Company Number 4020844

DM plc

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

DM plc

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DM plc

THE BOARD OF DIRECTORS

Adrian John Williams (aged 54) Chairman

Adrian studied Economics and Marketing at University before joining a computer software company in Ross on Wye in 1981. He then became Marketing Director of a fire protection company prior to leading a management buy-in of a toy and gift company in 1990. Adrian founded Strike Lucky Games Limited in 1993.

Mark Winter (aged 47) Finance Director

Mark qualified as a chartered accountant with KPMG in 1992 and worked as a financial controller in several companies. He was finance director at Minerva International Holdings Limited from 1998 to 2001 and of Regency Group, part of South Staffordshire Group plc, from 2002 to 2003. Since then, he has been a principal at the financial consultancy, FD Centre, where he has had experience of a range of roles including fast growing businesses. Mark was appointed a director of DM plc on 17th June 2005.

ADVISERS

Solicitors
Davies and Partners, 135 Aztec West, Almondsbury, Bristol, BS32 4UB

Auditor
PKF (UK) LLP, 4th Floor, 3 Hardman Street, Spinningfields, Manchester, M3 3HF

Accountants
Wildin & Co, King's Buildings, Lydney, Gloucestershire, GL15 5HE

Bankers
Barclays Bank PLC, PO Box 119, Park House, Newbrick Road, Stoke Gifford, Bristol, BS34 8TN

DM plc

Registered in England and Wales under Company Number 4020844
Registered Office: Green Heys, Walford Road, Ross on Wye, Herefordshire, HR9 5DB

DIRECTORS' REPORT

Directors' report
The Directors present their annual report and the audited financial statements for the year ended 31 December 2011.

Principal activities
The principal activity of the Group during the year was that of customer recruitment and database management.

Business review and future developments
This has been a difficult trading year for the Group. Nonetheless, the Group remains profitable, excluding the goodwill impairment, and has a positive net cash position.

Turnover has decreased by 42% to £16,109k (2010: £27,562k) and operating profit excluding goodwill impairment has decreased by 82% to £944k (2010: £5,265k). Markets are expected to remain challenging.

The action taken by the Office of Fair Trading ("OFT") in 2011 caused a disruption to some of the group's recruitment activities as we stopped using promotions complying with the rules previously agreed with the OFT while the High Court hearing was taking place. New promotions, compliant with the new rules prescribed by the High Court, have been designed and tested and we continue to work on improving promotions to be more appealing to the public and therefore to be more profitable.

The group's cash position continues to remain strong. The net cash surplus, after deducting bank debt from the group's total cash, increased to £1,857k (2010: £983k). The final capital repayment of the bank loan facility was made in December 2011 after five years of successfully meeting all bank covenant requirements.

DM plc is now a private limited company following the successful conclusion, on 26th January 2012, to a cash offer from the Chairman, Adrian Williams, to own all the Ordinary shares of DM plc.

Dividends
No dividends were paid this year. The Directors propose that no final dividend should be paid in respect of the year ended 31 December 2011.

Transactions in shares
The Company repurchased and cancelled 1,350,000 Ordinary shares of nominal value £13,500 during 2011. The aggregate amount paid for these shares was £18,317.

Risks and uncertainties
Business risk arises mainly from legislative changes, and this situation is constantly under review. The possibility of a postal strike is also judged to be a risk. The Board keeps this matter under review so that, should there be a postal strike, the impact on profits is kept to a minimum by forward planning.

One area of regulatory uncertainty is in relation to the Group's decision to appeal against some of the rulings from the High Court with respect to the action taken by the OFT in 2011. The Court of Appeal has referred the matter to the European Court and we await notification of the date on which the European hearing will commence.

Liquidity, interest rate and cash flow risk
In order to create adequate finance for the Group's operations, the Group uses various financial instruments including cash, bank loans, trade receivables and trade payables. The main risks arising from these financial instruments are cash flow risk, interest rate risk and liquidity risk.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Management review cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements. Management also consider the exposure to variable interest rates to be acceptable given that the Group currently has no net debt and that the current climate has been one where the recent trend has been for rates to be reasonably steady and low by historical standards.

Liquidity, interest rate and cash flow risk (continued)

The Directors do not consider credit or currency risk to be significant given the Group's pattern of trading in this market. The Group has not used any financial hedges.

The Company places any surplus cash on short term money market deposits in order to maximise the risk free return on its cash balances.

KPIs

The size and quantity of customer databases and the response rates to individual competitions are the key drivers of revenue and gross profit.

Directors

The Directors who served on the Board during the year and their beneficial and non-beneficial interests in the issued share capital of the Company at the beginning and end of the financial year were as follows:-

All Directors and their beneficial interests	Shareholding at 1 January 2011 Ordinary Shares of 1p each	Shareholding at 31 December 2011 Ordinary Shares of 1p each	% of Issued Share Capital at 31 December 2011
A J Williams	118,069,112	136,894,809	83.81%
M Winter	49,041	49,041	0.03%

Policy and practice on payment of creditors

It is the Group's policy to fix the terms of payment with suppliers when agreeing the terms of each transaction and the Group abides by these terms of payment. The average number of days taken to settle creditors in 2011 was 57 days (2010 – 50 days).

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 group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union;
- state, with regard to the parent company financial statements, whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

Statement regarding information given to auditors
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of
- any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor
A resolution to reappoint PKF (UK) LLP as auditor will be proposed at the Annual General Meeting.

By order of the Board

Mark W Winter

Mark Winter
Finance Director

13 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DM PLC

We have audited the group financial statements of DM plc for the year ended 31 December 2011 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- 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.

Other matter

We have reported separately on the parent company financial statements of DM plc for the year ended 31 December 2011.

PKF (UK) LLP.

31 May 2012

Timothy Entwistle (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

Manchester, UK

DM plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Group 2011 £'000	Group 2010 £'000
Continuing Operations			
Revenue	5	**16,109**	27,562
Cost of sales		**(8,088)**	(14,226)
Gross Profit		**8,021**	13,336
Administrative expenses		**(7,077)**	(8,071)
Goodwill impairment		**(6,030)**	-
		(13,107)	(8,071)
Operating (Loss)/Profit		**(5,086)**	5,265
Finance Costs	9	**(60)**	(144)
(Loss)/Profit Before Tax		**(5,146)**	5,121
Income tax credit/(expense)	10	**84**	(1,275)
(Loss)/Profit and total comprehensive income attributable to equity holders of the parent		**(5,062)**	3,846
Earnings Per Share			
From continuing operations			
Basic	11	**(3.08)p**	2.31p
Diluted	11	**(3.08)p**	2.31p

There are no other items of comprehensive income for the year other than the profit attributable to equity holders of the parent.

The notes on pages 11 to 22 form an integral part of these accounts.

DM plc
Company Number 4020844

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	Group 2011 £'000	Group 2010 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	125	161
Goodwill	13	6,794	12,824
Other intangible assets	14	403	608
		7,322	13,593
Current assets			
Inventories	15	82	167
Trade and other receivables	16	3,662	5,842
Cash and cash equivalents	17	1,857	4,374
		5,601	10,383
Total assets		12,923	23,976
Liabilities			
Current liabilities			
Trade and other payables	18	(3,006)	(5,022)
Borrowings	19	-	(3,391)
Current tax payable		-	(565)
		(3,006)	(8,978)
Assets less current liabilities		9,917	14,998
Non-current liabilities			
Deferred tax	20	-	(1)
		-	(1)
Net assets		9,917	14,997
Equity attributable to equity holders of the parent			
Ordinary shares	21	1,633	1,647
Capital redemption reserve		46	32
Merger reserve		(3,108)	(3,108)
Share premium		3,685	3,685
Retained earnings		7,661	12,741
Total equity		9,917	14,997

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 13 April 2012.

A J Williams
Chairman

The notes on pages 11 to 22 form an integral part of these accounts.

DM plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

Attributable to equity holders of the parent

Group	Ordinary Shares £'000	Capital Redemption Reserve £'000	Merger Reserve £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2010	1,663	16	(3,108)	3,685	8,990	11,246
Changes in equity for 2010						
Total comprehensive income for the year	-	-	-	-	3,846	3,846
Buy back of share capital	(16)	16	-	-	(95)	(95)
Balance at 31 December 2010	**1,647**	**32**	**(3,108)**	**3,685**	**12,741**	**14,997**
Changes in equity for 2011						
Total comprehensive income for the year	-	-	-	-	(5,062)	(5,062)
Buy back of share capital	(14)	14	-	-	(18)	(18)
Balance at 31 December 2011	**1,633**	**46**	**(3,108)**	**3,685**	**7,661**	**9,917**

The notes on pages 11 to 22 form an integral part of these accounts.

DM plc

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Group 2011 £'000	Group 2010 £'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(5,146)**	5,121
Adjustments for:			
Depreciation and amortisation		**247**	239
Finance costs		**60**	144
Impairment loss		**6,030**	-
Loss on disposal of property, plant and equipment		**6**	-
Decrease in trade and other receivables		**2,383**	1,230
Decrease in inventories		**85**	112
(Decrease) in trade and other payables		**(2,016)**	(11)
Cash generated from operations		**1,649**	6,835
Interest received		**20**	-
Interest paid		**(80)**	(144)
Income taxes paid		**(685)**	(1,096)
Net cash from operating activities		**904**	5,595
Cash flows from investing activities			
Sale of property, plant and equipment		**20**	5
Purchase of property, plant and equipment		**(32)**	(64)
Purchase of intangible assets		**-**	(32)
Net cash (used in) investing activities		**(12)**	(91)
Cash flows from financing activities			
Net proceeds from the issue of share capital			-
Shares bought back for cancellation		**(18)**	(95)
Repayment of borrowings		**(3,391)**	(1,937)
Net cash used in financing activities		**(3,409)**	(2,032)
Net (decrease)/increase in cash and cash equivalents		**(2,517)**	3,472
Cash and cash equivalents at beginning of year		**4,374**	902
Cash and cash equivalents at end of year	**17**	**1,857**	4,374

The notes on pages 11 to 22 form an integral part of these accounts.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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.

1. Basis of preparation

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 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.

1.1 Adoption of standards effective in 2011

The Directors have reviewed each of the new standards, interpretations and amendments effective for the first time from 1 January 2011, none have had a material effect on the financial statements.

1.2 Recent accounting developments

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. The Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

2. ACCOUNTING POLICIES

2.1 Consolidation

Subsidiaries 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 that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

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

2.2 Goodwill

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

Goodwill is carried at cost less accumulated impairment losses. 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.

2.3 Other intangible assets

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

Amortisation is charged to profit or loss 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:

- Lists/databases – 2 - 5 years

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

ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a reducing balance basis over the estimated useful life, as follows:

- Fixtures and fittings – 10%-25% reducing balance
- Computer equipment – 25% reducing balance
- Motor cars – 25% reducing balance

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

Gains or losses on disposal are included in profit or loss.

2.5 Impairment of assets

The Group assesses annually 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, intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet 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 profit or loss.

2.6 Financial instruments

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

Financial instruments are recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

2.6.1 Trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised on the trade date of the related transactions.

2.6.2 Trade payables

Trade payables are stated at their amortised cost. They are recognised on the trade date of the related transactions.

2.6.3 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 profit or loss over the period of the borrowings on an effective interest rate basis.

2.7 Share based payments

Options are measured at fair value at grant date using the Black-Scholes model. The fair value is expensed on a straight-line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

Cash settled share based payment transactions results in the recognition of a liability at its current fair value.

2.8 Retirement benefit

Contributions to defined contribution plans are recognised as an expense as the contributions accrue.

ACCOUNTING POLICIES (continued)

2.9 Revenue

Revenue comprises sales and services to external customers (excluding VAT and other sales taxes). Consideration received from customers is only recorded as revenue to the extent that the Group has performed its contractual obligations in respect of that consideration.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value on a first-in-first out basis. Cost comprises purchase cost of goods, direct labour and those overheads related to manufacture and distribution based on normal activity levels.

2.11 Leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to the income statement on a straight-line basis over the lease term.

2.12 Deferred taxation

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

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates 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 profit will be available to allow all or part of the asset to be recovered.

2.13 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.

2.14 Exceptional items

Exceptional items are identified as being items which arise from events or transactions that fall within the ordinary activities of the Group where the Board believes, due to their nature and significance, it is useful to shareholders to disclose such items on the face of the consolidated statement of comprehensive income to the extent that this does not conflict with any applicable IFRS.

2.15 Cash and cash equivalents

Cash includes cash in hand and balances with banks and investments in money market instruments net of outstanding bank overdrafts. Bank overdrafts are presented within Borrowings in the statement of financial position.

3. Accounting estimates and judgements

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

ACCOUNTING POLICIES (continued)

3.1 Key sources of estimation uncertainty

Key assumptions have been made in the following area when preparing the Group accounts:

Goodwill - Goodwill is tested for impairment annually. The recoverable amounts of cash generating units have been estimated based on value in use calculations. These calculations require the use of estimates (see note 13). If the discount rate used to assess the recoverable amount was to be increased by 1% then there would be no impact on impairment.

Economic life of databases – The economic life of a database affects the amortisation charge and therefore the reported profit. The view of the Board is that small databases with a limited number of variables per individual have a useful life of two years or, in some cases, less than one year in which case the cost of the database is expensed. Larger databases where there is a greater range of data per individual have a useful life of up to five years. In both cases the judgement is based on extensive market experience. If the economic life of the large databases had been reduced by one year then the effect on the profit before tax this year would have been a reduction of £95k.

4. SEGMENT REPORTING

All DM's business activities relate to the recruitment to, maintenance of and monetisation of databases. Therefore the business is managed by the chief operating decision maker ("CODM") as one business segment. The CODM receives reports at consolidated level and uses those to assess business performance. It is not possible to assess performance properly using the financial information collected at the subsidiary level because data generated by one subsidiary may be shared within the group database structure, (insofar as this complies with all relevant legislation), without charging other subsidiaries. Subsidiary level information is only used by the CODM as drill down information and it is not used to determine allocation of resources.

Turnover arises in the UK, Europe and USA. The amount arising outside the UK is not material to Group turnover. All turnover relates to the monetisation of databases.

5. REVENUE

	2011	2010
	£'000	£'000
The Group's revenue comprises:		
Customer recruitment and database management	**16,109**	27,562

6. OPERATING PROFIT

	2011	2010
	£'000	£'000
Group operating profit for the year is stated after the following:		
Exchange losses	**11**	18
Staff costs	**4,623**	5,220
Depreciation of property, plant and equipment	**42**	38
Amortisation of other intangible assets	**205**	201
Loss on disposal of property, plant and equipment	**6**	-
Impairment losses on other intangible assets	**6,030**	-
Operating lease expense – land and buildings	**294**	265

7. AUDITOR'S REMUNERATION

	2011	2010
Fees payable to the Group's auditor for:	**£**	£
The audit of the Group's annual financial statements	**10,000**	10,000
The audit of the Group's subsidiaries, pursuant to legislation	**5,000**	5,000
Other services pursuant to legislation	**3,300**	1,750

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

8. STAFF COSTS

	2011	2010
Staff costs comprised:	**£'000**	£'000
Wages and salaries	**4,143**	4,449
Social security costs	**469**	531
Pension scheme contributions (direct contribution)	**11**	240
	4,623	5,220

The number of employees can be categorised as follows:

	Number	Number
Directors	**2**	4
Administration	**112**	116
	114	120

9. FINANCE COSTS

	2011	2010
	£'000	£'000
Interest on borrowings	**60**	144

10. INCOME TAX EXPENSE

	2011	2010
	£'000	£'000
Current tax:		
UK corporation tax (credit)/charge	**(83)**	**1,275**
Deferred tax credit	**(1)**	**-**
	(84)	**1,275**

Corporation tax is calculated at 26% (2010: 28%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the profit for the year as follows:

	2011	2010
	£'000	£'000
(Loss)/profit before tax	**(5,146)**	5,121
UK standard rate tax (credit)/expense	**(1,338)**	1,434
Prior year tax adjustment	**-**	(12)
Tax repayment re losses carried back	**(106)**	-
Tax repayment re losses carried forward	**(207)**	(147)
Permanent difference arising from goodwill impairment	**1,568**	-
Tax (credit)/charge	**(83)**	1,275

Factors affecting future tax charge
DM plc (The Company) has taxable losses of £127,262 available to offset against future taxable profits. These taxable losses cannot be offset against the profits of the subsidiary entities.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

11. EARNINGS PER SHARE

	2011 £'000	2010 £'000
Reconciliation of net profit to basic earnings:		
Net profit attributable to equity holders of the parent	**(5,062)**	3,846
Basic earnings	**(5,062)**	3,846
Reconciliation of basic earnings to diluted earnings:		
Basic earnings	**(5,062)**	3,846
Diluted earnings	**(5,062)**	3,846

Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:	Number	Number
Basic weighted average number of ordinary shares	**164,554,642**	166,162,176
Dilutive effect of share options	**-**	-
Diluted weighted average number of ordinary shares	**164,554,642**	166,162,176

Share options granted by DM plc under an EMI scheme, as detailed in note 25, could potentially dilute basic earnings per share in future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

12. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles £'000	Property, plant and equipment £'000	Total £'000
Cost			
Opening cost at 1 January 2010	7	238	245
Additions	-	64	64
Opening cost at 1 January 2011	7	302	309
Additions	-	32	32
Disposals	-	(59)	(59)
Closing cost at 31 December 2011	**7**	**275**	**282**
Accumulated depreciation			
Opening balance at 1 January 2010	5	105	110
Depreciation	1	37	38
Opening balance at 1 January 2011	**6**	**142**	**148**
Depreciation	-	42	42
Disposals	-	(33)	(33)
Closing balance at 31 December 2011	**6**	**151**	**157**
Carrying value at 31 December 2010	2	133	135
Carrying value at 31 December 2011	**1**	**124**	**125**

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

13. GOODWILL

	£'000
Cost	
Cost at 1 January 2010 and 1 January 2011	13,164
Closing cost at 31 December 2011	**13,164**
Accumulated impairment	
Opening balance at 1 January 2010	340
Impairment loss	-
Opening balance at 1 January 2011	**340**
Impairment loss	6,030
Closing balance at 31 December 2011	**6,370**
Opening carrying value at 1 January 2010	12,824
Opening carrying value at 1 January 2011	12,824
Closing carrying value at 31 December 2011	**6,794**

The Directors carried out an impairment review of the carrying value of intangible fixed assets in accordance with the accounting policies stated in note 2. At 31 December 2011, in the opinion of the Directors, there was a clear need to impair the carrying value of goodwill that arose on the acquisitions of Dodd Marketing Ltd and The Winners Club Ltd. The EBITDA of these businesses has fallen to a level below that needed to support the previous carrying value of goodwill in the accounts and, in the judgement of the directors, it will take some time under current market conditions for profits to recover to historical levels.

The recoverable amounts of the income generating units are determined from value in use calculations, derived from the present value of future cash flows generated by these units. There are a number of assumptions and estimates involved in calculating the present value of future cash flows, including, but not restricted to the following:

- Growth rates applied to EBITDA used as the basis for future cash flows;
- The period for which future cash flows are considered from the balance sheet date; and
- The discount rate applied to the cash flows to calculate their present value.

Although the Directors are satisfied that the assumptions used are appropriate to the current circumstances of the Company, changes to these key assumptions or estimates could significantly affect the result of the impairment calculation. Management estimates discount rates using pre-tax rates that reflect the current market assessments of the time value of money and the risks specific to the business. The growth rates after the budget period are based on GDP and market trend rates and have been assumed to be zero in the impairment review.

The Company prepares pre-tax cash flow forecasts derived from assuming a steady state for market conditions. The rate used to discount the forecast pre-tax cash flows was 7% and represents management's current best estimate of the weighted average cost of capital in each of the years for which cash forecasts have been discounted. The time period for which future cash flows are included in the impairment review is five years.

The carrying amount of goodwill comprises £4,600k relating to the trade carried out by McIntyre & Dodd Marketing Ltd and £2,194k relating to the trade carried out by Data Locator Group Ltd.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

14. OTHER INTANGIBLE ASSETS

	Data Lists
Cost	**£'000**
Opening cost at 1 January 2010	1,113
Additions	32
Disposals	(5)
Opening cost at 1 January 2011	1,140
Closing cost at 31 December 2011	**1,140**
Accumulated Amortisation	
Opening balance at 1 January 2010	331
Amortisation	201
Opening balance at 1 January 2011	532
Amortisation	205
Closing balance at 31 December 2011	**737**
Opening carrying value at 1 January 2010	782
Opening carrying value at 1 January 2011	608
Closing carrying value at 31 December 2011	**403**

15. INVENTORIES

	2011	2010
	£'000	£'000
Finished goods	**82**	167

16. TRADE AND OTHER RECEIVABLES

	2011	2010
	£'000	£'000
Prepayments	**987**	976
Accrued income	**412**	1,143
Related party receivables (see note 24)	**1**	6
Trade receivables	**2,262**	3,717
	3,662	5,842

Trade receivables are stated net of provisions of £335k (2010: £379k).

Provision for doubtful debts:	2011	2010
	£'000	£'000
Opening balance	**379**	459
Reversal and reduction of doubtful debts previously provided for	**(107)**	(242)
Bad debts provided for now written off	**(134)**	(75)
New and increased doubtful debts provided for	**197**	237
Closing balance	**335**	379

Trade receivables are aged as follows: -

		Not impaired but past due by the following periods				
	Current	**30 days or less**	**Between 31 and 60 days**	**Between 61 and 90 days**	**More than 90 days**	**Total carrying amount**
	£'000	£'000	£'000	£'000	£'000	£'000
2011	**1,169**	**728**	**233**	**102**	**30**	**2,262**
2010	2,047	736	294	145	495	3,717

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

17. CASH AND CASH EQUIVALENTS

	2011	2010
	£'000	£'000
Cash in hand and balances with banks	**1,857**	4,374
Cash and cash equivalents	**1,857**	4,374

18. TRADE AND OTHER PAYABLES

	2011	2010
	£'000	£'000
Accrued expenses	**1,328**	3,523
Trade payables	**1,678**	1,499
	3,006	5,022

19. BORROWINGS

	2011	2010
	£'000	£'000
Barclays Bank PLC		
Current portion of loan facility	**-**	3,391
Total borrowings	**-**	3,391

The loan facility with Barclays Bank PLC bore interest at 2.5% p.a. above LIBOR (2010: 2.5% p.a. above LIBOR). The loan capital repayments were £1,937.5k per annum, split quarterly, and a final capital repayment of £1,937.5k which was due and paid in December 2011. This was a floating interest rate loan and therefore exposed the Group to cash flow risk based on changes in LIBOR. The loan was secured by a fixed and floating charge on the assets of the Group, which has now been removed.

20. DEFERRED TAX

	Accelerated Capital Allowances
Deferred tax liabilities:	**£'000**
Balance at 1 January 2010	1
Recognised in the income statement	-
Balance at 1 January 2011	1
Recognised in the income statement	1
Balance at 31 December 2011	**-**

21. ORDINARY SHARES

	2011	2010
	£'000	£'000
Issued and fully paid for		
163,334,094 Ordinary shares of 1p each		
(2010: 164,684,094 Ordinary shares of 1p each)	**1,633**	1,647
Reconciliation of the number of shares outstanding:		
Opening balance	**164,684,094**	166,309,094
Shares repurchased	**(1,350,000)**	(1,625,000)
Closing balance	**163,334,094**	164,684,094

22. RETIREMENT BENEFIT OBLIGATIONS

The Group pension arrangements are operated through a defined contribution scheme.

Defined contribution schemes

	2011	2010
	£'000	£'000
Amount recognised as an expense	**11**	240

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

23. OPERATING LEASE COMMITMENTS

	2011	2010
	£'000	£'000
As a lessee:		
Total future minimum lease payments under non-cancellable operating leases:		
Within one year	**267**	265
From one to five years	**230**	1,060
	497	1,325

The Group does not sub-lease any of its leased premises.

24. RELATED PARTIES

The Group's investments in subsidiaries have been disclosed in note 28. DM plc considers A J Williams to be the ultimate controlling party by virtue of his majority shareholding at 31st December 2011. A J Williams is now the only shareholder..

Transactions:

Relationship	Sales of goods		Purchase of goods		Amounts owed to related party		Amount owed by related party	
	2011 £'000	**2010 £'000**	**2011 £'000**	**2010 £'000**	**2011 £'000**	**2010 £'000**	**2011 £'000**	**2010 £'000**
Related companies of which A J Williams is a director	2	2	-	43	-	-	1	6

Directors:	**2011**	2010
	£	£
Aggregate emoluments	**221,901**	535,130

There was £nil (2010: £228,262 in total for two directors) paid into a Money Purchase Scheme.

The highest paid director received remuneration of £169,349 (2010: £342,461)

25. SHARE BASED PAYMENTS

DM plc has an EMI share option scheme.

EMI share option scheme	**2011** Options	**2011** Weighted average exercise price	**2010** Options	**2010** Weighted average exercise price
Outstanding at the beginning of the period	**1,728,108**	**12.97p**	1,728,108	12.97p
Granted during the period	**-**		-	-
Outstanding at the end of the period	**1,728,108**	**12.97p**	1,728,108	12.97p

EMI share options outstanding at 31 December 2011 had a weighted average exercise price of 12.97p, and a weighted average remaining contractual life of 0.07 years.

The Black-Scholes pricing model was used to value the share options issued in 2006 and this valuation applies to the current year end in accordance with the relevant accounting standards. The inputs to the Black-Scholes model were share price volatility of 4.4%, risk free interest of 4.5% p.a. and a time to maturity of 3.5 years. On this basis the total fair value of the share options as at 31 December 2006 was £16k.

The Black-Scholes pricing model was used to value the share options issued in 2007 and this valuation applies to the current year end in accordance with the relevant accounting standards. The inputs were share price volatility 6.2%, risk free interest 5% p.a. and a time to maturity of 4.5 years. On this basis the fair value of these options as at 31 December 2007 was £2k.

The Black-Scholes pricing model was used to value the share options issued in 2008. The inputs were share price volatility 10%, risk free interest 2% p.a. and a time to maturity of 3.5 years. On this basis the fair value of these options as at 31 December 2008 was £2k.

25. SHARE BASED PAYMENTS (continued)

Volatility has been based on historic share price in all calculations. The risk free rate is based on the Bank of England base rate when options are granted.

It has been decided not to make a charge to the profit and loss with respect to share options because the amount involved is judged to be not material.

26. FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a number of financial risks. A risk management programme has been established to protect the Group against the potential adverse effects of these financial risks. The financial risk environment for the Group has not changed greatly over the year, the fact of having a net cash surplus has reduced exposure to interest rate variations.

Credit risk - The Group invests some of its surplus funds in high quality liquid market instruments. Such investments have a maturity no greater than three months. The difference between the book and fair value of these instruments is not significant. To reduce the risk of counterparty default the Group deposits the rest of its surplus funds in approved high quality banks. Concentrations of credit risk with respect to customers are limited due to the Group's most significant customer debts being with PLC's and the remainder of the customer base being large and unrelated. It is management's opinion that no general provision for doubtful debts is required and that specific debts may be assessed on their own merits. The maximum exposure to credit risk is the trade receivables balance and cash at bank amounts disclosed in notes 16 and 17 respectively. No collateral is held as security on these amounts.

Interest rate risk - The Group increased its borrowings in 2008 in order to acquire the business of Data Locator Group Ltd. Between April 2006 and March 2008 the Group had in place a financial instrument that provided an interest rate cap on the outstanding capital under a Barclays Bank facility agreement (note 19). The financial instrument effectively limited the LIBOR to 6% p.a. for the purposes of calculating loan interest. The Board has considered the current LIBOR and decided not to enter into any financial instruments, such as interest rate fixes or swaps, for the time being. This would be reconsidered if the Group entered into borrowing arrangements again in future.

Financial instruments include trade receivables, trade payables and cash and cash equivalents that sum to an asset balance of £2,441k (2010: asset balance of £3,201k) which are treated as loans and receivables for IFRS 7 classification purposes. They also include borrowings, as set out in note 19, which are treated as financial liabilities measured at amortised cost.

The Group had no outstanding loan balance at 31 December 2011 (2010: £3,391k) and a projected average capital balance outstanding of £NIL for 2012. Therefore a change in LIBOR of 1% would not change the profit before tax (2010: £25k).

Price risk - The Group does not make investments in available for sale financial assets therefore the Group is not exposed to price risk.

Liquidity and cashflow risk - The Group maintains sufficient cash and marketable securities. Management review cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. Management also monitor bank covenants on the loans on a monthly basis on both the actual historic performance and the forecasts to monitor compliance with its key banking terms.

The average creditor payment period is 57 days (2010: 50 days).

Currency risk - The Group holds small balances in Euros. There is no significant exposure to exchange rate fluctuations.

It is the Directors' opinion that the carrying value of the Group's financial assets and liabilities are not materially different from their fair value. The fair value of financial assets and liabilities is assessed based on generally accepted pricing models based on discounted cashflow analysis.

The Group's financial liabilities comprise only trade payables. The previous bank loans have been fully repaid. The maturity profile for the bank loans are disclosed in note 19 and the Group has no overdraft facilities. The trade payables are all payable within 3 months.

NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2011

27. CAPITAL MANAGEMENT

The Group manages capital by managing the amount of equity and debt funding in relation to the risks faced and investments being undertaken by the Group at any given time and into the foreseeable future. The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Net debt exposure in the context of likely future cash flows, earnings per share, a progressive dividend policy and a policy of growth by both organic means and acquisition are the elements of capital management given highest priority by the Group. The Group does not seek to maintain any particular debt to capital ratio but will consider investment opportunities on their merits and fund them in the most effective manner. The Group seeks to fund investments by either equity or long term debt, whereas working capital requirements would preferably be funded by overdraft facilities as needed.

Quantitative data	**2011**	2010
	£k	£k
Debt (borrowings as per note 19)	**-**	3,391
Cash and cash equivalents (as per note 17)	**1,857**	4,374
Net cash surplus	**1,857**	983
Equity (as per consolidated statement of changes in equity)	**9,917**	14,997

28. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiary undertakings at the balance sheet date, all of which were incorporated in England, are as follows:-

Name of Company	Class of Share	Nature of Business	Proportion of voting shares held
Strike Lucky Games Ltd	Ordinary	Database	100%
Bingo Loopy Ltd	Ordinary	Dormant	100%
Purely Creative Ltd	Ordinary	Database	100%
Dodd Marketing Ltd	Ordinary	Database	100%
McIntyre & Dodd Marketing Ltd	Ordinary	Database	100%
The Winners Club Ltd	Ordinary	Database	100%
Data Locator Group Ltd	Ordinary	Database	100%
Database Holdings Ltd	Ordinary	Database	100%
PDV Ltd	Ordinary	Database	100%

The investment in Purely Creative Ltd is held by Strike Lucky Games Ltd. The investment in McIntyre & Dodd Marketing Ltd is held by Dodd Marketing Ltd. The investment in Data Locator Group Ltd is held by Database Holdings Ltd.

DM plc - Company only

PARENT COMPANY FINANCIAL STATEMENTS

The separate financial statements of DM plc are presented on pages 25 to 28, as required by the Companies Act 2006 ("the Act").

The Group has elected not to adopt International Financial Reporting Standards in the individual Company accounts for the parent Company and subsidiary undertakings and accordingly these financial statements have been prepared under UK standards and in accordance with the Act. They are therefore presented separately to the Group financial statements which have been prepared under International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DM PLC

We have audited the parent company financial statements of DM plc for the year ended 31 December 2011 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Opinion on financial statements
In our opinion the parent company financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the parent company 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.

Other matter
We have reported separately on the group financial statements of DM plc for the year ended 31 December 2011.

PKF (UK) LLP.

Timothy Entwistle (Senior statutory auditor) Manchester, UK
for and on behalf of PKF (UK) LLP, Statutory auditor

31 May 2012.

DM plc
Company only

COMPANY BALANCE SHEET
AT 31 DECEMBER 2011

	Notes	2011	2010
		£'000	£'000
Fixed assets			
Property, plant and equipment	**4**	**1**	1
Investments	**5**	**9,949**	15,979
		9,950	15,980
Current Assets			
Debtors	**6**	**2,383**	3,636
Cash at bank		**160**	-
		2,543	3,636
Creditors			
Amounts falling due within one year	**7**	**2,651**	4,726
Net current liabilities		**(108)**	(1,090)
Total assets less current liabilities		**9,842**	14,890
Creditors			
Amounts falling due after more than one year	**8**	**-**	-
Net assets		**9,842**	14,890
Capital and reserves			
Called up share capital	**9**	**1,633**	1,647
Capital redemption reserve	**10**	**46**	32
Share premium	**10**	**3,685**	3,685
Merger reserves	**10**	**2,286**	2,286
Profit and loss account	**10**	**2,192**	7,240
Shareholders' funds		**9,842**	14,890

The financial statements were approved and authorised for issue by the Board of Directors on 13 April 2012 and were signed on its behalf by:

A J Williams
Director

DM plc
Company only

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Investments
Investments are included at cost less provision for impairment.

Share based payments
DM plc has an unapproved share option scheme and an EMI option scheme. Under the unapproved scheme at the balance sheet date options had been granted to certain individuals over an aggregate of 135,812 Ordinary Shares at an exercise price of £2 between 24 July 2003 and 23 July 2010. It has been decided not to make a charge to the Income Statement with respect to share options because the amount involved is judged to be not material. Further disclosure is included in note 25 of the group accounts.

2. PROFIT AND LOSS ACCOUNT

The Company loss for the year is £5,028,860 (2010: profit of £3,538,360). As permitted by s 408 of the Companies Act 2006, a separate profit and loss account has not been prepared.

3. AUDITOR'S REMUNERATION

	2011	2010
	£'000	£'000
Fees payable to Company's auditor for the audit of the Company's accounts	**10**	10

4. PROPERTY, PLANT & EQUIPMENT

	Furniture and Fittings £'000
Cost	
As at 1 January 2011 and 31 December 2011	**1**
Accumulated depreciation	
As at 1 January 2011 and 31 December 2011	**-**
Closing carrying value at 31 December 2011	**1**

5. FIXED ASSET INVESTMENTS

	Investments £'000
Cost	
At 1 January 2011	**15,979**
Diminution in value of investment	**6,030**
At 31 December 2011	**9,949**
Net Book Value	
At 31 December 2011	**9,949**
At 31 December 2010	**15,979**

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FIXED ASSET INVESTMENTS (continued)

Details of the subsidiary undertakings at the balance sheet date, all of which were incorporated in England, are as follows:-

Name of Company	Class of Share	Nature of Business	Proportion of voting shares held
Strike Lucky Games Ltd	Ordinary	Database	100%
Bingo Loopy Ltd	Ordinary	Dormant	100%
Purely Creative Ltd	Ordinary	Database	100%
Dodd Marketing Ltd	Ordinary	Database	100%
McIntyre & Dodd Marketing Ltd	Ordinary	Database	100%
The Winners Club Ltd	Ordinary	Database	100%
Data Locator Group Ltd	Ordinary	Database	100%
Database Holdings Ltd	Ordinary	Database	100%
PDV Ltd	Ordinary	Database	100%

All trading subsidiaries are included in the consolidation.

The investment in Purely Creative Ltd is held by Strike Lucky Games Ltd. The investment in McIntyre & Dodd Marketing Ltd is held by Dodd Marketing Limited. The investment in Data Locator Group Ltd is held by Database Holdings Ltd.

6. DEBTORS

	2011	2010
	£'000	£'000
Prepayments	**248**	932
Due from Group undertakings	**2,135**	2,704
	2,383	3,636

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Bank loans and overdrafts	**-**	4,275
Trade creditors	**274**	8
Taxation and social security	**8**	34
Amount owed to Group undertakings	**2,003**	71
Accruals	**366**	338
	2,651	4,726

The loan facility with Barclays Bank was repayable in equal instalments of £484,375 until completion of the loan repayments on 2 December 2011.

The loan facility with Barclays Bank bore interest at 2.5% p.a. above LIBOR (2010: 2.5% above LIBOR p.a.). This was a floating interest rate loan and therefore exposed the Group to cash flow risk although this was off set to an extent by the cash balances held by the Group.

8. CALLED UP SHARE CAPITAL

	2011	2010
	£'000	£'000
Allotted, issued and fully paid		
163,334,094 Ordinary Shares of 1p each	**1,633**	1,647

The Company repurchased and cancelled 1,350,000 Ordinary shares of nominal value £13,500 during 2011. The aggregate amount paid for these shares was £18,317 excluding stamp duty.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. RESERVES

	Profit and Loss Account	Capital Redemption Reserve	Share Premium	Merger Reserves	Totals
	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	7,240	32	3,685	2,286	13,243
Loss for the year	(5,029)	-	-	-	(5,029)
Purchase of own shares	(19)	14	-	-	(5)
At 31 December 2011	2,192	46	3,685	2,286	8,209

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£'000	£'000
(Loss)/profit for the financial year	(5,029)	3,540
Purchase of own shares	(19)	(96)
Net movement on shareholders' funds	(5,048)	3,444
Opening shareholders' funds	14,890	11,446
Closing shareholders' funds	9,842	14,890

11. RELATED PARTIES

The Group's investments in subsidiaries have been disclosed in note 5. DM plc considers A J Williams to be the ultimate controlling party by virtue of his majority shareholding.

The company has taken advantage of the exemptions granted by Financial Reporting Standard 8 not to disclose transactions with Group companies.

	2011	2010
Directors:	£	£
Aggregate emoluments	221,901	535,130

The above includes £nil (2010: £228,262) contributed to a Money Purchase Pension Scheme for A J Williams and W Ruck.