DIRECTORS' REPORT AND FINANCIAL STATEMENTS

TOUCH GROUP PLC

12 MONTHS ENDED
31 MARCH 2011

Registered No 3407323

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CHAIRMAN'S STATEMENT

Looking at our figures it is not readily apparent that we have achieved a significant year However, In February we successfully completed a placing of £725,000 ("Placing") at current market price The success of this Placing was not just raising money but demonstrated the support we have from our major shareholders for the 21st century business that we are seeking to establish, and their agreement of our ongoing strategy, confident that future rewards will be significant We have stuck to our guns and increased our investment into online distribution of knowledge and content and supporting systems using our journals as one of our distribution bases as the world moves from print to digital We believe our commitment to this digitalised strategy and direction will, in the coming year, be proven right However, we are now more than ever operating in a financial climate that is devastating

The move from the printed word to online, mobile devices and websites has been inexorable This has been due not only to general trend in the distribution of all information but also by savvy customer demand to have quicker access to the success or otherwise of advertising and market initiatives, where return on investment can be quickly demonstrated online by the sophisticated reports that can be generated

The pharma world, in line with many other markets, is increasingly demanding Driven by regulation and a difficult market economy all marketing, advertising and medical spend needs multi distribution and clear definition of the target markets and who the readers are, where they are, the demand is for positive response from each initiative The barriers to entry, always high, are now immense

This is the world that is now confronting us The majors in our field are spending multi millions to seek to create and develop the systems that are fit for service in today's cyber space world We are there, which is being demonstrated by the ongoing relationships that we have now established and are building with some of the largest and most demanding multi-nationals in the world

Because of the exacting demands of our customers for reports and the information that they require from us, which is voluminous, dealing with them on a manual and semi-manual basis has in the past seriously limited our ability to go forward and undertake further commissions We have now successfully automated our systems, so the cutting, slicing and presenting of our essential data and reports is now becoming an automatic procedure, whereas previously it was one requiring manual attention exhausting our resources by taking both considerable time and the attention of skilled personnel

This year we have successfully ticked many boxes:

- Moved appropriate journals from print to online,
- Automation - Has taken out 95% of the manual application,
- Publishing – Successfully increased the frequency across our portfolio and established two new areas,
- Information distribution through our CRM – Successful implementation across the floor improving sales knowledge, data retention and security,
- Information Technology – Rationalised our server structures to increase security and increase bandwidth with cost savings whilst, at the same time, moving to a higher level, thus increasing flexibility, and
- The expansion of our online portfolio to cover 18 therapy areas

Intellectual Property

We have an extensive wholly owned digital library of articles which, over the years, have been producing a stream of income with clients seeking reprints This business generates an 80% margin

2008	-	**£450,000**
2009	-	**£600,000**
2010	-	**£720,000**

Notwithstanding this income we have been seeking for some time the right strategy to monetise this ever increasing asset more effectively We have now established the way forward This will increase the received benefits from our library considerably

We have just launched a new web portal, ***touchhealthsciences.com***, and an exciting new journal called iHealth Connections

This initiative is one of the most important we have ever undertaken, one that we have been working on for some considerable period of time It relates to treatment and medicine of the future which is both radical and uplifting, revealing tomorrow's world It is all about personalised treatment, a world where you just don't take an aspirin, you take an aspirin designed for you

Our new peer-reviewed journal, iHealth Connections, explores the opportunities and challenges in the rapidly emerging field of health sciences, where healthcare and life sciences connect The first issue was led by Guest Editor-in-Chief, Richard O'Day, President of the Drug Information association He is also Professor of Clinical Pharmacology, University of New South Wales and St Vincent's Hospital, Sydney which brings together some of the best voices in health sciences

With ***touchhealthsciences.com*** you will have online access to Touch Briefings extensive health sciences portfolio, from drug discovery to clinical development and safety, and health outcomes

touchhealthsciences.com delivers the content that management believe will define the e-Healthcare era

To launch our initiative we were invited to attend and exhibit at the Annual Congress of the Drug Information Association (DIA) which ran in Chicago from 20th June to 24th June 2011 It is the most important and prestigious event of its kind and it is supported by all of the majors i e Oracle, Cognizant, Medidata, IBM, Hewlett Packard, SAS, Microsoft, Quintiles, Parexel, EMC Corporation etc

The Touch initiative of linking life science with healthcare was met with both acclaim and strong interest in partnering in ongoing and future initiatives from both areas

Whilst we now look forward to an exciting and positive financial year we have to temper our enthusiasm and optimism against the reality of operating in a very difficult financial climate

Funding requirements

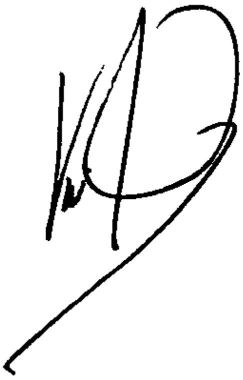
It will not surprise shareholders that 2011 has been an extremely challenging year for Touch As previously announced, the Company completed a secondary placement of 48,333,333 ordinary shares raising £725,000 in February 2011 These funds have been used to enhance and extend our digital assets with the intention of furthering the development of the Company's Medical Education and Communications Division, expanding our Pharma and Energy Divisions, and for general working capital purposes allowing us to focus on developing the business further However, in order to meet its obligations as they fall due the Company will be required to raise additional capital Shareholders should be aware that without the additional funding, the Company will in due course not be able to meet its obligations as they fall due

In addition, given the economic environment some ongoing funding uncertainties remain Whilst the Directors have instituted measures to preserve cash and secure additional funding these circumstances create material uncertainties over future funding results and cashflows

The Directors have had discussions with certain other providers of finance about additional facilities and subsequent to year end an unsecured loan of £215,000 has been made available by Mr Vincent Isaacs, Executive Chairman during June 2011

Discussions with other providers of finance remain ongoing and the Directors continue to pursue alternative sources of funding in the event that the anticipated facilities, which the Directors expect to secure, are not forthcoming,

The Directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern Nevertheless, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future



Vincent Isaacs
Executive Chairman
29 September 2011

OPERATING AND FINANCIAL REVIEW

Introduction

Touch Group plc ('the Group') is a leading publisher of independent market intelligence and analysis, offering a comprehensive range of market-specific peer-review journals, medical communication services and online communities It specialises in delivering in-depth scientific and technical information to international organisations The Group published 66 titles in the 12 month period to 31 March 2011 compared to 52 titles in the 15 months to March 2010

Business Overview

The Group generated revenue for the 12 month period of £4 79 million (2010 – 15 months £5 69 million) from continuing operations and a gross margin of 50 5% (2010 – 15 months 52 4%) On a 12 month pro rata basis turnover increased by 5% compared to the prior period

The Energy publications produced revenues of £0 57 million for the 12 months compared to £0 72 million for the 15 months in 2010 On a 12 month pro rata basis this represents a small 1% reduction compared to 2010 levels

Reprint revenues at £0 63 million for the 12 months compared to the £0 75 million for the 15 months in 2010 On a 12 month comparative this represents a 5% increase compared to 2010 levels

Medical Communications revenues (which include both bespoke projects and revenues generated from online) were £0 45 million for the 12 months ended 31 March 2011 This compares to £0 46 million for the 15 months in 2010 and a 21% increase on a comparative 12 month period

European revenues (including the UK) were £2 86 million for the 12 months ended 31 March 2011 compared to £3 23 million for the 15 months ended 31 March 2010 On a pro rata 12 month basis this represents an 11% increase US revenues were £1 75 million compared to £2 25 million which on a pro rata basis was a 3% reduction

Sales on an order basis (rather than the statutory published basis) were £4 84 million compared to £5 75 million On a pro rata 12 month basis this represents a 5% increase

As at 31 March 2011 the Group had forward orders of £2 94 million compared to forward orders of £2 86 million as at 31 March 2010

Administrative expenses for the 12 month period were £3 92 million (2010 – 15 months £4 86 million) On a pro rata 12 months this represents a 1% increase on the prior period

In the prior period, asset impairments of £0 3 million were recognised

The operating loss for the 12 month period to 31 March 2011 was £1 50 million (2010 – 15 months £2 14 million) The adjusted operating loss, which excludes investment impairments, other operating income and share based payment charges was £1 50 million for the 12 month period (2010 – 15 months £1 88 million)

The loss for the 12 month period to 31 March 2011 was £1 50 million (2010 – 15 months £2 20 million) which resulted in a loss per ordinary share of 0 9 pence (2010 – 15 months 1 7 pence)

Balance Sheet and Cash Flows

As at period end the Group had net assets of £0 87 million (2010 £1 66 million), with cash and cash equivalents of £0 32 million (2010 £0 99 million)

As at period end the Company had net assets of £2 69 million (2010 £3 33 million), with cash and cash equivalents of £0 14 million (2010 £0 76 million)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Risk Management

The Group aims to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns, whilst providing an adequate return to shareholders

The Group's capital structure represents the equity attributable to the shareholders of the company together with borrowings and cash and cash equivalents The structure is reviewed on a quarterly basis to ensure that an appropriate level of gearing is being used

Risk Management Objectives

The Group manages financial risks relating to the companies within the Group largely through its invoice finance arrangements with Close Invoice Finance Limited Consequently credit insurance is provided on 90% of gross export debts, whilst domestic debts are fully protected As at 31 March 2011 29% of total debts were protected under the scheme

The principal risks to which the Group is exposed are market risk (including currency risk, interest rate risk, and cash flow risk), credit risk, and liquidity risk

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices The principal ways in which the Group is exposed to such fluctuations are through currency risk and interest rate risk

Currency Risk Management

The Group publishes its financial statements in sterling and conducts business in two main foreign currencies (US dollars and Euros) As a result, it is subject to foreign currency exchange risk due to exchange rate movements which affect the Group's transaction costs

In the period £1 8 million of revenue was invoiced in US dollars whilst £1 5 million was invoiced in Euros US and Euro rate cards are reviewed by the company on a quarterly basis and regulated on a regular basis in order to ensure exchange rates are managed Exchange gains realised in the period amounted to £0 08 million

Credit Risk

Credit risk is the risk that a counter-party will cause a financial loss to the Group by failing to discharge its obligation to the Group

The Group manages its exposure to this risk by applying bank approved limits to the amount of credit exposure to any one counter-party and employs strict minimum credit worthiness criteria as to the choice of counter-party, thereby ensuring that there are no significant concentrations of credit risk

Liquidity Risk

The Group has in place an invoice finance agreement Close Invoice Finance Limited, which enables the drawdown of up to 60% of eligible sales invoices raised for published titles The purpose of this facility is to help the Group manage the working capital requirements of its current publishing schedule

Interest Rate Risk

The outstandıng loan balance of £245,000 (2010 £260,000) attracts a fixed rate of ınterest of 7% per annum on £95,000 and 3% on £150,000, payable for the term of the loan

Key Performance Indicators

As part of the Group's performance management strategy a number of key performance ındıcators are used In addıtıon the Board regularly monıtors revenue mıx (by stream, tıtle and employee), cash flow and overhead commıtments

	12 months ended 31 March 2011	15 months ended 31 March 2010
Adjusted operating loss * (£'000)	(1,499)	(1,877)
Adjusted EPS * (pence)	(0 9)	(1 5)
Sales orders (£'000)	4,844	5,747
Revenue by type (£'000)		
- Core medıcal publıcatıons	2,587	3,026
- Core energy publıcatıons	569	717
- Medıcal communıcatıons	449	462
- Reprınts	632	754
- Barter transactıons (non-cash sales)	557	733
Core non-barter revenue per ıssue (£'000)	48	72
Total non-barter revenue per employee (£'000)	54	64
Gross profıt margin (%)	50 5	52 4

* Adjusted for other operatıng ıncome, ınvestment ımpaırments and share based payment charges and credıts

BOARD OF DIRECTORS

Vincent Isaacs
Executive Chairman

Vincent has been Executive Chairman of Touch Group plc since founding the Group in July 1997 Prior to this, Vincent was founder, chairman and chief executive of General Portfolio Group plc, an insurance company that was sold to GAN SA, a French government-controlled company, for £289 million in 1990

Vincent was one of the founders of Moneybox and chaired the company to June 2002

Vincent is Chairman of the Remuneration Committee and a member of the Audit Committee

Peter Katz FCA CTA
Commercial Director

Peter is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a Chartered Tax Adviser (CTA) and has been Company Secretary of the Group since its incorporation in July 1997 and holds numerous positions within the Group including that of Group Treasurer and Head of Human Resources

Tim Green
Director

Tim has been with the Company since its incorporation in July 1997 He has over 30 years' experience within the publishing industry and has been responsible for introducing many innovative initiatives within the production, design and distribution departments of the Company

Stuart Winship FCA
Chief Executive Officer

Stuart became CEO on 11 February 2010

Stuart became a main Board Director on 12 July 2004 Before joining Touch Group plc Stuart was an audit partner with Deloitte & Touche LLP, one of the big four professional services firms Prior to joining Deloitte & Touche LLP, Stuart was a partner with Arthur Andersen in London Stuart's experience encompasses providing audit services, fund raising, debt and equity financial re-engineering, financial due diligence both at a small cap and FTSE level

Neil Brown
Non-Executive Director

Neil is a founding partner in Subito Partners and is an investor in a number of growing technology businesses He is a former director of Apax Partners where he was head of the financial services team Neil was involved with a wide range of online businesses and led Apax's successful investment in Moneybox plc A former partner of Coopers & Lybrand, Neil has over 20 years of experience in international M&A markets Neil is Chairman of Touch Group plc's Audit Committee and is a member of the Remuneration Committee

BOARD OF DIRECTIORS (CONTINUED)

Robert Lorenz MD FACS
Non-Executive Director

Robert is a senior executive and head and neck surgeon at the non-profit foundation, the Cleveland Clinic There, he holds an administrative position in the fourth-ranking medical institution in the USA, which employs 37,000 staff, and has annual revenue of US$4 3 billion In 2008, he was named the Chief Medical Officer of Cleveland Clinic Abu Dhabi, a US$ 2 5 billion hospital under construction and owned by Mubadala Development Company of Abu Dhabi He has extensive publishing experience, having co-authored more than 60 scientific publication and book chapters, and he currently sits on the editorial board of three medical journals He also works extensively with US pharmaceutical companies, and holds the position of Programme Co-ordinator for the American College of Surgeons

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group with the financial statements and auditors report, for the 12 months ended 31 March 2011 (15 months ended 31 March 2010)

PRINCIPAL ACTIVITIES

The group's principal activities are in publishing

BUSINESS REVIEW

The review of the business and future developments are covered in the Chairman's Statement and the Operating Review

RESULTS AND DIVIDENDS

The audited financial statements for the 12 months ended 31 March 2011 (15 months ended 31 March 2010) are set out on pages 16 to 42

The loss for the period after taxation amounted to £1 5 million (2010 £2 2 million)

The directors do not recommend any dividend (2010 nil)

DIRECTORS AND THEIR INTERESTS

Directors' Remuneration

During the period Directors received the following remuneration and defined contribution pension payments

	Emoluments	Pension	Total
Neil Brown	18,000	-	18,000
Peter Katz	56,000	2,800	58,800
Robert Lorenz	18,000	-	18,000
Stuart Winship	95,000	-	95,000
Tim Green	54,000	3,250	57,250
Vincent Isaacs	75,000	-	75,000
	316,000	6,050	322,050

DIRECTORS' REPORT (CONTINUED)

Details of share options held by directors under Option Schemes were as set out below

Name	Date Granted	Exercise Price	Exercisable From	To	Ordinary Shares of 1p 31 March 2011	31 March 2010
P D Katz	08/06/04	10 00p	08/06/07	08/06/14	150,000	150,000
P D Katz	01/11/05	9 50p	01/11/05	01/11/12	100,000	100,000
P D Katz	14/12/06	5 38p	14/12/09	14/12/16	250,000	250,000
P D Katz	30/05/07	6 75p	30/05/10	30/05/17	150,000	150,000
T C Green	08/06/04	10 00p	08/06/07	08/06/14	50,000	50,000
T C Green	01/11/05	9 50p	01/11/05	01/11/12	20,000	20,000
T C Green	03/11/06	6 25p	03/11/09	03/11/16	100,000	100,000
T C Green	14/12/06	5 38p	14/12/09	14/12/16	250,000	250,000
T C Green	30/05/07	6 75p	30/05/10	30/05/17	150,000	150,000

There were no share options granted or exercised during the period

Directors who held office at 31 March 2011 had the following interests in the shares of the company

Name	Ordinary Shares of 1p 31 March 2011 Beneficial	Non-beneficial	31 March 2010 Beneficial	Non-beneficial
V J Isaacs	14,767,938	13,828,921	14,767,938	13,828,921
S Winship	1,762,500	-	762,500	-
P D Katz	1,466,376	-	533,043	-
N G Brown	312,500	-	312,500	-
T C Green	872,243	-	205,576	-

SUPPLIER PAYMENT POLICY

The company's policy, which is also applied by the group is to settle terms of payment with suppliers when agreeing terms for each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the company at 31 March 2011 were equivalent to 1 day (2010 22 days) purchases based on an average daily amount invoiced by suppliers during the year

EMPLOYEE POLICY

The group operates a policy of non-discrimination in respect of ethnicity and disabled persons and encourages the personal and professional development of all persons working for the Group

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the period the group made a charitable donation of £Nil (2010 £4,195)

STATEMENT OF DISCLOSURE TO AUDITORS

So far as the directors are aware there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

GOING CONCERN

Details of the Directors' assessment of going concern is set out in Note 1(b) to the accounting policies

Approved by the Board and signed on its behalf by

Peter D Katz
Director
29 September 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the 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 they have been prepared in accordance with IFRS as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOUCH GROUP PLC:

We have audited the group and parent company financial statements (the "Financial Statements") of Touch Group plc for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated Balance Sheet, the Company Balance Sheet, the Statement of Consolidated Cash Flows, the Statement of Company Cash Flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 Directors' Responsibilities Statement set out on page 13, 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

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

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2011 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1(b) to the financial statements concerning the Group's and Company's ability to continue as a going concern The Group incurred a loss of £1 496m during the year ended 31 March 2011 and is currently still incurring losses As discussed in note 1(b) the Company will need to raise further funds in order to meet its obligations as they fall due These conditions, along with the other matters discussed in note 1(b), indicate the existence of a material uncertainty which may cause significant doubt about the Group's and Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern

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

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

I Hughes

Ian Hughes (Senior Statutory Auditor)
For and on behalf of RSM Tenon Audit Limited

Statutory Auditor
66 Chiltern Street
London
W1U 4JT

Date 29 SEPTEMBER 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 12 months ended 31 March 2011 (15 months ended 31 March 2010)

	Notes	12 months ended 31 March 2011	15 months ended 31 March 2010
		£'000	£'000
CONTINUING OPERATIONS			
Revenue		4,794	5,692
Cost of sales		(2,375)	(2,712)
GROSS PROFIT	2	2,419	2,980
Administrative expenses		(3,918)	(4,857)
Other operating expenses – impairment		-	(267)
OPERATING LOSS	2, 3	(1,499)	(2,144)
Investment revenue	7	22	3
Finance costs	8	(19)	(57)
LOSS BEFORE TAX		(1,496)	(2,198)
Tax	9	-	-
LOSS FOR THE PERIOD		(1,496)	(2,198)

There is no other profit or loss for the year, therefore the comprehensive loss for the period is £1,496,000

	Notes		
LOSS PER SHARE	10		
Basic		(0.9)p	(1.7)p
Diluted		(0.9)p	(1.7)p

All of the activities are classified as continuing

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 12 months ended 31 March 2011 (15 months ended 31 March 2010)

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
As at 1 January 2009	1,112	3,922	300	(2,533)	2,801
Loss for the period	-	-	-	(2,198)	(2,198)
New shares issued	507	553	-	-	1,060
As at 1 April 2010	1,619	4,475	300	(4,731)	1,663
Loss for the period	-	-	-	(1,496)	(1,496)
New shares issued	483	221	-	-	704
As at 31 March 2011	2,102	4,696	300	(6,227)	871

COMPANY STATEMENT OF CHANGES IN EQUITY

For the 12 months ended 31 March 2011 (15 months ended 31 March 2010)

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
As at 1 January 2009	1,112	3,922	(1,911)	3,123
Loss for the period	-	-	(807)	(807)
Debited to equity for share based payments	-	-	(50)	(50)
New shares issued	507	553	-	1,060
As at 1 April 2010	1,619	4,475	(2,768)	3,326
Loss for the period	-	-	(348)	(1,348)
New shares issued	483	221	-	704
As at 31 March 2011	2,102	4,696	(3,116)	2,682

CONSOLIDATED BALANCE SHEET
As at 31 March 2011 (31 March 2010)

	Note	2011 £'000	2010 £'000
NON-CURRENT ASSETS			
Intangible assets	13	319	343
Property, plant and equipment	14	730	868
Investments	15	18	18
		1,067	1,229
CURRENT ASSETS			
Inventories	16	478	337
Trade and other receivables	17	1,433	1,374
Cash and cash equivalents	17	315	993
		2,226	2,704
TOTAL ASSETS		3,293	3,933
CURRENT LIABILITIES			
Trade and other payables	19	(1,601)	(1,322)
Borrowings	19	(245)	(260)
		(1,846)	(1,582)
NET CURRENT ASSETS		380	1,122
NON-CURRENT LIABILITIES			
Other	20	(576)	(688)
TOTAL LIABILITIES		(2,422)	(2,270)
NET ASSETS		871	1,663
EQUITY			
Share capital	21	2,102	1,619
Share premium account	22	4,696	4,475
Merger reserve	23	300	300
Retained loss	24	(6,227)	(4,731)
TOTAL EQUITY		871	1,663

The financial statements were approved by the board of directors and authorised for issue on 29 September 2011 They were signed on its behalf by

Stuart Winship

Stuart Winship
Director

Vincent Isaacs
Director

Company registration no 3407323

COMPANY BALANCE SHEET

As at 31 March 2011 (31 March 2010)

	Note	2011 £'000	2010 £'000
NON-CURRENT ASSETS			
Intangible assets	13	14	26
Property, plant and equipment	14	700	836
Investments	15	18	18
		732	880
CURRENT ASSETS			
Trade and other receivables	17	286	571
Cash and cash equivalents	17	135	757
		421	1,328
NON-CURRENT ASSETS			
Other receivables	18	2,890	2,573
TOTAL ASSETS		4,043	4,781
CURRENT LIABILITIES			
Trade and other payables	19	(540)	(507)
Borrowings	19	(245)	(260)
		(785)	(767)
NET CURRENT (LIABILITIES)/ ASSETS		(364)	561
NON-CURRENT LIABILITIES			
Other	20	(576)	(688)
TOTAL LIABILITIES		(1,361)	(1,455)
NET ASSETS		2,682	3,326
EQUITY			
Share capital	21	2,102	1,619
Share premium account	22	4,696	4,475
Retained loss	24	(4,116)	(2,768)
TOTAL EQUITY		2,682	3,326

The financial statements were approved by the board of directors and authorised for issue on 29 September 2011 They were signed on its behalf by

Stuart Winship

Stuart Winship
Director

Vincent Isaacs
Director

STATEMENT OF CONSOLIDATED CASH FLOWS

For the period 12 months ended 31 March 2011 (15 months ended 31 March 2010)

	Note	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Cash flows from operating activities	26	**(932)**	27
Investing activities			
Interest received	7	**22**	3
Acquisition of plant, property and equipment		**(37)**	(859)
Compensation received for relocation		-	820
Acquisition of intangible assets		**(119)**	(84)
Net cash used in investing activities		**(134)**	(120)
Financing activities			
Interest and similar expenses paid	8	**(19)**	(57)
Repayment of borrowings		**(15)**	(190)
Invoice debt finance acquired/(repaid)		**(272)**	(244)
Repayment of obligations under finance leases		**(13)**	(15)
New shares issued		**707**	1,061
Net cash from financing activities		**388**	555
Net (decrease)/increase in cash and cash equivalents		**(678)**	462
Cash and cash equivalents at beginning of year		**993**	531
Cash and cash equivalents at year end	17	**315**	993

STATEMENT OF COMPANY CASH FLOWS

For the 12 months ended 31 March 2011 (12 months ended March 2010)

	Note	12 months ended 31 March 2010 £'000	15 months ended 31 March 2010 £'000
Cash flows from operating activities	27	**(193)**	**(100)**
Investing activities			
Interest received		22	3
Acquisition of plant, property and equipment		(14)	(836)
Compensation received for relocation		-	820
Acquisition of intangible assets		-	(24)
Net cash used in investing activities		**8**	**(37)**
Financing activities			
Interest and similar expenses paid		(19)	(57)
Repayment of borrowings		(15)	(190)
New finance lease borrowings acquired		-	-
Repayment of obligations under finance leases		-	(15)
New shares issued		707	1,061
Funding of subsidiary undertakings		(1,110)	(317)
Net cash (used in)/ from financing activities		**(437)**	**482**
Net (decrease)/increase in cash and cash equivalents		(622)	345
Cash and cash equivalents at beginning of year		757	412
Cash and cash equivalents at year end	17	135	757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of Touch Group plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, Standing Interpretations Committee (SIC) interpretations and International Financial Reporting Interpretation Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) and the Companies Act 2006 applicable to companies reporting under IFRS

Touch Group plc is listed on AIM and is incorporated and domiciled in the UK The address of its registered office is Saffron House, 6-10 Kirby Street, London EC1N 8TS

The consolidated financial statements have been prepared on the historical cost basis The principal accounting policies adopted are set out below These policies have been applied consistently to all periods presented, unless otherwise stated

(b) Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and the Operating and Financial review The principal risks and uncertainties facing the business are described in the Operating and Financial Review

As discussed in the Chairman's Statement and Operating and Financial Review, the current economic climate is very challenging and the Group has suffered a significant loss of £1 5 million in the 12 months ended 31 March 2011 and, whilst the Group has implemented a number of significant actions to address this, the level of success of these actions in increasing revenues combined with the current economic conditions creates uncertainty, particularly over the level of demand for our products and services, and our ability to convert our sales opportunities

It will not surprise shareholders that 2011 has been an extremely challenging year for Touch As previously announced, the Group completed a secondary placement of 48,333,333 ordinary shares raising £725,000 in February 2011 These funds have been used to enhance and extend our digital assets with the intention of furthering the development of the Group's Medical Education and Communications Division, expanding our Pharma and Energy Divisions, and for general working capital purposes allowing us to focus on developing the business further However, in order to meet its obligations as they fall due the Group will be required to raise additional capital Shareholders should be aware that without the additional funding, the Group will in due course not be able to meet its obligations as they fall due

In addition, given the economic environment some ongoing funding uncertainties remain Whilst the Directors have instituted measures to preserve cash and secure additional funding these circumstances create material uncertainties over future funding results and cashflows

The Directors have had discussions with certain other providers of finance about additional facilities and subsequent to year end an unsecured loan of £215,000 has been made available by Mr Vincent Isaacs, Executive Chairman during June 2011 The loan attracts an interest rate of 3 25 per cent per annum The loan provided by Mr Isaacs and the interest payable thereon is classified as a related party transaction The independent directors considered the loan to be in the best interests of the Company and shareholders as a whole Having subsequently consulted with the Company's nominated adviser, the independent directors are of the view that the terms of the loan were fair and reasonable insofar as its shareholders are concerned

Discussions with other providers of finance remain ongoing and the Directors continue to pursue alternative sources of funding in the event that the anticipated facilities, which the Directors expect to secure, are not forthcoming,

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern Nevertheless, the Directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future

For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts

(c) New Standards and Interpretations

There are no new standards and interpretations adopted by the Group in the financial year

(d) Standards not affecting the reported results of financial position

The following new and revised Standards and Interpretations have been adopted in the current year Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements

- **IFRS 1** First time adoption of International Financial Reporting Standards,
- **IFRS 2** Share based payments,
- **IFRS 5** Non-current Assets Held for Sale and Discontinued Operations,
- **IFRS 8** Operating segments,
- **IAS 1** Presentation of Financial Statements,
- **IAS 7** Statement of Cashflows,
- **IAS 17** Leases,
- **IAS 36** Impairment of Assets,
- **IAS 39** Financial Instruments Recognition and Measurement,
- **IFRIC 8** Scope of IFRS 2,
- **IFRIC 11** IFRS 2- Group and Treasury share transactions,
- **IAS 32** Financial Instruments and Presentation

At the date of authorisation of these financial statements, a number of new IFRS Standards and IFRIC Interpretations have been issued which are not yet effective for the period ended 31 March 2011 and which have not been adopted early These are listed below

- **IFRS 1** First time Adoption of International Financial Reporting Standards,
- **IFRIC 19** Extinguishing Financial Liabilities with Equity Instruments,
- **IFRIC 14** IAS 19 – The Limit on A defined Benefit Asset, Minimum Funding Requirements and their Interaction,
- **IAS 24** Related Party Disclosures,
- **IFRS 3** Business Combinations,
- **IFRS 7** Financial Instruments Disclosures,
- **IFRS 1** First-time Adoption of International Financial Reporting Standards,
- **IAS 1** Presentation of Financial Statements,
- **IAS 34** Interim Financial Reporting,
- **IFRIC 13** Customer Loyalty Programmes,
- **IFRS 7** Amendments to IFRS 7 Disclosures – Transfers of Financial Assets,
- **IFRS 1** Amendments to IFRS 1 Severe hyperinflation and Removal of Fixed Dates for First-time Adopters
- **IAS 12** Deferred Tax Recovery of Underlying Assets,
- **IFRS 9** Financial Instruments,
- **IFRS 9** Financial Instruments,
- **IFRS 10** Consolidated financial statements,
- **IFRS 11** Joint arrangements,
- **IFRS 12** Disclosure of interests in other entities,
- **IFRS 13** Fair value measurement,
- **IAS 27** Separate financial statements,
- **IAS 28** Investments in associates and joint ventures

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the group controlled by Touch Group plc and its subsidiaries (the 'Group') Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date control commences to the date control ceases, as appropriate

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used into line with those used by the Group

All intra-group transactions, balances, income and expenditure are eliminated on consolidation

Critical Accounting Estimates and Judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates The critical judgements that have been made in arriving at the amounts recognised in the Group's financial statements and the key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below

In determining the fair value of equity settled share-based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted The fair value is determined using the Black-Scholes valuation model which is dependent on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments

Revenue Recognition
Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other-sales related taxes

a *Sales of goods*
Revenue in respect of advertising services and editorial sponsorship is recognised on publication

b *Sales of services*
Revenue in respect of online advertising and subscriptions is recognised on a straight-line basis over the period of subscription Any unrecognised element is carried within deferred revenue

c *Barter transactions*
Revenue and costs in respect of barter transaction for advertising are recognised only where there is persuasive evidence at which, if it had not been exchanged, the advertising would have been sold for cash in a similar transaction

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased assets
Where assets are financed by leasing agreements where the risks and rewards are substantially transferred to the group ("finance leases") the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases Depreciation on leased assets is charged to the income statement on the same basis as owned assets

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the income statement

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases and are accounted for on a straight line basis over the term of the lease

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full using the balance sheet liability method Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the balance sheet Deferred tax assets and liabilities are not recognised if they arise in the following situations the initial recognition of goodwill, or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date

The group does not recognise deferred tax liabilities or deferred tax assets on temporary differences associated with investments in subsidiaries as it is not considered probable that the temporary differences will reverse in the foreseeable future It is the group's policy to reinvest undistributed profits arising in group companies

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

Intangible assets
Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 'Intangible Assets' Assets are amortised over their estimated useful lives A review is carried out at each financial year end and with changes in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' considered if necessary The estimated useful lives are as follows

- Acquired publishing rights 20 years
- Online development costs 3-5 years

Development costs are capitalised only where the costs are directly related to the creation of an asset, are separately identifiable and where the future profits from that asset will exceed the costs capitalised Development costs cease to be capitalised when the asset starts to generate revenues

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss Depreciation is provided to write off the cost less estimated residual value of non-current assets by equal instalments over their estimated useful economic lives as follows

- Leasehold improvements	over the remaining life of the lease
- Plant, vehicles and equipment	3-7 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease

Compulsory Purchase Order Compensation

Fixed assets acquired using funds received from the Government under the compulsory purchase order on the Group's previous head office are capitalised within the relevant fixed asset category at cost A balance, equivalent to the compensation received and used to acquire these assets is shown within creditors, and is being amortised to the profit and loss account so as to match the depreciation charge on the related fixed assets The creditor balance is split between less than one year and greater than one year to reflect the periods in which the creditor will be released

Impairment of assets
A review is carried out at the end of each financial period end to determine if any assets have suffered an impairment loss If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value Impairment losses are recognised in the income statement when an asset's carrying value exceeds its recoverable amount

Inventories – work in progress
Inventories are stated at the lower of cost and net realisable value Work in progress consists of costs incurred relating to unpublished material and deferred revenue at the period end

Financial instruments
Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Borrowings
Interest bearing borrowings and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and incremental costs directly attributable to the issue, are accounted for on an accruals basis as part of finance expenses in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period that they arise

Trade receivables
Trade receivables are reflected net of estimated provisions for doubtful client accounts The provision is based on historic collection patterns and with reference to the ageing of certain balances

Trade payables
Trade payables are measured at fair value

Share based payments
The Group issues equity-settled share-based payments to certain employees The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

corresponding increase in equity The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions Non-market vesting conditions are included in assumptions about the number of options that are expected to vest At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

Fair value is measured using the Black - Scholes model

Investments
Non-current investments are shown at cost less provision for impairment A review is carried out at the end of each financial period end to determine if any assets have suffered an impairment loss

2 SEGMENTAL INFORMATION

The directors consider that the business operates within one business segment, that of publishing

Business Segment	**12 months ended 31 March 2011 £'000**	**15 months ended 31 March 2010 £'000**
Income statement		
Revenue	**4,794**	5,692
Cost of sales	**(2,375)**	(2,712)
Gross profit	**2,419**	2,980
Admin expenses	**(3,573)**	(4,366)
Segment result	**(1,154)**	(1,386)
Unallocated head office overhead	**(345)**	(758)
Operating loss	**(1,499)**	(2,144)
Investment revenue	**22**	3
Finance costs	**(19)**	(57)
Loss for the period	**(1,496)**	(2,198)
Balance sheet		
Segment assets/(liabilities)	**(1,753)**	(843)
Unallocated head office assets	**5,043**	4,776
Consolidated assets	**3,290**	3,933
Segment liabilities	**(1,058)**	(814)
Unallocated head office liabilities	**(1,361)**	(1,456)
Consolidated liabilities	**(2,419)**	(2,270)
Consolidated net assets	**871**	1,663

Geographical Segments
The following table provides an analysis of the Group's revenue by geographical destination

	12 months ended 31 March 2011 £'000	**15 months ended 31 March 2010 £'000**
United Kingdom	**339**	499
Rest of Europe	**2,520**	2,729
USA	**1,749**	2,247
Rest of World	**186**	217
Total	**4,794**	5,692

2 SEGMENTAL INFORMATION (CONTINUED)

Barter transactions

During the period, revenue of £557,000 (2010 £733,000) was recognised from barter transactions arising entirely from advertising being bartered within the publication division in return for distribution of the printed product either to conference delegates or association members These transactions are reflected at the average page yield per specific publication and are recognised in line with *IAS 18" Revenue"*

3 OPERATING LOSS

This is stated after charging/(crediting)	Note	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Depreciation of owned assets	14	175	194
Depreciation of assets held under finance leases and hire purchase contracts	14	-	1
Amortisation of intangible assets	13	143	166
Impairments of investments	15	-	37
Operating lease rentals paid	25		
- land and buildings		194	448
- other		22	9
Rentals receivable under operating leases	25	-	(186)
Staff costs	5	3,627	4,300
Foreign exchange gains		80	200

The analysis of auditors' remuneration is as follows

Fees payable to the auditors for the audit of		
Parent company	16	15
Subsidiaries	16	15
Total	32	30
Fees payable to the company's auditors and their associates for other services to the group	Nil	Nil

4 DIRECTORS' REMUNERATION

	12 months ended 31 March 2011	15 months ended 31 March 2010 £'000
Directors' emoluments		
Remuneration	316	546
Company pension contributions to defined contribution schemes	6	15
Compensation for loss of office	-	83
	322	644
Highest paid director		
Remuneration	95	112

The value of share-based payments in the year to the Directors was £nil (2010 £nil)

Further analysis of Directors' remuneration, pension contributions and share options is included in the Directors' report

Director appointment and resignation dates are disclosed in the officers and professional advisers section of the report – see page 43

5 STAFF COSTS

Group.	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Staff costs during the year (including directors)		
Wages and salaries	3,225	3,839
Social security costs	352	402
Other pension costs	50	59
Share-based payment	-	-
	3,627	4,300

The average number of employees (including directors) employed by the Group was 91 (2010 78)

	12 months ended 31 March 2011	15 months ended 31 March 2010
Operational	72	59
Administrative	19	19
	91	78

Company:	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Staff costs during the year (including directors)		
Wages and salaries	519	1,034
Social security costs	63	100
Other pension costs	14	18
Share-based payment	-	(50)
	596	1,102

The average number of employees (including directors) employed by the Company was 16 (2010 16)

	12 months ended 31 March 2011	15 months ended 31 March 2010
Operational	1	1
Administrative	15	15
	16	16

6 FIXED ASSET IMPAIRMENTS

In the prior period the Company was required to relocate under a Compulsory Purchase Order on its head office The cash costs of the move to the new property were met by the Government although there was a non-cash fixed asset impairment of £230,000

7 INVESTMENT REVENUE

	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Interest on bank deposits	22	3

8 FINANCE COSTS

	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Interest on bank overdrafts and loans	18	53
Interest on obligations under finance leases	1	4
	19	57

9 TAX

There is no current or deferred tax charge in the period nor the prior period

At a tax rate of 28% (2010 28%), the accumulated tax losses and the benefit of future capital allowances give rise to a potential deferred tax asset of £5,414,000 (2010 £5,493,000), which due to the uncertainty over timing of future taxable profits has not been recognised

Factors affecting the tax charge	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Loss on ordinary activities before taxation	(1,496)	(2,198)
Tax at 28% (2010 28%) thereon	(419)	(615)
Effects of		
Permanent differences	15	23
Capital allowances in excess of depreciation	6	27
Fixed asset impairment	-	64
Short term timing differences	(6)	7
Provision against investment	-	10
Tax losses carried forward	404	484
Current tax charge for the period	-	-

At the balance sheet date the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax assets have not been recognised was £3,715,000 (2010 £4,001,000) Deferred tax has not been included in the balance sheet as the Group is in a position to control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future

Factors affecting the tax charge for future periods

The Chancellor announced in the budget on 23 March 2011 that the standard rate of UK Corporation Tax would be reduced from 28% to 26% from 1 April 2011, and there will be progressive annual reductions of a further 1% until a rate of 23% is reached with effect from 1 April 2014 The Finance Act (No 2) 2010, which received Royal Assent on 27 July 2010, enacted a rate reduction of 1% to 27% with effect from 1 April 2011 In addition the Budget Resolutions passed on 29 March 2011 substantively enacted a further rate reduction of 1% to 26% However, the rate reductions from 26% to 23% over the next three years have not been substantively enacted and therefore the effect of this reduction will be included in the financial statements in future periods

The Chancellor also announced changes to the Capital Allowance regime in the emergency budget on 22 June 2010 The rate of writing down allowances on expenditure on plant and machinery allocated to the main pool will be reduced from 20% to 18%, and the writing down

9 TAX (CONTINUED)

allowances on expenditure allocated to the special rate pool (i e long-life assets and integral features) will be reduced from 10% to 8% These will have effect from 1 April 2012 In addition, the maximum amount of the annual investment allowance (which provides 100% relief in the year of spend) will be reduced from £100,000 to £25,000 also from 1 April 2012

Those proposed changes that have not been substantively enacted are not reflected in the Company's financial statements as at 31 March 2011 as their impact is considered to be immaterial

The effect of the reduction in the tax rate to 23% on the Company's potential deferred tax asset would be to reduce the deferred tax asset by £624,000 to £4,790,000 The rate change will also impact the amount of the future cash tax payments to be made by the Company

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements for future periods

10 LOSS PER ORDINARY SHARE

	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
The calculation of the basic and diluted earnings per share is based on the following		
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**(1,496)**	(2,198)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**167,435,511**	127,961,378

Share options granted to employees could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented

11 LOSS ATTRIBUTABLE TO TOUCH GROUP PLC

The loss for the financial period dealt with in the financial statements of the parent company, Touch Group plc, was £1,348,000 (2010 £807,000) Within this loss is an impairment charge of £1,000,000 reflecting a provision against the intercompany receivable balance with its wholly owned subsidiary undertaking As provided by Section 408 of the Companies Act 2006 no separate income statement is presented in respect of the parent company

12 SHARE-BASED PAYMENTS

IFRS 2 "Share-based Payment" requires the Group to recognise an expense in respect of the granting of options over shares to employees and Directors This expense, which is calculated by reference to the fair value of the options granted, is recognised on a straight-line basis over the vesting period based on the Group's estimate of options that will eventually vest The Directors have used a Black-Scholes model to estimate the value of options granted in the current and prior periods

Options are typically exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant The vesting period is typically three years Options are normally forfeited if the employee leaves the Group

Details of the Group share options outstanding during the year are as follows

	12 months ended 31 March 2011		15 months ended 31 March 2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of period	3,658,000	6 68p	6,234,185	6 51p
Granted during the period	-	-	-	-
Forfeited during the period	-	-	2,576,185	6 28p
Exercised during the period	-	-	-	-
Expired during the period	3,000	152 50p	-	-
Outstanding at the end of the period	3,655,000	6 56p	3,658,000	6 68p
Exercisable at the end of the period	3,655,000	6 56p	2,483,000	10 49p

There were no share options exercised during the year nor in the prior 15 month period The options outstanding at 31 March 2011 had a weighted average exercise price of 6 56p, and a weighted average remaining contractual life of 0 9 years There were no share options granted in the year nor in the prior 15 month period

The key inputs into the Black-Scholes option pricing model were as follows

	12 months ended 31 March 2011	15 months ended 31 March 2010
Weighted average		
Share price at date of grant	**6.56p**	**6.68p**
Exercise price	**6 56p**	**6.68p**
Expected volatility	**57.1%**	**57.1%**
Expected life (years)	**0.9**	**0.94**
Risk-free interest rate	**10.9%**	**10.9%**
Dividend yield	**nil**	**nil**

Expected volatility was determined by calculating the historical volatility of the group's share price since the demerger of Moneybox on 18 March 2004

The group recognised a charge of £nil (2010 - £nil) related to equity-settled share-based payment transactions

13 NON-CURRENT ASSETS - INTANGIBLE

Group

	Development costs	Publishing rights titles benefits and licences	Total
	£'000	£'000	£'000
Cost			
At 1 January 2009	413	524	937
Additions	84	-	84
At 1 April 2010	**497**	**524**	**1,021**
Additions	119	-	119
As at 31 March 2011	616	524	1,140
Amortisation			
At 1 January 2009	118	394	512
Provided during the period	149	17	166
At 1 April 2010	**267**	**411**	**678**
Provided during the period	128	15	143
At 31 March 2011	395	426	821
Carrying value			
At 31 December 2008	295	130	425
At 31 March 2010	**230**	**113**	**343**
At 31 March 2011	**221**	**98**	**319**

All amortisation is charged to administrative expenses

Company	Development costs	Publishing rights titles benefits and licences	Total
	£'000	£'000	£'000
Cost			
At 1 January 2009	-	2	2
Additions	28	-	28
At 1 April 2010	28	2	30
Additions	-	-	-
As at 31 March 2011	28	2	30
Amortisation			
At 1 January 2009	-	-	-
Provided during the period	4	-	4
At 1 April 2010	**4**	-	**4**
Provided during the period	11	1	12
At 31 March 2011	15	1	16
Carrying value			
At 31 December 2008	-	2	2
At 31 March 2010	**24**	**2**	**26**
At 31 March 2011	**13**	**1**	**14**

All amortisation is charged to administrative expenses

14 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings £'000	Plant, vehicles and equipment £'000	Total £'000
Cost			
At 1 January 2009	565	2,878	3,443
Additions	735	124	859
Disposals	(565)	(2,611)	(3,176)
At 1 April 2010	**735**	**391**	**1,126**
Additions	-	37	37
Disposals	-	-	-
At 31 March 2011	735	428	1,163
Depreciation			
At 1 January 2009	299	2,710	3,009
Provided during the period	63	132	195
Impairment	230	-	230
Disposals	(565)	(2,611)	(3,176)
At 1 April 2011	**27**	**231**	**258**
Provided during the period	**78**	**97**	**175**
As at 31 March 2011	**105**	**328**	**433**
Carrying value			
At 31 December 2008	266	168	434
At 31 March 2010	**708**	**160**	**868**
At 31 March 2011	**630**	**100**	**730**

Finance leased assets included above

Carrying value			
At 31 December 2008	-	45	45
At 31 March 2010	-	**17**	**17**
At 31 March 2011	-	-	-

Company

	Leasehold land and buildings £'000	Plant, vehicles and equipment £'000	Total £'000
Cost			
At 1 January 2009	565	738	1,303
Additions	727	77	804
Disposals	(565)	(477)	(1,042)
At 1 April 2010	**727**	**338**	**1,065**
Additions	-	**14**	**14**
Disposals	-	-	-
As at 31 March 2011	**727**	**352**	**1,079**

14 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation			
At 1 January 2009	299	592	891
Provided during the period	63	87	150
Impairment	230	-	230
Disposals	(565)	(477)	(1,042)
At 1 April 2010	**27**	**202**	**229**
Provided during the period	**77**	**73**	**150**
At 31 March 2011	**104**	**275**	**379**
Carrying value			
At 31 December 2008	266	146	412
At 31 March 2010	**700**	**137**	**836**
At 31 March 2011	**623**	**77**	**700**

Finance leased assets included above

Carrying value			
At 31 December 2008	-	45	45
At 31 March 2010	-	13	13
At 31 March 2011	-	-	-

15 INVESTMENTS

Group	**MediaZest plc £'000**
Cost	
At 1 January 2009	1,875
Additions	5
At 1 April 2010	**1,880**
Additions	-
At 31 March 2011	**1,880**
Provision for impairment	
At 1 January 2009	1,825
Provided during the period	37
At 1 April 2010	**1,862**
Provided during the year	-
At 31 March 2011	**1,862**
Carrying value	
At 31 December 2008	50
At 31 March 2010	**18**
At 31 March 2011	**18**

15 INVESTMENTS (CONTINUED)

On 27 September 2005 as part of the disposal of Touch Vision Limited, the intermediate holding company, Electronic Media Promotions Limited, acquired 4,411,764 shares in MediaZest plc at a share price of 42 5 pence This holding represents 3 8% of the issued share capital of MediaZest plc, an AIM listed company Touch Group plc does not exercise significant influence in MediaZest plc and therefore the investment has been accounted for as a fixed asset investment The Directors have satisfied themselves that the carrying value is appropriate

Company	Investment in subsidiary undertakings £'000
Cost	
At 1 January 2008	6,613
Additions	-
At 1 April 2010	**6,613**
Additions	-
At 31 March 2011	**6,613**
Provision for impairment	
At 1 January 2009	6,563
Provided during the period	32
At 1 April 2010	**6,595**
Provided during the period	-
At 31 March 2011	**6,595**
Carrying value	
At 31 December 2008	50
At 31 March 2010	**18**
At 31 March 2011	**18**

The company has an interest in the following subsidiary undertakings, and investments, which principally affect the results or net assets of the group

	% holding	Class of holding	Nature of business
Electronic Media Promotions Holdings Limited	100 00%	Ordinary shares	Holding Company
Business Briefings Limited	100 00%	Ordinary shares	Multimedia Marketing
Touch Local Limited	3 75%	B Shares	Local Search Directory

All subsidiaries and investments are domiciled and incorporated in England and Wales

16 INVENTORIES

	Group 2011 £'000	Group 2010 £'000
Work in progress	478	337

17 OTHER FINANCIAL ASSETS

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade and other receivables				
Trade receivables	1,219	944	4	4
Provision for doubtful debts	(284)	(294)	-	-
	935	650	4	4
Related party receivables	-	-	110	317
Other receivables	162	180	149	180
Prepayments and accrued income	336	544	23	70
	1,433	1,374	286	571

As of 31 March 2011 trade receivables of £627,000 (2010 nil) were not yet due

As of 31 March 2011, trade receivables of £18,000 (2010 £221,000) were past due but not impaired These relate to major pharmaceutical companies for whom there is no history of default The ageing analysis is as follows

	2011 £'000	2010 £'000
Up to 3 months	18	203
3 – 6 months	-	18
	18	221

As of 31 March 2011, trade receivables of £571,000 (2010 £723,000) were impaired and provided for The amount of provision was £284,000 (2010 £294,000) It was assessed that a proportion of these receivables is expected to be recovered The ageing analysis is as follows

	2011 £'000	2010 £'000
Up to 3 months	205	429
3 – 6 months	366	294
	571	723

	Group		Company	
Cash and cash equivalents	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Cash on hand and balances with banks	315	993	135	757

17 OTHER FINANCIAL ASSETS (CONTINUED)

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one month or less The carrying amount of these assets approximates their fair value

18 NON-CURRENT ASSETS

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Related party receivables	-	-	2,890	2,573
	-	-	2,890	2,573

19 OTHER FINANCIAL LIABILITIES

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade and other payables:				
Obligations under finance leases and hire purchase	-	13	-	13
Trade payables	91	45	43	21
Other payables	35	35	35	35
Other taxes and social security	291	110	16	26
Compensation for relocation	108	109	108	109
Accrued expenses and deferred income	1,076	1,010	338	303
	1,601	1,322	540	507
Borrowings	245	260	245	260
	1,846	1,582	785	767

See note 31 for details of borrowings

20 NON-CURRENT LIABILITIES

	Group and Company	
	2011	2010
	£'000	£'000
Obligations under finance leases	-	-
Compensation for relocation	576	688
	576	688

21 SHARE CAPITAL

For Group and Company:	**2011**	**2010**
	£'000	**£'000**
Allotted, called up and fully paid		
2011 210,191,921 ordinary shares of 1p each		
2010 161,858,588 ordinary shares of 1p each	2,102	1,619

On 17th February 2011 the Company raised £725,000 before expenses of £17,500 in cash by way of a Placing of 48,333,333 new ordinary shares of 1 pence nominal value at a price of 1 5 pence per share

On 6th January 2009 the Company issued 6,666,667 shares of 1 pence nominal value at a price of 3 pence per share, raising £0 2 million in funding for the business

On 16th December 2009 the Company raised £780,000 before expenses in cash by way of a Placing of 39,000,000 new ordinary shares of 1 pence nominal value at a price of 2 pence per share In addition, Vincent Isaacs, the Company's Executive Chairman, converted £100,000, which was part of a loan previously made by him to the Company, into 5,000,000 new ordinary shares at a price of 2 pence per share

Options have been granted under the Touch Group plc share option schemes to subscribe for ordinary shares in the company as follows

		Ordinary Shares of 1p			**Exercisable**	
Date of grant	**Option scheme**	**31 March 2011**	**31 March 2010**	**Exercise price**	**From**	**To**
15 November 2000	Discretionary	-	3,000	152 50p	15/11/03	15/11/10
8 June 2004	Discretionary	300,000	300,000	10 00p	08/06/07	08/06/14
1 November 2005	Discretionary	280,000	280,000	9 50p	01/11/08	01/11/15
3 November 2006	Discretionary	200,000	200,000	6 25p	03/11/09	03/11/16
14 December 2006	EMIS	1,700,000	1,700,000	5 38p	14/12/09	14/12/16
30 May 2007	EMIS	1,175,000	1,175,000	6 75p	30/05/10	30/05/17
		3,655,000	3,658,000			

22 SHARE PREMIUM ACCOUNT

For Group and Company:	**2011**	**2010**
	£'000	**£'000**
	4,699	4,475

23 OTHER RESERVES

	Merger reserve £'000
Balance at 31 March 2010 and 31 March 2011	300

24 RETAINED (LOSS) / EARNINGS

For Group:	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
At beginning of period	(4,731)	(2,533)
Net loss for the period	(1,496)	(2,198)
At end of period	(6,227)	(4,731)

For Company:	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
At beginning of period	(2,768)	(1,911)
Net loss for the period	(1,348)	(807)
Charged to equity for share based payments	-	(50)
At end of period	(4,116)	(2,768)

25 OPERATING LEASE ARRANGEMENTS

	31 March 2011 £'000	31 March 2010 £'000
Minimum lease payments under operating leases recognised as an expense in the year	216	457

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows

	31 March 2011 £'000	31 March 2010 £'000
Within one year	103	121
In the second to fifth years inclusive	802	652
After five years	946	1,533
	1,851	2,306

The principal operating lease arrangement represents rentals payable by the Group for its Head Office property

The lease is a ten-year lease with a tenant's break clause at year 5 Annual rent is £102,875 for years 1 – 5 and increases to £306,670 per annum thereafter If the tenant's break clause is exercised at year 5 there is a break clause penalty due of £306,670

26 NOTES TO THE STATEMENT OF CONSOLIDATED CASHFLOWS

	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Loss before tax for the period:	(1,496)	(2,198)
Adjustments for		
Investment revenue	(22)	(3)
Finance costs	19	57
Depreciation of property, plant and equipment	175	195
Amortisation of intangibles	143	166
Impairment	-	230
Operating cash flows before movements in working capital	(1,181)	(1,553)
Increase in inventories	(141)	(25)
Reduction/(Increase) in receivables	216	2,027
Decrease in payables	174	(422)
Net cash from operating activities	(932)	27

27 NOTES TO THE STATEMENT OF COMPANY CASHFLOWS

	12 months ended 31 March 2011 £'000	15 months ended 31 March 2010 £'000
Loss before tax for the period:	(1,348)	(812)
Adjustments for		
Investment revenue	(22)	(3)
Finance costs	19	57
Depreciation of property, plant and equipment	150	153
Amortisation of intangibles	12	1
Impairment	1,000	267
Share based payment charge/(credit)	-	-
Operating cash flows before movements in working capital	(189)	(337)
Increase in inventories	-	-
Decrease/(increase) in receivables	78	464
Decrease in payables	(82)	(227)
Net cash from operating activities	(193)	(100)

28 FINANCIAL INSTRUMENTS

The financial instruments of the group principally comprise short-term debtors and creditors, third party loans, finance lease agreements for the purchase of certain non-current assets, an overdraft and cash There is no difference between the book value and fair value of any of the financial assets or liabilities

28 FINANCIAL INSTRUMENTS (CONTINUTED)

The Group used sterling finance leases to fund purchases of certain non-current assets The implicit interest rates on these leases were approximately 5% The maturity dates of the leases were between two and five years

29 PENSION SCHEME

No contributions were made during the period (2010 nil) to The Guild of Excellence plc Directors' Pension Scheme This is a money purchase scheme with one eligible member, being Vincent Isaacs

30 FINANCIAL COMMITMENTS

In the event that it becomes necessary, the parent company, Touch Group plc, has undertaken to provide the necessary financial support to its subsidiary undertakings

31 RELATED PARTY TRANSACTIONS

The Group's investments have been disclosed in note 15

The only intra-group transaction is the application of management charges of £957,000 (2010 £1,203,000) A £1,000,000 provision was made during the year against amounts owed to Touch Group plc from its subsidiary companies At the end of the year Touch Group plc was owed an aggregate sum of £3,000,000 (2010 £2,890,000) by its subsidiary companies

At the end of the year the Group had £245,000 (2010 £260,000) of outstanding borrowings with organisations for which a Group director acts as a trustee and has a non-beneficial interest Interest is charged at a rate of 7% per annum on £95,000 and 3% on £150,000

In June 2011 a loan of £215,000 was made to the Company by Vincent Isaacs Interest is charged at 3 25% per annum

Directors' emoluments are disclosed in note 4 to the accounts The Directors alone are regarded as the Group's key management personnel

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The directors of the company who served during the year were as follows

Vincent J Isaacs	Chairman
Peter Katz	Commercial Director
Tim Green	Director
Stuart Winship	Chief Executive Officer
Neil Brown	Non-executive Director
Robert Lorenz	Non-executive Director

SECRETARY

Peter D Katz FCA ATII

REGISTERED OFFICE

Saffron House
6-10 Kirby Street
London
EC1N 8TS

NOMINATED ADVISER

Shore Capital and Corporate Limited
Bond Street House
14 Clifford Street
London
W1S 4JU

BROKER

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London
W1S 4JU

SOLICITORS

Olswang
90 High Holborn
London WC1V 6XX

AUDITORS

RSM Tenon Audit Limited
Statutory Auditor
66 Chiltern Street
London
W1U 4JT