					
Corporation tax			**-**		-
Capital expenditure and financial investment					
Payments to acquire intangible assets		**(15)**		(6)	
Payments to acquire tangible assets		**(170)**		(68)	
Receipts from sale of tangible assets		**3**		15	
Cash outflow from capital expenditure and financial investment			**(182)**		(59)
Acquisitions and Disposals					
Cash disposed of with business operations		**-**		(2)	
Cash outflow from acquisitions and disposals			**-**		(2)
Cash inflow/(outflow) before financing			**37**		(245)
Financing					
Receipt of loan finance		**-**		180	
Repayment of loan finance		**(295)**		(138)	
Receipt of new finance leases		**124**		25	
Capital element of finance lease payments paid		**(36)**		(68)	
Cash outflow from financing			**(207)**		(1)
Decrease in cash	25		**(170)**		(246)

The notes on pages 19 to 42 form part of these Financial Statements

Notes forming part of the Financial Statements
for the year ended 31 December 2011

1 Accounting policies

The Financial Statements have been prepared under the historical cost convention in accordance with applicable accounting standards

The following principal accounting policies have been applied

Going concern basis

As at 31 December 2011 the Group had net assets of £227,000 (2010 £116,000) and net current assets of £71,000 (2010 current liabilities £99,000)

The Group's outlook and risks and uncertainties are set out in the Operational and Financial Review on pages 2 and 3

In assessing the going concern of the Group, the directors have prepared forecast information for the period ending twelve months from the date of the approval of these Financial Statements The forecast has been prepared on a cautious basis to reflect the economic environment The directors are positive about the direction and focus of the business but UK client budgets continue to present a risk to cash flow due to uncertainty in the economic outlook for the UK Forecasts show that UK trading will improve and the Group will be able to meet its liabilities as they fall due

The liquidity position of the Group assumes that existing banking facilities continue and should this position change the directors would have to seek alternative facilities The directors have concluded that, in the event that trading deteriorates, economic conditions fail to improve or banking facilities are withdrawn, these factors would materially affect the company's ability to discharge its commitments in the normal course of business Nevertheless, after considering the uncertainties described above, the directors believe that the Group will have sufficient funding to continue in operational existence for at least twelve months from the date of approval of these Financial Statements On this basis, and after considering the uncertainty described above the Directors have a reasonable expectation that the Group has adequate resources to continue for the foreseeable future and consider that it is appropriate to prepare the Financial Statements on a going concern basis

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Company and its subsidiary undertakings as at 31 December 2011

Undertakings in which the Group has a material interest are accounted for as subsidiaries where the Group exercises dominant influence Unless otherwise stated the acquisition method of accounting has been adopted, under which the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition and interests sold are consolidated up to the date of disposal

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account The Company made a loss of £303,000 for the year (2010 loss £430,000)

Merger accounting

In relation to the merger of Virtue Group and World Television Group in August 2004, the consolidated Financial Statements have been prepared using merger accounting principles as set out in Financial Reporting Standard No 6 - Acquisitions and Mergers ("FRS 6")

Where merger accounting is used the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid In the consolidated Financial Statements merged subsidiary undertakings are treated as if they had always been a member of the Group Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves

1 Accounting policies (continued)

Foreign currencies

Foreign currency transactions of individual companies are translated at contracted rates or where no contract exists, at the average monthly rates Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date Any differences are taken to the profit and loss account

The results of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the year The balance sheets are translated into sterling at the rate of exchange ruling on the balance sheet date Exchange differences arising on the translation of opening shareholders' funds and the profit and loss movement for the year are recorded as a movement on reserves

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to reserves

Principal rate of exchange

	2011 Year-end	**2011 Average**	2010 Year-end	2010 Average
Euro	**1 197**	**1 152**	1 167	1 166
Swiss franc	**1 452**	**1 421**	1 455	1 611
Australian dollar	-	-	1 522	1 522
Swedish kronor	-	-	11 349	11 349

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, is the difference between the fair value of purchase consideration and the fair value of the assets and liabilities acquired In calculating goodwill, the total consideration, both actual and deferred, is taken into account Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the value of likely consideration payable is made The contingent deferred consideration is re-assessed annually and a corresponding adjustment is made to the goodwill arising on acquisition

Goodwill is capitalised and amortised in equal instalments through the profit and loss account over its expected useful economic life which is estimated at five years Goodwill is denominated in the currency in which the acquisition is made and financed

Research and development

Development expenditure meeting the criteria as set out in SSAP 13 is capitalised and amortised in equal instalments over its useful economic life of three years, commencing in the year the Group starts to benefit from the expenditure

All other research and development expenditure is charged to the profit and loss account in the period in which it is incurred

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less a provision for depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets in equal instalments over their expected useful economic lives The normal expected useful lives of the major categories of tangible fixed assets are

Computer equipment and software	-	2-4 years
Specialist equipment	-	2-3 years
Fixtures, fittings and equipment	-	3-4 years

Impairment of fixed assets and goodwill

The carrying values of fixed assets are reviewed for impairment when a triggering event arises that indicates assets might be impaired First year impairment reviews are conducted for acquired goodwill and intangible assets Impairment is determined by the comparison of the carrying value of the asset against the higher of net realisable value and value in use Any provision for impairment is charged to the profit and loss account in the year concerned

Investments

Investments are stated at cost less any provision for impairment in value

Long-term contracts and work in progress

Amounts recoverable on long-term contracts, which are included in debtors as accrued income, are stated at the net sales value of the work done less amounts received as progress payments on account Excess progress payments are included in creditors as deferred income Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as work in progress balances

Turnover

World Television is a communications agency that specialises in video for large corporations, governments and international organisations Turnover relating to webcasting is recognised when the webcasting services are performed, which is compliant with FRS 5 Application Note G Turnover in respect of television programme production is recognised on the basis of the amount earned during the year in accordance with the contractual arrangements Turnover unless indicated excludes transactions between companies within the Group and VAT

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms Provision is made when an obligation exists for a future liability in respect of past events and where the amount of the obligation can be readily estimated

Pension costs

The Group operates a stakeholder pension scheme which is made available to certain employees No contributions are payable by the Group Contributions to a few employees' own money purchase pension schemes were charged to the profit and loss accounts as incurred

Finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable over the term of the lease The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account

Lease payments are analysed between capital and interest components The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding

1 Accounting policies (continued)

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term Rent-free periods and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate

Property provisions

Provisions for dilapidation charges that will crystallise at the end of the period of occupancy are provided for in full on empty properties and are charged to the income statement evenly over the period of the lease for occupied properties

Finance costs

Finance costs of debts are recognised in the profit and loss account at a constant rate on the carrying amount over the life of the debt

Deferred taxation

Provision is made for deferred taxation using the incremental liability approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the deferred tax assets being recognised to the extent that they are regarded as recoverable Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period Non-market vesting conditions are taken into account by adjusting the total number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that will eventually vest

When shares and share options are granted to employees of subsidiary companies, the fair value of the awards is treated as a capital contribution and spread over the period of performance relating to the grant The corresponding entry is made in reserves

Financial instruments

In relation to the disclosures made in note 16

- short-term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures, and
- the Group does not hold or issue derivative financial instruments for trading purposes

Discontinued operations

Where a component of the Group meets the criteria of an operating segment and has been disposed of, the loss of the discontinued operations is presented separately on the face of the Group's consolidated profit and loss account

2 Segmental analysis

	Turnover		Profit/(loss) before tax		Net assets/(liabilities)	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
Continuing operations						
Europe and rest of the world	**3,642**	3,355	**524**	486	**3,780**	3,105
UK	**3,698**	4,914	**(111)**	(20)	**(4,013)**	(3,751)
Group	**153**	36	**(303)**	(430)	**460**	762
	7,493	8,305	**110**	36	**227**	116
Discontinued operations						
Europe and rest of the world	**-**	398	**-**	(391)	**-**	-
	7,493	8,703	**110**	(355)	**227**	116

3 Total operating expenses

All operating expenses relate to administrative expenses and can be further analysed as follows

	2011 Total £'000	2010 Continuing operations £'000	2010 Discontinued operations £'000	2010 Total £'000
Staff costs (note 4)	**3,257**	3,289	378	3,667
Depreciation	**125**	162	6	168
Amortisation of intangible assets	**49**	115	-	115
Other operating expenses	**3,923**	4,636	389	5,025
	7,354	8,202	773	8,975

4 Employees

Group	2011 Total £'000	2010 Continuing operations £'000	2010 Discontinued operations £'000	2010 Total £'000
Staff costs (including directors) consist of				
Wages and salaries	**2,824**	2,889	279	3,168
Social security costs	**325**	300	87	387
Pension costs	**70**	67	11	78
Other costs	**38**	33	1	34
	3,257	3,289	378	3,667

4. Employees (continued)

	2011 Total Number	2010 Continuing operations Number	2010 Discontinued operations Number	2010 Total Number
Average number of people employed (including executive directors)				
Sales, marketing and product development	**5**	6	1	7
Technology and operations	**32**	31	6	37
Management and administration	**14**	16	1	17
	51	53	8	61

5 Directors' remuneration

	2011 £'000	2010 £'000
Aggregate emoluments	**672**	724
Pension contributions	**27**	26
	699	750

Emoluments of the highest paid director were £164,000 (2010 £145,000) Company pension contributions of £9,000 (2010 £7,000) were made to a money purchase scheme on his behalf

Contributions to five (2010 five) directors' own money purchase pension schemes were made in 2011

On 18 March 2010, Toby Low, Thomas Rajman and Tanja Bach were appointed to the Board

On 31 August 2011 Toby Low resigned as a Managing Director World Television UK

On 23 February 2012 Paul VerBruggen was appointed to the Board as Joint Managing Director World Television UK

Notes forming part of the Financial Statements (continued)
for the year ended 31 December 2011

6 Operating profit/(loss)

	2011 Total £'000	2010 Continuing operations £'000	2010 Discontinued operations £'000	2010 Total £'000
This is arrived at after charging				
Depreciation of own assets	**109**	100	6	106
Depreciation of finance lease assets	**16**	62	-	62
Research and development				
- Current year's expenditure	**30**	64	-	64
- Amortisation of intangibles (note 10)	**49**	115	-	115
Loss on termination of operations (note 26)	**-**	-	20	20
Operating leases				
- Land and buildings	**204**	218	54	272
- Plant and machinery	**12**	106	13	119
(Loss)/Profit on disposal of tangible fixed assets	**(8)**	11	-	11
Exchange loss	**27**	18	-	18
Auditors' remuneration				
- Fees payable to the company's auditor for the audit of the company's annual accounts	**38**	30	-	30
- Fees payable to the company's auditor and its associates for other services				
- the audit of the company's subsidiaries, pursuant to legislation	**37**	36	5	41
- tax services	**44**	27	-	27

7 Share option charges

No share options were issued to key employees in the year to December 2011, and the charge for the year is considered to be immaterial to the Group and has not been reflected in the financial statements All options carried forward from 2010, have either lapsed or vested as at 31 December 2011

8 Interest receivable/(payable)

	2011 **£'000**	2010 £'000
Interest receivable		
On bank balances and deposits	-	-
Interest payable		
On finance leases	**(8)**	(9)
On bank loans and overdrafts	**(4)**	(5)
Foreign exchange losses[1]	**(14)**	(48)
Other	**(3)**	(21)
Total Interest payable	**(29)**	(83)

[1] Represents net losses due to foreign currency translations against sterling in relation to cumulative intercompany balances

9 Taxation

There was no current year tax charge (2010 - £Nil)

	2011 £'000	2010 £'000
Profit/(Loss) on ordinary activities before tax	**110**	(355)
Profit/(Loss) on ordinary activities before tax multiplied by the standard rate of corporate tax in the UK of 26 5% (2010 - 28%)	**29**	(99)
Effects of		
Depreciation in excess of capital allowances for the period	**28**	34
Amortisation of intangible assets and goodwill	**-**	-
Non-taxable income/Non-deductible expenses	**10**	229
Losses not recognised in the period for which no deferred tax asset was recognised	**1**	156
Movement in provisions	**(4)**	(23)
Losses utilised in the period	**(64)**	(297)
Current tax charge	**-**	-

Deferred tax asset

A potential deferred tax asset of £1 4 million (2010 £1 5 million) has not been recognised on losses available to carry forward against the Group in accordance with FRS 19 These losses may be offset in the future only against taxable profits generated by the entities concerned

Also, a potential deferred tax asset of £267,000 (2010 £272,000) has not been recognised in these financial statements relating to depreciation charged in excess of capital allowances

10 Intangible assets

Group	Development costs £'000	Negative goodwill £'000	Positive goodwill £'000	Total £'000
Cost				
At 1 January 2011	561	(150)	4,813	5,224
Additions	14	-	-	14
At 31 December 2011	**575**	**(150)**	**4,813**	**5,238**
Amortisation				
At 1 January 2011	499	(150)	4,808	5,157
Charge for the year	47	-	2	49
At 31 December 2011	**546**	**(150)**	**4,810**	**5,206**
Net book value				
At 31 December 2011	**29**	-	**3**	**32**
At 1 January 2011	62	-	5	67

Company	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 1 January 2011	6	561	567
Additions	-	14	14
At 31 December 2011	**6**	**575**	**581**
Amortisation			
At 1 January 2011	1	499	500
Charge for the year	2	47	49
At 31 December 2011	**3**	**546**	**549**
Net book value			
At 31 December 2011	**3**	**29**	**32**
At 1 January 2011	5	62	67

10 Intangible assets (continued)

Development costs relating to the development of webcasting application software have been capitalised in accordance with SSAP 13 These costs will be amortised over their useful economic life of 3 years, commencing in the year the Group starts to benefit from the expenditure

11 Tangible assets

Group	Fixtures, fittings and equipment £'000	Computer equipment and software £'000	Specialist equipment £'000	Total £'000
Cost				
At 1 January 2011	424	1,105	311	1,840
Exchange differences	-	-	-	-
Additions	1	143	26	170
Disposals/Write off	-	(1)	(8)	(9)
At 31 December 2011	**425**	**1,247**	**329**	**2,001**
Depreciation				
At 1 January 2011	359	1,012	259	1,630
Exchange differences	-	-	-	-
Charge for the year	19	78	28	125
Disposals/Write off	-	(1)	-	(1)
At 31 December 2011	**378**	**1,089**	**287**	**1,754**
Net book value				
At 31 December 2011	**47**	**158**	**42**	**247**
At 1 January 2011	65	93	52	210

The net book value of tangible fixed assets for the Group includes an amount of £131,000 (2010 £70,000) in respect of assets held under finance lease agreements

Notes forming part of the Financial Statements (continued)
for the year ended 31 December 2011

11 Tangible assets (continued)

Company	Computer equipment and software £'000	Total £'000
Cost		
At 1 January 2011	-	-
Additions	116	116
At 31 December 2011	**116**	**116**
Depreciation		
At 1 January 2011	-	-
Charge for the year	7	7
At 31 December 2011	**7**	**7**
Net book value		
At 31 December 2011	**109**	**109**
At 1 January 2011	-	-

The net book value of tangible fixed assets for the Company includes an amount of £104,000 (2010 £nil) in respect of assets held under finance lease agreements

12 Investments

Company	Investment in Group undertakings £'000	Loans to Group undertakings £'000	Total £'000
Cost			
At 1 January 2011 and at 31 December 2011	**12,634**	**892**	**13,526**
Provision for impairment			
At 1 January 2011	10,755	892	11,647
Charge for the year	500	-	500
At 31 December 2011	**11,255**	**892**	**12,147**
Net book value			
At 31 December 2011	**1,379**	**-**	**1,379**
At 1 January 2011	1,879	-	1,879

World Television Sweden Holding AB was liquidated on 9 July 2010 and the investments have been fully written off

12 Investments (continued)

The principal undertakings in which the Company's interest at the year-end is 20% or more are as follows

Company	Country of incorporation and operation	% owned and voting rights	Main activity
World Television (Switzerland) Limited	Great Britain/ Switzerland	100% *	Streaming services
Virtue Corporate Services Limited	Great Britain	100%	Streaming services
World Television Deutschland GmbH	Germany	100% *	Streaming services
Virtue Communications Limited	Great Britain	100% *	Streaming services
World Television Spain S L	Spain	100% *	Streaming services
Virtue Broadcasting (Holdings) Limited	Great Britain	100%	Holding company
Virtue Broadcasting Limited	Great Britain	100%	Holding company
World Television Limited	Great Britain	100% *	Television production

* indirect holding

13 Debtors

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Trade debtors	962	1,009	-	-
Amount due by Group undertakings	-	-	30	56
Other debtors	117	73	41	12
Prepayments and accrued income	275	456	20	3
	1,354	1,538	91	71

All amounts are due within one year

14 Creditors amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank loans and overdraft[1]	**64**	359	**-**	111
Trade creditors	**655**	743	**54**	64
Amounts owed to Group undertakings	**-**	-	**59**	10
Other taxes and social security	**263**	328	**-**	-
Other creditors	**67**	55	**34**	-
Accruals and deferred income	**455**	570	**121**	91
Finance lease creditors	**51**	24	**33**	-
	1,555	2,079	**301**	276

[1] Bank loans and overdrafts are secured by fixed and floating charge over the assets of the Company

15 Creditors amounts falling due after more than one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Finance lease creditors	**73**	12	**66**	-
Amounts owed to Group undertakings	**-**	-	**971**	978
	73	12	**1,037**	978

16 Financial instruments

The Operational and Financial Review on page 3 sets out details of the Group's treasury and financial risk management policy

a) Short-term debtors and creditors

As permitted by FRS 13, short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures

b) Interest rate profile

Financial assets

The only significant financial asset the Group has is cash at bank Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate

Financial liabilities

The Group's financial liabilities as at 31 December 2011 consist of the following

Finance leases to the value of £124,000 are outstanding at the year-end The interest rates for finance leases range from 5 75% to 9 45%

c) Maturity profile of Group's financial liabilities

	2011 Bank loans and overdraft £'000	**2011 Finance leases £'000**	**2011 Other financial liabilities £'000**	**2011 Total £'000**	2010 Bank loans and overdraft £'000	2010 Finance leases £'000	2010 Other financial liabilities £'000	2010 Total £'000
In one year or less or on demand	**64**	**51**	**-**	**115**	359	24	-	383
In more than one year but not more than two years	**-**	**46**	**-**	**46**	-	11	-	11
In more than two years but not more than five years	**-**	**27**	**-**	**27**	-	1	-	1
Total	**64**	**124**	**-**	**188**	359	36	-	395

16. Financial instruments (continued)

d) Currency profile

	2011 £'000	2010 £'000
Financial assets		
Sterling	**102**	31
Swiss franc	**117**	381
Euro	**53**	30
Total	**272**	442

Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate

Financial liabilities

The Group's financial liabilities as at 31 December 2011 are denominated in sterling

e) Borrowing facilities

The Group has no undrawn committed borrowing facilities (2010 £Nil)

f) Fair value of financial assets and liabilities

In the directors' opinion there is no material difference between the book value and current value of any of the Group's financial assets and liabilities (2010 £Nil)

g) Currency risk

As a result of overseas operations the group's balance sheet and profit and loss account can be affected significantly by movements in exchange rates against sterling This is largely through conversion of foreign currency results and balances into sterling The Group's main exposure is in its foreign currency bank accounts and intercompany balances that are held between companies with different currencies

h) Hedges

The Group has no material hedged transactions or positions in the period (2010 £Nil)

17 Provisions for liabilities and charges

Group analysis of provisions for liabilities and charges

Group	Property provisions £'000
At 1 January 2011 and at 31 December 2011	**50**

Property provisions are for property dilapidations in the UK

18 Share capital

	2011 Number of ordinary shares 000's	**2011 Nominal value £'000**	2010 Number of ordinary shares 000's	2010 Nominal value £'000
Authorised				
Ordinary shares of 0 1p each	**40,000,000**	**40,000**	40,000,000	40,000
Deferred shares of 2 4p each	**743,005**	**17,832**	743,005	17,832
Management shares of £1 each	-	-	-	-
Allotted and fully paid				
Ordinary shares of 0 1p each	**1,667,052**	**1,667**	1,667,052	1,667
Deferred shares of 2 4p each	**743,005**	**17,832**	743,005	17,832
Management shares of £1 each	-	-	-	-

The deferred shares have no voting rights and no rights to dividend

18 Share capıtal (contınued)

A new class of management shares was created ın 2008 The authorısed shares ıs £300 of whıch £100 was ıssued at the Balance Sheet date Holders of management shares have no rıghts to receıve notıce of, or to attend or vote at, any general meetıng of the Company and shall have no rıght to receıve dıvıdends or other dıstrıbutıons from the Company

	Number of ordınary shares 000's	Nomınal value £'000
In ıssue at 1 January 2011 and 31 December 2011		
Ordınary shares of 0 1p each	**1,667,052**	**1,667**
Deferred shares of 2 4p each	**743,005**	**17,832**
Management shares of £1 each	-	-
		19,499

19 Share optıons

Certaın employees hold optıons to subscrıbe for shares ın the Company at prıces rangıng from 0 1 pence to 6 5 pence under the Group's share optıon schemes The Group operates Approved, Unapproved, Enterprıse Management Incentıve and Employee Benefit Trust schemes for selected employees under a contract of employment to be granted optıons to acquıre ordınary shares ın the Company The number of shares subject to optıons, the perıods ın whıch they were granted and the perıods ın whıch they may be exercısed are gıven below

Year of grant	Exercıse prıce (pence)	Exercıse perıod	2010 Number 000's	Issued Number 000's	Lapsed Number 000's	**2011 Number 000's**
2002	6 5	2002-2012	1,092	-	-	**1,092**
2003	3 0	2003-2012	5,126	-	-	**5,126**
2004	0 1	2004-2014	3,250	-	-	**3,250**
2005	0 6	2005-2015	5,209	-	-	**5,209**
2006	1 0	2007-2016	2,000	-	-	**2,000**
2010/2011	0 25	2010-2019	21,255	-	(4,168)	**17,087**
			37,932	-	(4,168)	**33,764**

Detaıls of optıons held by dırectors are set out ın the Report of the Dırectors on page 9

No optıons were exercısed durıng the year (2010 Nıl)

20 Share Based Payment

The followıng relates to the 2006 and 2009/2010 share optıons only, as all other optıons vested prıor to 1 January 2006 and therefore the FRS 20 charge does not apply No further share optıons wıll be granted under the 2006 scheme

World Televısıon Group PLC operates equıty-settled share based remuneratıon schemes for employees, approved EMI share optıon schemes and unapproved Internatıonal share optıon schemes for executıve dırectors and certaın senıor management

Under the EMI and Internatıonal share optıon schemes, optıons vest ıf certaın non-market condıtıons are met

Under the 2008 EMI share optıon scheme, any unexercısed optıons would lapse on the expıry of three calendar months followıng an optıon holder ceasıng to be an employee For the 2006 EMI share optıon scheme, any unexercısed optıons would lapse on the expıry of twelve months

	EMI Share Optıon Scheme		**Internatıonal Share Optıon Scheme**	
	Weıghted average exercıse prıce (pence)	Number 000's	Weıghted average exercıse prıce (pence)	Number 000's
Outstandıng at start of the year	0 25	7,085	0 34	16,169
Lapsed durıng the year	0 25	4,168	-	-
Outstandıng at the end of the year	**0 25**	**2,917**	**0 34**	**16,169**

The weıghted average exercıse prıce of optıons outstandıng at the end of the year was 0 33p and theır weıghted average contractual lıfe was 10 years

No share optıons were exercısed durıng the year

The weıghted average faır value of each optıon granted durıng the year was Nıl (2010 Nıl)

A charge of £Nıl (2010 £Nıl) has been recognısed durıng 2011 ın relatıon to these share optıons

The Group dıd not enter ınto any share-based payment transactıons wıth partıes other than employees durıng the current or prevıous perıod

21 Reserves

Group	Share premium £'000	Other reserves £'000	Merger reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2011	10,065	2,384	(15,999)	16,874	(32,707)
Profit for the financial year	-	-	-	-	110
Exchange differences	-	-	-	-	1
At 31 December 2011	**10,065**	**2,384**	**(15,999)**	**16,874**	**(32,596)**

Company	Share premium £'000	Other reserves £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2011	10,065	19	16,874	(45,694)
Loss for the financial year	-	-	-	(303)
At 31 December 2011	**10,065**	**19**	**16,874**	**(45,997)**

22 Reconciliation of movements in shareholders' funds

	Group 2011 £'000	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Profit/(Loss) for the financial year	**110**	(355)	**(303)**	(430)
Foreign exchange adjustments	**1**	46	-	-
Net increase/(reduction) to shareholders' funds	**111**	(309)	**(303)**	(430)
Opening shareholders' funds	**116**	425	**763**	1,193
Closing shareholders' funds	**227**	116	**460**	763

23 Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	2011 **£'000**	2010 £'000
Operating profit/(loss)	**139**	(272)
Depreciation of tangible fixed assets	**125**	168
Amortisation of intangible assets	**49**	115
Decrease/(Increase) in debtors	**183**	(521)
(Decrease)/Increase in creditors	**(255)**	366
Loss/(Profit) on disposal of fixed assets	**5**	(11)
Loss on termination of operations	-	20
Foreign exchange	**(12)**	(14)
Net cash inflow/(outflow) from operating activities	**234**	(149)

24 Analysis of net funds/(debt)

	At 1 January 2011 £'000	Cash flow £'000	Non-cash flows £'000	**At 31 December 2011 £'000**
Cash in hand and at bank	442	(170)	-	**272**
Bank loans	(359)	295	-	**(64)**
Finance leases	(37)	(84)	(3)	**(124)**
Total	**46**	**41**	**(3)**	**84**

25 Reconciliation of net cashflow to movements in net funds

	Note	2011 £'000	2010 £'000
Decrease in cash		**(170)**	(246)
Cashflow from changes in funds		**211**	2
Movement in net funds/(debts) resulting from cashflows		**41**	(244)
Non-cash movements (foreign exchange)		**(3)**	(4)
Movement in net funds/(debt)		**38**	(248)
Net funds at the start of the year		**46**	294
Net funds at the end of the year	24	**84**	46

26 Discontinued operations

Discontinued operations include the liquidation of the Swedish group of companies on 9 July 2010 and costs associated with the Australian subsidiary which was deregistered in January 2011 as it was no longer trading

Loss on termination of operations

On 9 July 2010, World Television Sweden Holding AB and its subsidiaries were liquidated There was a loss on disposal of £20,000 (2011 £Nil)

27 Commitments under operating leases

As at 31 December 2011, the Group had annual commitments under non-cancellable operating leases as set out below

	2011 Land and buildings £'000	2011 Other £'000	2010 Land and buildings £'000	2010 Other £'000
Operating leases which expire				
Within one year	**154**	**4**	105	-
In two to five years	**20**	**10**	73	18
Total	**174**	**14**	178	18

28 Related party transactions

The Company has taken advantage of the exemption allowed under FRS8 not to disclose transactions with entities whose voting rights are 100% controlled by the Group