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@UK PLC
("@UK" or the "Company")

Audited Final Results for the 12 months ended 31 December 2012

@UK PLC (AIM:ATUK.L), the cloud eCommerce marketplace, today announces its audited final results for the 12 months ended 31 December 2012.

Key Points

Financial:

- Revenues decreased by 6% to £2.219m (2011: £2.353m) due mainly to a slowdown in company formations
- High gross margin ecommerce revenues increased by 7% to £1.18m (2011: £1.106m)
- Loss before tax increased to £850k (2011: £177k) due to investment in overseas expansion and technology and contract win payments slipping from 2012 into 2013
- Net Assets decreased to £123k (2011: £469k)
- Cash positive in Q1 2013

Operational:

- Signing of partnership agreement with Visa
- Rebranding to cloudBuy.com and cloudSell.com for global rollout
- Strong performance in eCommerce, our core business, in the year has been offset by a slowdown in company formations
- Indian operation launched and profitable in the year
- Australian operation launched in collaboration with Visa and profitable in year to date
- US office opened in year to date
- First implementation of Care Marketplace live
- @UK named as approved supplier within three UK public sector frameworks
  - UK Government's G-Cloud framework (1, 2 and 3)
  - Four year national ecommerce framework agreement for all UK public bodies
  - Care Marketplace/Directory framework

Ronald Duncan, Executive Chairman, commented, "It has been a busy year, both in the UK and overseas as we begin to establish a global brand. The relationship with Visa and its member banks gives us real credibility and we are confident that these partnerships combined with the considerable investment made this year in both our technology and international expansion will result in significantly improved future results.

"The market for our services appears to be at an inflection point and we are certainly seeing buyers who are much more technically literate, as they become increasingly confident about using the web for purchasing at home. The convergence of B2C with B2B has been anticipated, but in 2012 we could clearly see that change was happening. Our challenge in 2013 is to harness that change and direct our resources to where we can best monetise the opportunities."

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@UK PLC

@UK is Europe's leading Cloud Platform with over 1 million users, which is used for University and Colleges' procurement along with local authority, schools and other Government and private sector procurement.

The GeM marketplace for Universities and Colleges which launched on 1st August 2011 is the only card-based national marketplace in the world. It was successfully delivered for the 800 Universities and Colleges in the UK and the 680 National Suppliers, proving that Cloud Ecommerce delivers large complex projects for Government on time and on budget.

Richard Benyon MP Minster for the Natural Environment, launched the @UK Green Ecommerce Marketplace in October 2010, which is now the largest repository of product carbon footprints in the world.

@UK was used by the National Audit Office to identify over £500 million in savings for 25% of NHS spend. The ground breaking SpendInsight system used to identify the savings resulted in the award of 2 PhDs in artificial intelligence.

@UK delivers key Government commitments of Savings Sustainability and SME Inclusion along with support for start-ups. @UK PLC has now created over 200,000 start up businesses and launched a new Cloud-Start-Up.com service to provide a complete suite of cloud business software to start-ups along with the essentials of limited company, bank account, domain name, email, ecommerce, accounting system and membership of the @UK business club.

This has been followed by the announcement of the 2012StartUp.com campaign, which is supported by the AIM market of the London Stock Exchange, the Forum of Private Business, and BASDA, the software industry association. The campaign aims for a 27% growth of 100,000 start up companies and growth for existing businesses. It is a practical campaign that will result in companies being formed and growing through @UK's technology.

Chairman's Statement

@UK has invested heavily this past year both in our international expansion and the continued improvement of our technology, which has extended our technical lead over our competition.

Over the course of the year our UK sales team built a significant pipeline. A number of projects slipped over into the new period and our focus is now on conversion. The current position is 186 proposals with a total value of £8.9m. There is a good mix of large opportunities in this pipeline, alongside more general business opportunities.

We have been working closely with Visa to develop our business in SE Asia and particularly in Australia. Over the course of the year we have attended conferences in Asia and Australia which have been sponsored by Visa, at which we have run workshops and showcased the capabilities of the ecommerce marketplace with embedded Visa card. We have also engaged with Visa member banks in the area and, in association with Visa and the member banks, their government and private sector customers.

From all of this activity we have built a promising pipeline of international business which is now beginning to close. We have formalised our partnership with Visa and now have a 3 year exclusive agreement in place to roll out our technology across member banks and their customers on a referral basis.

A key element of this has been the globalisation of our technology and product brand and we now own the cloudBuy.com and cloudSell.com domains, which will form the core of our rebranded product offering.

Our customer engagement over the past year, both in the UK and SE Asia, has had two clearly articulated themes:

- Customers increasingly expect a B2B buying experience that mirrors their home experience
- Customers are confident about using the Cloud to manage their business applications

This echoes the report that Forrester has recently published 'Key trends in B2B ecommerce for 2013' which estimates the size of the US B2B market in 2013 as $559bn, and supports our anecdotal findings about evolving customer expectations.

cloudBuy and cloudSell are fully aligned with these customer expectations, providing a single global portal for buying organisations and their suppliers. The new branding is simple and straightforward and we anticipate that it will also be compelling in the UK, where we are broadening our buy side customer engagement into large corporate, alongside the public sector.

A major opportunity for growth is in Local Government where we have developed a ground breaking solution for the Government's Personalisation Agenda, in which individuals are being given control over their care budgets, with the ability to choose and buy their own care from approved suppliers.

This requirement plays to our many strengths – the ability to pay securely by card, hold individual and patient data, provide a consumer friendly ecommerce experience and underpin the whole with complete control and transparency. This mix of capability is unique in the market and for the last 12 months we have been working with Serco and Hertfordshire County Council to deliver the UK's flagship project, which is now live and attracting a great deal of interest.

Building on from this we have been working to extend this capability out to a wider community. In addition to our Care Marketplace we have also delivered a similar facility for schools and are currently engaged in the delivery of a citizen focused version of our eMarketplace, which will provide a single point of access for individuals and businesses in the County to book and buy all council services.

We believe that there is significant opportunity in this area and it supports the emerging expectation that B2B eBusiness solutions should be as easy and intuitive to use as B2C. Our ecommerce driven platform has been built and developed with this as a critical success factor throughout and this capability puts us in a unique position to deliver these types of services.

Interestingly we have found an appetite for these services globally as all Governments deal with the challenges of providing services cost effectively and dealing with aging or disadvantaged populations. We have identified opportunities for care marketplace in Australia where there is a similar initiative around self-managed budgets.

Technology

Over the course of the year we have put a significant amount of work into redeveloping our front end technology. We have recognised the developments in the B2B space and our customers are becoming much more sophisticated in their desires and capabilities.

A key piece of work has been around the redevelopment of our Content Management System (CMS); the new CMS has been designed to work with our ecommerce marketplaces as well as with our supplier websites. It is highly functional and we have ensured in the redesign that it is at the leading edge of CMS technology. We were very pleased that post year end, Invest Northern Ireland awarded us an £500k contract for the CMS after a full market review.

During this tender we were competing with providers that only supply CMS solutions and it was clear that the fusion of our advanced CMS, with all of the integrated capabilities of our cloud based platform, gives us a significant competitive advantage as we launch cloudBuy and cloudSell.

Dividend policy

The Board is not recommending the payment of a dividend for 2012. In the immediate future, the Board is committed to building the Group's business and accordingly all the Group's financial resources are being applied to this end. In the longer term, the Directors intend to adopt a progressive dividend policy appropriate to the Group's financial performance.

People

We have an exceptional group of employees and on behalf of the Board and shareholders, I would like to thank all our employees for their hard work and effort during the year, welcome our new team in Australia and look forward together to a successful year in 2013.

Outlook

We are pleased with both our international and UK progress. We have made a considerable investment in both our technology and international expansion, and expect these to result in significant future profits.

Ronald Duncan

Chairman
5 June 2013

OPERATIONAL REVIEW

Financial Results

In the year ended 31 December 2012, @UK PLC's revenue reduced by 6% to £2,219,034 (2011: £2,353,378) and the loss before taxation increased to £849,502 (2011: £177,604).

Sales of web and eCommerce services recorded an increase of 7% in the year to £1,180,324 (2011: £1,105,648).

Revenue from company formation services decreased by 14% to £880,455, (2011: £1,021,698) in the year reflecting the increased market share which Companies House has gained in electronic formations.

Revenue from coding decreased by 29% to £158,255 (2011: £226,032) reflecting the increased product carbon footprinting activity.

As a result of the increase in web and ecommerce, gross margin increased to 79% (2011: 76%).

Operating expenses before exceptional items and share based payments held steady were £2,527,671 (2011: £1,961,247). The increase in part reflects the reduced amount of development expenditure capitalised (£179,985 compared to £266,109) and in part the increase in costs in anticipation of the increase in demand for the Group's eCommerce services. £70,247 was charged as the "cost" of share options granted to employees and shares issued to them under the Share Incentive Plan (2011: charge £16,520).

At 31 December 2012 the Group had an overdraft of £60,763 (31 December 2011: £420,246 split between cash & loan).

Operational and Performance Review

The focus in the year has been in three key areas – the development of our UK sales opportunities, the development of our overseas capabilities, in particular via our agreement with Visa and the development of our technology to support a global roll out.

During the year we significantly increased our pipeline. In the second half of the year we concentrated on converting the proposals to orders and since the year end have revisited all proposals and focused on those that are going to proceed in a reasonable timescale. The majority of this activity has been with public sector prospects and lead times remain long in the sector, however we are seeing decisions being made and tenders won.

The current position is that we have 186 identified opportunities where we are in dialogue with customers with a total value of £8.9m.

The eCommerce Marketplace

This remains at the core of our product suite and we continue to win business, even in a slow public sector environment. We were delighted to welcome back Bristol City Council in December, which had moved off marketplace some 3 years earlier, as part of the implementation of a new combined financial and procurement system. They found that the move actually reduced their eprocurement capability and when they returned to market, a competitive tender process confirmed that @UK's technology is not only market leading, but has also moved on substantially.

From our work in the Higher Education sector we are seeing a number of universities that are looking to implement eprocurement and alongside this, a number are looking to upgrade from GeM to using the full marketplace functionality. Our ability within the ecommerce marketplace to support the Green Agenda with visibility of the carbon impact of procurement decisions is also of genuine interest to the universities. Increasingly the sector is driving the green agenda with active participation from university administration and students alike.

In Health we have also seen opportunities for marketplace sales, especially across the Community and Mental Health areas where there is convergence between Health and Social Care. This is a particularly interesting area for us as it builds on the success of our work with Serco and Hertfordshire County Council in creating the care marketplace. A key differentiator for us, across these two massive 'silos', is the fact that we are accredited to hold patient details as well as financial data for individuals. This capability is unique and puts us at the heart of the personalisation and commissioning agendas.

There are approximately 160 local authorities that need to implement a solution as part of the move to individual budgets from April 2013. Our potential earnings range from a simple care directory at £20,000 per annum through to a fully integrated marketplace at £500,000. This is an area where the UK leads the world and we are also receiving interest from overseas.

We have our social care eMarketplace running at Hertfordshire County Council and our care directory running at Peterborough City Council. This gives us reference sites for both areas. A number of councils have indicated that they are not ready for the full marketplace and want to progress via the care directory to full marketplace.

In December 2012, we were awarded a framework agreement in all four lots of the National Framework for Social Care eMarketplaces, from which local authorities will be able to select suppliers.

This builds on the award in November 2012, of a framework agreement for cloud services via the Government's G-Cloud framework. The Company was again been placed in all 4 lots of the G-cloud framework with an expanded range of services. @UK was again the only provider of ecommerce on the framework.

In Australia and Asia we have had strong interest in the eMarketplace as the market is now ready to move to this type of technology. There is little competition and our relationship with Visa and its member banks means that we are well placed to win business for the combined solution with integrated Visa payment.

Spend Analysis

In the UK we continue to engage with public sector organisation over spend analysis. We have been somewhat disappointed by the response which is often that identifying the savings is one thing, but working to realise them when teams are being cut is another. We believe that implementing the eMarketplace will realise these identified savings and therefore our engagement with eMarketplace prospects starts with a thorough review of savings opportunities.

We have been engaging with the private sector around savings opportunities and believe that they may be much more willing to put the work in to drive savings to the bottom line.

In Australia we have been running significant amounts of data for potential customers and finding higher levels of savings than in the UK, which is indicative of the immaturity of the market. This gives us two good opportunities in Australia – the first in straightforward sales of spend analysis packs and licenses and the second around marketplace with a quantified ROI.

Carbon Accounting – Organisation and Product Analysis

The UK Government's announcement that all companies listed on the London Stock Exchange are required to report their greenhouse gas (GHG) emissions came into effect in April 2013. We have £1.2m in proposals for GreenInsight which are still largely public sector, but we are in dialogue with an increasing number of private sector organisations.

We have established ourselves as the market leader in product level carbon footprinting, and this has been important in contract wins across public and private sector as organisations move from scope 1 (electric bills) to scope 3 (the entire carbon footprint of the organisation), and we anticipate that this will be a driver for future growth.

Supplier ecommerce and Content Management

The majority of organisations in the UK already have websites and our challenge has been to try to move them to an @UK PLC website. To date this has been difficult as the majority of SMEs only need a straightforward B2C website. Looking at the Forrester report this is changing as buyers increasingly want suppliers to provide a sophisticated B2B experience which mirrors the 'at home' B2C process that they go through.

An @UK PLC website has all of the complex B2B functionality preconfigured and suppliers need no training to be able to use the rich environment. This has now been enhanced by the new Content Management System (CMS) which can be used in conjunction with each of these websites to provide a highly customised, design friendly, enterprise website.

Recent research in Australia indicates that less than half of Australia's companies have websites, the majority of these companies are SMEs. The research found that two of the biggest challenges were getting set up (28%) and knowing where to start (22%), interestingly paying for a solution was not regarded as a problem, but time to get set up was (43%).

Our new cloudSell.com portal will directly address this market and opportunity and provide a simple and attractive place for SMEs to start selling to their B2B customers whilst taking cash securely and quickly.

At the other end of the scale there is an untapped market in enterprise level B2B ecommerce functionality. For corporate and public sector alike it is expensive to build and maintain a major web presence. Our preconfigured ecommerce, which has been enhanced to manage global challenges such as language, currency and tax regimes, is now integrated with our CMS allowing multi-nationals such as our client AbD Serotec, part of BioRad to create and manage complex B2B global websites.

The recent £500k win with Invest Northern Ireland reflects the fact that our web building and CMS capabilities stack up very well against providers for whom this is their sole business. Having worked with many major suppliers providing ecommerce functionality or integrating to complex systems we can provide good references and in terms of both functionality and price we have a compelling offering.

Many of the major suppliers that we work with have spent $millions to date creating and maintaining their B2B web presence. We have an interesting opportunity with this group as the pressure for B2B ecommerce increases and these organisations are already engaged with us through our ecommerce marketplaces.

New Framework Agreements

The period has also seen @UK named as an approved supplier under three UK public sector framework agreements.

In February 2012 we were delighted to be named as an approved supplier for the UK government's G-Cloud 1 framework in each of the four lots of the framework. The G-Cloud is an initiative designed to consolidate cloud-based IT services into a shared framework for use by public authorities. Access to this framework will enable public sector IT services to be increasingly innovative, versatile and cost effective, through the ability to rent IT services on a pay per usage basis.

This was followed by G-Cloud 2 in November 2012 where again @UK was the only provider of sell site ecommerce and G-Cloud 3 post period end in May 2013.

In May 2012, @UK was awarded a four year national eprocurement framework agreement let by the NHS for all UK public bodies. @UK was the only organisation named in all three lots of the framework, being Catalogue Solution, Spend Analysis and P2P Transaction Exchange and is therefore the only organisation that can provide a complete solution under the framework. The framework covers all UK public bodies, comprising the NHS, Local Authorities, Educational Establishments, Police and Emergency services, Central Government departments and their agencies, Registered Charities, Housing Authorities and Social Landlords.

In December 2012 we were awarded places on all 4 lots of the Social Care Directory/Marketplace framework by NEPO.

Whilst frameworks do not provide any direct work, they do make it much faster and easier for the public sector to buy pre-tendered services and tend to be used where there is a known requirement for organisations to undertake a substantial procurement.

Company Formations

Although @UK PLC has now formed over 260,000 companies and continues to offer an attractively priced range of company and limited liability partnership formations, together with a suite of business services for new start ups and existing companies, it has been a challenging year for the sector and the introduction of Companies House web filing in April 2011 has had a direct impact on all UK company formation agents. The percentage of all new incorporations formed directly through Companies House had risen to 26% of all formations by the end of 2012 and continues to grow.

While continuing to promote our incorporations services, we have responded to this challenge by focusing on our ancillary services, working with partners to expand the range of goods and services we offer and concentrating on our internet advertising and social media profile as well as continuing to support our large and loyal client database of UK and overseas agents from whom we derive a substantial amount of repeat business. Business services now account for over 55% of the departmental revenue, up from 47% in 2011 and this is continuing to grow so that our business model is shifting from a company formation driven process to a commercial route where we are providing continuous services to clients after the initial company formation and also offering business services to external clients who have never been company formations clients.

Summary

It has been a busy year, both in the UK and overseas as we begin to establish a global brand.

In the UK we continue to focus on public sector opportunities, where we have a long track record and products that will help to make savings in this time of austerity. Alongside this activity we have been working with a small number of private sector organisations, testing out the applicability of our spend analysis and green solutions. Initial findings are positive and we hope that these customers will prove to be faster to move than our public sector prospects.

Our international expansion is exciting and the relationship with Visa and its member banks gives us real credibility in these emerging markets. We are heartened that Australia and India are both profitable albeit on small revenues.

One key finding in Australia and Asia is that many of the suppliers are already on the @UK PLC marketplace and are very interested in the expansion of our services to different geographies. For a large supplier the ability to manage products and pricing for many buyers in one place is very attractive and we are in discussion with a number regarding the globalisation opportunity.

The market for our services appears to be at an inflection point and we are certainly seeing buyers who are much more technically literate, as they become increasingly confident about using the web for purchasing at home. The convergence of B2C with B2B has been anticipated, but in 2012 we could clearly see that change was happening. Our challenge in 2013 is to harness that change and direct our resources to where we can best monetise the opportunities.

Ronald Duncan

Executive Chairman
5 June 2013

Group Statement of Comprehensive Income
For the year ended 31 December 2012

	Notes	**2012** £	2011 £
Revenue	4	**2,219,034**	2,353,378
Cost of sales		**(468,745)**	(551,845)
Gross profit		**1,750,289**	1,801,533
Administrative expenses		**(2,527,671)**	(1,961,247)
Share based payments	21	**(70,247)**	(16,520)
Operating loss	5	**(847,629)**	(176,234)
Finance costs	8	**(1,873)**	(1,370)
Loss on ordinary activities before taxation		**(849,502)**	(177,604)
Income tax expense	9	**61,475**	89,070
Loss for the year attributable to equity shareholders of the parent		**(788,027)**	(88,534)
Loss per share			
Basic and diluted	10	**0.9p**	0.1p

Revenue and operating loss for the year all derive from continuing operations.

The Group had no other comprehensive income in 2011 or 2012 consequently the loss for the year is equal to the total comprehensive income for the year.

The loss attributable to the owners of the parent company is £788,027 (2011 – loss of £88,534). Total comprehensive income attributable to owners of the parent company is (£788,027) (2011 – (£88,534)).

Statements of Financial Position

31 December 2012

		Group		Company	
		2012	2011	**2012**	2011
	Notes	**£**	£	**£**	£
Assets					
Non-current assets					
Goodwill	11	—	—	—	—
Other intangible assets	12	**358,153**	239,625	**358,153**	239,625
Property, plant and equipment	13	**94,774**	43,442	**94,151**	42,921
Investments	14	—	—	**31,377**	31,377
		452,927	283,067	**483,681**	313,923
Current assets					
Trade and other receivables	15	**392,190**	384,545	**379,107**	416,038
Taxes recoverable		**50,480**	55,197	**50,480**	55,197
Cash and cash equivalents	16	—	420,246	—	417,427
		442,670	859,988	**429,587**	888,662
Total assets		**895,597**	1,143,055	**913,268**	1,202,585
Liabilities					
Current liabilities					
Trade and other payables	17	**(711,798)**	(655,712)	**(697,011)**	(675,653)
Current tax liabilities		—	—	—	—
Financial liabilities - borrowings	18	**(60,763)**	(12,500)	**(61,845)**	(12,500)
		(772,561)	(668,212)	**(758,856)**	(688,153)
Non-current liabilities					
Financial liabilities - borrowings	18	—	(5,842)	**(31,377)**	(37,219)
		—	(5,842)	**(31,377)**	(37,219)
Total liabilities		**(772,561)**	(674,054)	**(790,233)**	(725,372)
Total net assets		**123,036**	469,001	**123,035**	477,215
Shareholders' equity					
Called up share capital	19	**849,030**	747,675	**849,030**	747,675
Share premium account	19	**11,508,523**	10,823,634	**11,508,523**	10,823,634
Other reserve		**630,030**	630,030	—	—
Share-based payment reserve		**(267,462)**	76,720	**(267,462)**	76,720
Accumulated losses		**(12,597,085)**	(11,809,058)	**(11,967,056)**	(11,170,814)
Total equity attributable to equity shareholders of the parent		**123,036**	469,001	**123,035**	477,215

Statements of Cash Flows

For the year ended 31 December 2012

		Group		Company	
		2012	2011	**2012**	2011
	Notes	**£**	£	**£**	£
Cash flows from operating activities					
Loss before taxation		(849,502)	(177,604)	(857,717)	(185,170)
Adjustments for:					
Finance cost		1,873	1,370	1,740	1,197
Depreciation of property, plant & equipment		41,991	38,181	41,743	38,066
Amortisation of other intangible assets		95,513	26,484	95,513	26,484
Share based payments		70,247	16,520	70,247	16,520
Changes in working capital					
Trade and other receivables		(7,645)	(183,863)	36,731	(239,226)
Trade and other payables		56,085	164,735	21,559	231,803
Net cash used by operations		**(591,438)**	(114,177)	**(590,184)**	(110,326)
Tax received		**66,192**	63,873	**66,192**	63,873
Net cash used in operating activities		**(525,246)**	(50,304)	**(523,992)**	(46,453)
Cash flows from investing activities					
Interest paid		(1,873)	(1,370)	(1,740)	(1,197)
Development expenditure capitalised		(179,985)	(266,109)	(179,985)	(266,109)
Purchase of other intangible assets		(34,056)	—	(34,056)	—
Purchase of property, plant and equipment		(93,323)	(43,782)	(92,973)	(43,149)
Net cash used in investing activities		**(309,237)**	(311,261)	**(308,754)**	(310,455)
Cash flows from financing activities					
Issue of ordinary shares		**371,816**	765,251	**371,816**	765,251
Repayment of borrowings		**(18,342)**	(12,500)	**(18,342)**	(12,500)
Increase in bank overdraft		**60,763**		**61,845**	
Net cash generated from financing		**414,237**	752,751	**415,319**	752,751
Net increase/(decrease) in cash and cash equivalents		**(420,246)**	391,186	**(417,427)**	395,843
Cash and cash equivalents at beginning of period		**420,246**	29,060	**417,427**	21,584
Cash and cash equivalents at end of period	16	—	420,246	—	417,427

Statements Of Changes In Shareholders Equity

For the year ended 31 December 2012

Group	Share capital £	Share premium £	Other reserve £	Share based payments reserve £	Accumulated losses £	Shareholders' equity £
At 31 December 2010	**649,170**	**10,156,888**	**630,030**	**60,200**	**(11,720,524)**	**(224,236)**
Shares issued in the year	98,505	666,746	—	—	—	765,251
Share based payments	—	—	—	16,520	—	16,520
Retained loss for the year	—	—	—	—	(88,534)	(88,534)
At 31 December 2011	**747,675**	**10,823,634**	**630,030**	**76,720**	**(11,809,058)**	**469,001**
Shares issued in the year	101,355	684,889	—	(414,429)	—	371,815
Share based payments	—	—	—	70,247	—	70,247
Retained loss for the year	—	—	—	—	(788,027)	(788,027)
At 31 December 2012	**849,030**	**11,508,523**	**630,030**	**(267,462)**	**(12,597,085)**	**123,036**

Company	Share capital £	Share premium £	Other reserve £	Share based payments reserve £	Accumulated losses £	Shareholders' equity £
At 31 December 2010	**649,170**	**10,156,888**		**60,200**	**(11,074,714)**	**(208,456)**
Shares issued in the year	98,505	666,746		—	—	765,251
Share based payments	—	—		16,520	—	16,520
Retained loss for the year	—	—		—	(96,100)	(96,100)
At 31 December 2011	**747,675**	**10,823,634**		**76,720**	**(11,170,814)**	**477,215**
Shares issued in the year	101,355	684,889		(414,429)	—	371,815
Share based payments	—	—		70,247	—	70,247
Retained loss for the year	—	—		—	(796,242)	(796,242)
At 31 December 2012	**849,030**	**11,508,523**		**(267,462)**	**(11,967,056)**	**123,035**

The other reserve arises because shares issued on the acquisition of subsidiaries have been recorded at par value and no share premium recognised.

Notes to the Financial Statements

1. General information

@UK PLC ("the Company") and its subsidiaries (together "the Group)" provides an integrated software platform for eProcurement and eCommerce the trading of goods and services between purchasers such as public sector bodies and their suppliers, along with the analysis and coding of spend and product data. The Group also provides services to new businesses, including incorporation, company secretary services and filing annual returns, using its software platform. The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange and is incorporated and operates in the UK. The address of the registered office is 5 Jupiter House, Calleva Park, Aldermaston, Berkshire RG7 8NN.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

2.1. Basis of accounting

These financial statements have been prepared 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 financial statements have been prepared under the historical cost convention.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

As permitted under Section 408 of the Companies Act 2006 a separate statement of comprehensive income for the parent company has not been presented.

2.2. Going concern

The Group had a loss attributable to shareholders for the year of £788,027. The directors have taken steps to take the group to profitability, and more importantly to reduce cash consumption given the remaining cash levels available to the group.

The directors of the Group have prepared detailed projections and cash flow forecasts through to 31 December 2013. In considering these cash flow forecasts, the directors have carefully considered the assumptions and sensitivities and have concluded that the Group can remain within the level of available finance. However, in arriving at this view, the directors are cognisant of the fact that given the nature of the Group's business and in the current economic climate there are inherent risks surrounding the achievability of the Group's forecast sales and margins and the timing of cash flows, including, inter alia, when projected sales will occur and the timing of receipts relating thereto.

These uncertainties are reduced because the group has a dependable forward income stream based on renewable income from predominantly public sector buyers and suppliers, and that this income is counter cyclical since it is driven by the requirement for both sides to improve efficiency and cut costs. The income from company formations is cyclical, however since it is paid by credit card, it is reasonably reliable and does not attract credit risk.

The directors of the Group have concluded that the combination of these circumstances does mean the Group is able to continue trading within its current working capital position. Having considered these uncertainties, and given the potential to raise additional finance and or make additional cost savings, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date the accounts were signed and as such have prepared the accounts on the going concern basis.

2.3. Consolidation

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The investment in subsidiaries in the Company's statement of financial position is shown at cost less provision for diminution in value.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

2.4. Goodwill

Goodwill arising on acquisitions represents the excess of the consideration given plus any associated costs for investments in subsidiary undertakings over the fair value of the identifiable assets and liabilities acquired. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. Provision is made for any impairment in the value of goodwill. The costs of integrating and reorganising acquired businesses are charged to the post acquisition statement of comprehensive income.

In accordance with IFRS1, the Group has applied the exemption from retrospectively recalculating goodwill which arose on acquisitions prior to 1 January 2006. This goodwill is included at its deemed cost, being the amount recorded under UK GAAP as at 1 January 2006. Goodwill is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represents the group's investment in each country of operation by primary reporting segment. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.5. Other intangible assets

Other intangible assets are shown at historical cost less accumulated amortisation and impairment losses.

The costs directly associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised over their estimated useful lives. Other research and development expenditure is written-off to the statement of comprehensive income in the year in which it is incurred.

Amortisation is charged to administrative expense in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

- Software - 3 years
- Development expenditure - 3 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

2.6. Property, plant and equipment

All are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write each asset down to its estimated residual value on a straight-line basis over its estimated useful life, as follows:

Computer equipment	3 years
Fixtures, fittings and equipment	3 to 5 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the statement of comprehensive income.

2.7. Impairment of assets

The Group assess at each statement of financial position date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

For goodwill and intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each statement of financial position date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

2.8. Financial instruments

Financial assets and financial liabilities are recognised on the group’s statement of financial position when the group has become a party to the contractual provisions of the instrument.

2.8.1. Trade receivables

Trade receivables are initially recognised at fair value and then subsequently measured at amortised cost using the effective interest rate method. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2.8.2. Trade payables

Trade payables are initially recognised at fair value and then subsequently measured at amortised cost using the effective interest rate method. Trade payables are not interest bearing and are stated at their nominal value.

2.8.3. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest rate basis.

2.8.4. Equity Instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.9. Share based payments

The group has applied the requirements of IFRS 2: Share-based Payments.

The group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group’s estimate of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

2.10. Pensions

All pension schemes operated by the Group are defined contribution schemes. The costs are charged to the statement of comprehensive income in the year in which they are incurred.

2.11. Revenue

Revenue is measured at fair value of consideration received or receivable for goods sold and services provided to customers outside the Group, net of Value Added Tax and any discounts. Where invoices are raised in advance of the income being earned through the performance of the service, the unearned portion is included in the accounts as deferred income, and released to the Profit and Loss Account as earned.

2.12. Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. The Group does not hold any assets under hire purchase contracts or finance leases and has not received any benefits as an incentive to sign a lease of whatever type.

2.13. Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group’s liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in jointly controlled entities, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2.14. Provisions

Provisions are recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.15. Adoption of new or amended IFRSs

(a) The Company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the year beginning 1 November 2012.

Amendments to IFRS 7 Financial Instruments: Disclosures

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

(b) At that date of authorisation of these Financial Statements, the following Standards and Interpretations (International Financial Reporting Interpretation Committee – IFRIC), which have not been applied in these Financial Statements, were in issue but not yet effective:

IFRS 7	Offsetting Financial Assets and Financial Liabilities (Amendment)	(effective 1 January 2013)
IFRS 9	Financial Instruments	(effective 1 January 2015)
IFRS 10	Consolidated Financial Statements	(effective 1 January 2013)
IFRS 11	Joint Arrangements	(effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities	(effective 1 January 2013)
IFRS 13	Fair Value Measurement	(effective 1 January 2013)
IAS 19	Employee Benefits (Amendment)	(effective 1 January 2013)
IAS 27	Separate Financial Statements	(effective 1 January 2013)
IAS 28	Investments in Associate and Joint Ventures	(effective 1 January 2013)
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	(effective 1 January 2014)

The Directors have considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group or that they would not have a material impact on the Group's financial statements.

3. Accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Goodwill has been tested for impairment by comparing the amount of goodwill against future forecast results including cash flows expected to be generated in the future by the appropriate asset, cash-generating unit, or business segment.
- The fair value of share-based payments is measured using a binomial model which inherently makes use of significant estimates and assumptions concerning the future applied by the directors.
- Capitalised development expenditure is reviewed for compliance with IAS 38 on an ongoing basis. The technical feasibility and commerciality of development expenditure is considered prior to capitalisation and the carrying values are compared against future forecast results including cash flows expected to be generated in the future for any indication of potential impairment.

4. Revenue - Segmental analysis

The Groups operating segments under IFRS have been determined with reference to the information presented in the management accounts reviewed by the Board of Directors. The Group's main reportable segments are Company Formation and web and eCommerce services. These are managed from one operating platform and cannot be readily separated, so all management decisions in connection with these segments are taken to ensure the relevant skill sets are in place to maximise the return from these resources.

The Chief Operating Decision Maker, which is taken to be the Board of Directors, evaluates the performance and resource requirements of these segments in unison to ensure maximum efficiencies within the business. Resources are shared; in particular technical support and research and development advances are shared between the two in the form of improvements and refinements being made to the underlying platform that hosts them.

The Directors consider the most beneficial method of splitting these segments to provide useful information to users of the accounts is to provide details down to the Gross Profit level only. From then on any further detail would necessitate arbitrary cost allocation that they do not use in managing the business and is not considered meaningful in terms of how resources are actually utilised. Similarly, any split of the statement of financial position assets would involve arbitrary allocation.

Coding International is the Company's 100% trading subsidiary and so these results are extracted from that company's own accounts that are published separately and consolidated into these results in accordance with statutory requirements. Details of the statement of financial position for Coding International Limited can be obtained from those accounts.

The revenue recognised and Gross profit attributable between reportable segments is shown below:

	2012				2011			
	Company Formation Services	**Web and eCommerce services**	**Coding International Limited**	**Total**	Company Formation Services	Web and eCommerce services	Coding International Limited	Total
	£	**£**	**£**	**£**	£	£	£	£
Revenue	880,455	1,180,324	158,255	2,219,034	1,021,698	1,105,648	226,032	2,353,378
Cost of Sales	(388,013)	(80,732)	—	(468,745)	(444,969)	(104,376)	(2,500)	(551,845)
Gross Profit	492,442	1,099,592	158,255	1,750,289	576,729	1,001,272	223,532	1,801,533

All of the revenue derives from services provided in the United Kingdom. During 2012 one customer for web and ecommerce services was responsible for revenue of £374,216, otherwise no single customer was responsible for greater than 10% of the Group's revenues.

5. Operating loss

	2012	2011
	£	£
This is stated after the following:		
Staff costs (see note 7)	**1,310,662**	1,189,656
Depreciation of property, plant and equipment (see note 13)	**41,991**	38,182
Amortisation of other intangible assets (see note 12)	**95,513**	26,484
Research and development costs recognised as an expense	**167,817**	40,913

6. Auditors remuneration

Amounts payable to James Cowper LLP (2011: Menzies LLP) in respect of audit and non-audit services

	2012	2011
	£	£
Audit of Company and consolidated accounts	**12,000**	24,820
Audit of subsidiaries	**1,000**	1,400
Other services relating to:		
Taxation	**2,500**	3,650
Consultancy	—	4,050

7. Employees

	2012	2011
	£	£
Staff costs including directors comprised:		
Wages and salaries	**1,124,523**	1,059,274
Social security costs	**115,892**	113,862
Share based payments	**70,247**	16,520
	1,310,662	1,189,656

	2012	2011
	No.	No.
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management and administration	**10**	**10**
Technical and delivery	**24**	22
Sales and marketing	**8**	2
	42	34

Directors remuneration

	2012	2011
Emoluments for qualifying services:	**£**	£
RJ Duncan	**78,000**	**78,000**
HL Duncan	**78,000**	**78,000**
DJ Holloway	—	—
31 December 2012	**156,000**	**156,000**

All of the payments above relate to salary or fees. None of the Directors receives any benefits or is accruing benefits under a Company pension scheme nor exercised share options in the year.

8. Finance costs

	2012	2011
	£	£
Interest on borrowings	**1,873**	**1,370**

9. Taxation

	2012	2011
	£	£
R&D tax credit	**50,480**	**55,197**
Adjustment in respect of prior years	**10,995**	**33,873**
Tax credit for the year	**61,475**	89,070
Factors affecting tax charge for the year		
Loss on ordinary activities before taxation	**(849,502)**	(176,234)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.5% (2011: 26.5%)	**(208,128)**	(46,702)
Effects of:		
Expenses not deductible for tax purposes	**490**	530
Capital allowances less in excess of depreciation and amortisation	**(3,248)**	(6,527)
R&D tax credit claim in respect of current year	**(4,241)**	4,506
R&D tax relief claim in respect of prior years	**(10,995)**	(33,873)
Carry forward of tax losses	**164,649**	(7,004)
	145,653	(42,368)
Total tax credit	**(61,475)**	(89,070)

The Group has estimated tax losses of £11,400,000 (2011: £10,600,000) available for carry forward against future trading profit. No deferred tax asset has been recognised in respect of the losses given the uncertainty regarding available future taxable profits.

10. Loss per share

The calculations for loss per share are based on the weighted average number of shares in issue during the year 78,641,679 (2011: 70,172,119) and the following losses:

	2012	2011
	£	£
Unadjusted earnings:		
Loss for the year attributable to equity shareholders of the parent	**788,027**	(88,534)
Add back:		
Share-based payments	**70,247**	16,520
Adjusted earnings	**(717,780)**	(72,014)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. The company has made a loss and the potential share options are therefore anti-dilutive.

The basic and diluted loss per share calculated on the adjusted earnings is 0.9p (2011: 0.1p).

11. Goodwill

	Cost	Provision for impairment	Carrying value
Group	£	£	£
1 January 2011, 31 December 2011 and 2012	**96,274**	**(96,274)**	—

12. Other intangible assets

Group and Company	Computer software £	Development Expenditure £	Total £
Cost:			
1 January 2011	90,237	—	90,237
Additions	—	266,109	266,109
1 January 2012	90,237	**266,109**	356,346
Additions	34,056	179,985	214,041
31 December 2012	**124,293**	**446,094**	**570,387**
Amortisation:			
1 January 2011	90,237	—	90,237
Charge for the year	—	26,484	26,484
1 January 2012	90,237	**26,484**	116,721
Charge for the year	6,442	89,071	95,513
31 December 2012	**96,679**	**115,555**	**212,234**
Carrying value at 1 January 2011	—	—	—
Carrying value at 1 January 2012	—	**239,625**	**239,625**
Carrying value at 31 December 2012	**27,614**	**330,539**	**358,153**

The remaining amortisation period for development expenditure is up to 3 years.

13. Property, plant and equipment

Group	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2011	**255,548**	**696,898**	952,446
Additions	—	43,782	43,782
1 January 2012	**255,548**	**740,680**	996,228
Additions	892	92,431	93,323
31 December 2012	**256,440**	**833,111**	**1,089,551**
Depreciation:			
1 January 2011	**233,122**	**681,482**	914,604
Charge for the year	21,308	16,874	38,182
1 January 2012	**254,430**	**698,356**	952,786
Charge for the year	1,366	40,625	41,991
31 December 2012	**255,796**	**738,981**	**994,777**
Carrying value at 1 January 2011	**22,426**	**15,413**	37,839
Carrying value at 1 January 2012	**1,118**	**42,324**	43,442
Carrying value at 31 December 2012	**644**	**94,130**	**94,774**

Company	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:			
1 January 2011	**254,690**	**693,462**	948,152
Additions	—	43,149	43,149
1 January 2012	**254,690**	**736,611**	991,301
Additions	892	92,081	92,973
31 December 2012	**255,582**	**828,692**	**1,084,274**
Depreciation:			
1 January 2011	**232,264**	**678,049**	910,313
Charge for the year	21,308	16,759	38,067
1 January 2012	**253,572**	**694,808**	948,380
Charge for the year	1,366	40,377	41,743
31 December 2012	**254,938**	**735,185**	**990,123**
Carrying value at 1 January 2011	**22,426**	**15,413**	37,839
Carrying value at 1 January 2012	**1,118**	**41,803**	42,921
Carrying value at 31 December 2012	**644**	**93,507**	**94,151**

14. Investments

Company	£
Subsidiary undertakings (at cost):	
1 January 2011 and 2012 and 31 December 2012	**61,771**
Provision for impairment:	
1 January 2011 and 2012 and 31 December 2012	**30,394**
Carrying value at 1 January 2011 and 2012 and 31 December 2012	**31,377**

The investments represent the Company's 100% holding in the ordinary shares of @Software PLC and its wholly owned subsidiary Software Limited (incorporated in the United Kingdom; non-trading) and Coding International Limited (incorporated in the United Kingdom; provides coding services for use in procurement). As Coding International Limited's balance sheet showed net liabilities provision was made for impairment in the value of the investment in 2008. The Company also has an investment in @India eCommerce Pvt. Ltd, incorporated in India, which will provide ecommerce solutions to Indian companies.

15. Trade and other receivables

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Prepayments and accrued income	**70,741**	144,664	**65,252**	139,373
Amounts owed by related undertakings	**—**	—	**30,069**	50,234
Other receivables	**8,843**	28,861	**5,078**	26,744
Trade receivables	**312,606**	211,020	**278,708**	199,689
	392,190	384,545	**379,107**	416,038

The Group's financial assets are fairly short term in nature. The directors consider that the carrying value of trade and other receivables approximates to the fair value.

A provision of £220,778 (2011:£149,552) against amounts due from Coding International Limited is included within amounts owed by related undertakings above.

Included in the Group's trade and other receivables balances are debtors with a carrying value of £17,180 which have been due for a period greater than three months against which a provision of £4,644 has been made. The balance and all other balances have been due for less than three months and are considered to be recoverable.

16. Notes to the cash flow statement

Analysis of changes in net funds/debt

	Group		Company	
	31 December 2012	1 January 2011	**31 December 2012**	1 January 2011
Cash at bank and in hand	—	**420,246**	—	**417,427**
	—	**420,246**	—	**417,247**

Cash and cash equivalents (which are presented as a single class of asset on the face of the statement of financial position) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

17. Trade and other payables

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade creditors	**226,360**	181,263	**219,536**	174,606
Other taxation and social security	**117,024**	100,030	**103,524**	87,963
Other creditors	**3,378**	44,706	**3,378**	44,706
Accruals and deferred income	**365,036**	329,713	**370,573**	368,378
	711,798	655,712	**697,011**	675,653

The Group's financial liabilities are fairly short term in nature and due for payment in a period of less than 6 months. In the opinion of the directors the book values equate to their fair value.

18. Borrowings

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Non current:				
Bank loan	—	5,842	—	5,842
Amounts owed to Group undertakings	—	—	**31,377**	31,377
	—	5,842	**31,377**	37,219
Current:				
Bank overdraft	**60,763**	—	**61,845**	—
Bank loan	—	12,500	—	12,500
	60,763	12,500	**61,845**	12,500
Analysis of maturity of bank loan				
Amounts payable within one year	—	12,500	—	12,500
Amounts payable within one to two years	—	5,842	—	5,842
	—	18,342	—	18,342

The bank overdraft is secured by a fixed and floating charge over the Company's assets. The amount owed to Group undertakings has no fixed repayment schedule.

19. Share capital and share premium

	Number of shares	Ordinary shares	Share premium
		£	£
At 1 January 2011	64,916,997	649,170	10,156,888
Shares issued in connection with fund-raising	9,850,455	98,505	666,746
At 31 December 2011	74,767,452	747,675	10,823,634
Shares issued in connection with fund-raising	2,781,818	27,818	262,881
Shares issued in connection with intellectual property rights	59,700	597	6,269
Shares issued in connection with Share Incentive Plan	3,581,517	35,815	378,614
Shares issued on exercise of warrants	3,712,524	37,125	37,125
At 31 December 2012	**84,903,011**	**849,030**	**11,508,523**

The total authorised number of ordinary shares is 250 million (2011: 250 million) with a par value of 1p each.

On 27 February 2012 2,781,818 ordinary shares in the Company were issued in a placing at 11p per share to provide additional working capital. On 5 April 2012 59,700 ordinary shares were issued in respect of the transfer of intellectual property rights to the Company in connection with projects carried out in conjunction with the University of Reading. On 5 April 2012 1,878,288 ordinary shares were issued at 11.5p per share and on 24 December 2012 1,703,229 ordinary shares were issued at 11.65p per share under the Company's Share Incentive Plan to be held by the plan's Trustees

Subscribers to the share issues in August 2009 were granted warrants to subscribe for a total of 10 million new ordinary shares at 2p per share. The warrants are exercisable up to five years after issue. On 24 December 2012 3,712,524 ordinary shares were issued at 2p following the exercise of warrants, leaving warrants to subscribe for 6,287,476 shares outstanding.

During 2012 the number of options granted under the @UK PLC Share Option Scheme to subscribe for ordinary shares in the Company changed as follows:

	2012		2011	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
At 1 January	**6,101,540**	**8.2p**	6,151,540	8.2p
Options granted during the year	**488,708**	**11.625p**	—	—
Options lapsed during the year	—	—	50,000	3.5p
At 31 December	**6,590,248**	**8.5p**	6,101,540	8.2p
Exercisable at the year end	**3,001,540**	**13.1p**	702,460	50.2p

The options at 31 December 2012 are as follows:

Number of options under grant	Subscription price per share	Exercise period
500,000	45p	December 2008 to December 2015
202,460	63p	January 2009 to January 2016
2,299,080	1.75p	August 2012 to August 2019
3,100,000	3.5p	October 2013 to October 2020
488,708	11.625p	December 2015 to December 2022

Share based payments

The Group has a share option scheme under which the Remuneration Committee can grant options over shares in the Company to employees of the Group. Options are granted with a fixed option price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. The scheme allows for performance criteria or market conditions to be attached to the options, but this has not generally been done. Options are valued using the Black Scholes option pricing model. The fair value of options granted and the assumptions used in the calculations are as follows:

Grant Date	31 Jan 2006	28 Aug 2009	24 Oct 2010	24 Dec 2012
Share price at grant date	**63p**	1.6p	3.5p	11.625p
Exercise price	**63p**	1.75p	3.5p	11.625p

Number of employees	**31**	37	31	9
Shares originally under option	**644,121**	2,930,795	3,150,000	488,708
Vesting period (years)	**3**	3	3	3
Expected volatility	**31%**	90%	90%	65%
Expected life (years)	**4**	4	4	4
Risk free rate	**4.30%**	2.45%	1.75%	0.9%
Rate ceasing employment before vesting (total)	**57%**	25%	25%	25%
Fair value per option	**£0.15**	£0.003	£0.015	£0.04

No dividends were assumed. The expected volatility is based on the historical volatility of the Company's shares to the extent information was available and of the shares of similar entities. In addition to the grant above on 8 December 2005, options over 500,000 shares were also granted to former directors of the Company at an exercise price of 45p per share. As part of the terms of their compensation for loss of office in 2006 they were allowed to retain those options. These were valued at the date on which the directors ceased to be employees and the value written off as it was in respect of past services.

Share incentive plan

The Group has a share incentive plan under which shares can be awarded to all employees. The shares are held separately by the plan's Trustees. To date there have been two issue:

- On 5 April 2012 1,878,288 ordinary shares were issued at 11.5p per share, and
- On 24 December 2012 1,703,229 ordinary shares were issued at 11.65p per share.

Cost of the shares issued is charged to the profit and loss account over three years, the period for which the shares must be held by the trustees before becoming available to the relevant employee.

20. Financial instruments

	2012	2011
	£	£
Financial assets		
Floating rate interest bearing – cash	—	420,246

Cash is held in current or short term deposit account. All other finance assets are non-interest bearing.

Financial liabilities		
Floating rate interest bearing – bank overdraft (2011: bank loan) (see note 18)	**60,763**	18,342

There is no material difference between the book value of financial assets and liabilities noted above, and the fair value.

The main objective of the Groups treasury policy is to protect post-tax cash flows of the business from the adverse effects of financial risks.

The Groups financial assets and liabilities comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The Group has no undrawn borrowing facilities. The Group is not exposed to significant foreign exchange risk.

The Group does not enter into instruments for speculative purposes. The Group is exposed to credit risk predominantly from trade receivables and cash and cash equivalents held with banks. The group's exposure to bad debts is reduced as its major customers tend to be public sector bodies.

The Group finances its operations through funds raised from share issues.

Sensitivity analysis has not been performed as any impact is considered immaterial.

21. Financial commitments

	2012	2011
Present value of future commitments under non-cancellable operating leases:	**£**	£
Group		
Land and buildings, falling due		
– within 1 year	**22,318**	22,318
– within 2 to 5 years	**63,295**	70,745
– over 5 years	**42,399**	45,629
	128,012	**138,692**
Company		
Land and buildings, falling due		
– within 1 year	**10,909**	10,909
– within 2 to 5 years	**27,129**	34,580
	38,038	45,489

22. Related party transactions

Mr RJ Duncan and Mrs HL Duncan are the landlords of a property which is occupied by the Group. The annual rent is currently £24,000. Isabella M Deas Limited, a company owned by Mr Duncan's parents and in which he has a minority interest, is the landlord of a second property which is occupied by the Group. The annual rent is currently £24,000.

The Company acts as guarantor under the lease for the property occupied by its subsidiary Coding International Limited. The annual rent under the lease which runs for 15 years from March 2011 is £12,550. During the year Coding International Limited charged the Company £Nil for work performed (2011: £50,000).

There is no party which has Ultimate control of the Group.

Key management compensation

	2012	2011
	£	£
Short term employee benefits	**260,000**	**260,000**
Share based payment remuneration	**8,667**	**4,311**
	268,667	**264,311**

Share based payment remuneration represents the value of options granted to key management valued as described in note 19.

NOTE TO THE ANNOUNCEMENT

The 2012 Annual Report and Accounts will be sent to shareholders shortly and will be available from the company's website www.uk-plc.net/invest along with the latest research.

The extracts set out above do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 which contained an unqualified audit report and which did not make any statements under Section 498 of the Companies Act 2006 have been, and accounts for the year ended 31 December 2012 will be, delivered to the Registrar of Companies.