



**Progressive**   
Digital Media Group Plc

Annual Report and Accounts for the year ended 31 December 2014

[www.progressivedigitalmedia.com](http://www.progressivedigitalmedia.com)

Company No. 03925319



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## Reliance on this document

Our Business Review on pages 4 to 11 has been prepared in accordance with the Strategic Report requirements of section 414C of the Companies Act 2006. The intention of this document is to provide information to shareholders and is not designed to be relied upon by any other party or for any other purpose.

## Forward-looking statements

This document contains forward-looking statements which are made by the directors in good faith based on information available to them at the time of approval of this report. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing, anticipated costs savings and synergies and the execution of Progressive Digital Media Group's strategy, are forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside of Progressive Digital Media Group's control. Any forward-looking statements speak only as of the date they are made, and Progressive Digital Media Group gives no undertaking to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes to events, conditions or circumstances on which any such statement is based.

# Strategic Report

## 2014 Highlights

Recent acquisitions performing well, whilst adverse exchange rate movements impacted organic growth.

### Key achievements in 2014

- Revenue and earnings growth
- Acquisition of Pyramid Research completed 1 January 2014
- Acquisition of Current Analysis completed 30 July 2014
- Cash and bank facilities to fund future growth

### Financial performances

- Group revenue increased by 16.2% to £63.2m (2013: £54.3m)
- Business Intelligence revenue increased by 17.6% to £38.5m (2013: £32.7m)
- Adjusted EBITDA<sup>1</sup> increased by 1.8% to £12.0m (2013: £11.8m)
- Adjusted EBITDA margin<sup>1</sup> decreased to 19.0% (2013: 21.7%)
- Reported EBITDA<sup>2</sup> reduced by 62.0% to £3.8m (2013: £9.9m)
- Reported profit before tax from continuing operations of £0.3m (2013: £7.3m) inclusive of £2.6m restructuring costs and £4.4m share based payments charge
- Group loss for the year of £2.2m, which includes tax and loss from discontinued operations
- Deferred Revenue increased by 50.3% to £21.5m (2013: £14.3m)
- Net (debt)/ cash<sup>3</sup> of (£8.7m) (2013: net cash of £8.3m)

**Note 1: Adjusted EBITDA:** Earnings before interest, tax, depreciation and amortisation, exchange rate losses, impairment, share based payments, adjusted for costs associated with derivatives, acquisitions, integration and restructure of the Group. Adjusted EBITDA margin is defined as: Adjusted EBITDA as a percentage of revenue.

**Note 2: EBITDA:** Earnings before interest, tax, depreciation, amortisation and impairment. Includes a non-cash charge of £4.4 million for share based payments (2013: £1.1 million).

**Note 3: Net (debt)/ cash:** Cash and cash equivalents less short and long-term borrowings.

# Strategic Report

## Our Business

### Principal Activity

The principal activity of Progressive Digital Media Group Plc (PDMG) and its subsidiaries ('the Group') is the provision of premium business information through multiple channels. The Group supplies its customers with research, analysis and tactical intelligence enabling them to gain a competitive advantage in their markets.

### Our Business Model

We produce premium business information for the Global Consumer and ICT markets. We supply our customers with research, analysis and tactical intelligence across a multiple of platforms, which enables our customers to gain a competitive advantage in their markets. We have a simple business model, which is designed to generate revenues off a relatively fixed operating cost base allowing for operational gearing to drive profit growth and margin. Its key features are:

1. Strong asset base with scalable business model - premium intelligence and customer datasets
2. Global coverage of consumer and technology information markets
3. Focus on subscription and contracted revenues - high quality recurring income, with high barriers to entry and pricing power

# Strategic Report

## Chairman's Statement

I am pleased to report results that show good revenue and earnings growth, with revenues tempered by adverse exchange rates. We have, during 2014, made progress towards achieving our key strategic objective of becoming a leading provider of premium business information to the Global Consumer and ICT markets. In 2014 we completed three acquisitions; one small "bolt-on" for our Consumer proposition and two more substantial acquisitions which address the ICT market. Additionally, we continued to re-engineer the business and its processes, investing heavily in content sets and delivery platforms which better serve the needs of our growing blue chip customer base.

### Our employees

We work in a dynamic global market, with customer needs ever changing and where success both today and in the future is entirely dependent upon the professionalism, commitment and hard work of our employees. On behalf of the Board I would like to thank our employees for their contribution and to welcome those new employees who have joined the Group from our recent acquisitions.

### Corporate governance

Good corporate governance is a key contributor to the long-term success of the Group and the Board has adopted those aspects of the UK Corporate Governance Code that it considers relevant. We have reported on our Corporate Governance arrangements on page 13.

The Board sets and monitors the Group's strategy, reviewing trading performance, ensuring adequate funding, examining development possibilities and formulating policy on key issues. The Board is also responsible for monitoring the risk and control environment.

I believe the Board, with its diverse skill set and wealth of experience in the media and business information industries, provides the leadership required to enable the Group to meet its objectives.

### Current trading and outlook

We expect 2015 to be another year of progress, as we seek to leverage our recent acquisitions and continue to invest in our content and delivery platforms.



**Mike Danson**

Chairman

2 March 2015

# Strategic Report

## Chief Executive's Report

We have during 2014 made good progress towards achieving our objective of building an authoritative presence in the Global Consumer and ICT business information markets. Additionally, we have over the past year continued to invest in our content sets and delivery platforms and as we start the new financial year we are better placed than ever to serve our growing blue chip customer base on a local, regional and global basis.

### Operational Review

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#### Group performance

Group revenues grew by 16.2% to £63.2m.

Business Intelligence revenues grew by 17.6% and now account for 61.0% of total revenues (2013: 60.3%). Over the medium term our goal is to increase Business Intelligence revenues to 75.0% of total Group revenues. Eliminating the benefit of our recent acquisitions underlying revenues grew by 4.8% which reflects the higher mix of non-Sterling denominated revenues.

Events and Marketing revenues grew by 14.1% to £24.6m and now account for 39.0% of total revenues (2013: 39.7%). The majority of revenues in this area are denominated in Sterling and thus not subject to exchange rate movements.

Adjusted EBITDA grew by just under 2% to £12.0m (2013: £11.8m) whilst Adjusted EBITDA margin decreased by 2.7% to 19.0% (2013: 21.7%). Margins were adversely impacted by both the part-year effect of our recent acquisitions and the effect of exchange rates and in particular the strength of Sterling against both the US dollar and Euro from which the majority of Group revenues derive.

Profit before tax from continuing operations decreased by £7.0m to £0.3m (2013: £7.3m), which is after a £4.4m (2013: £1.1m) non-cash charge for share based payments reflecting the award of additional share options under the long term incentive plan for senior management and the significant increase in share price since the scheme was first introduced in January 2011. Profit before tax also includes £2.6m of largely acquisition related restructuring costs.

Loss for the year of £2.2m (2013: profit of £4.5m) is net of tax and losses associated with discontinued operations.

#### Acquisitions

We completed three acquisitions during 2014, one "bolt-on" acquisition addressing the Consumer market and two complementary acquisitions which address the ICT market.

Pyramid Research and Current Analysis are two well-regarded and complementary businesses which provide practical market intelligence to leading professionals in the ICT sector. Pyramid Research focuses on market and service opportunities, whilst Current Analysis is focused on innovation and on how companies in the ICT space can better compete. Both companies satisfy all of our acquisition criteria, providing subscription based business information services to blue chip companies operating in a global sector.

#### Common systems

The Group has a number of common systems and processes from sales management, to content production and client delivery. We seek to constantly improve these systems and processes in order to drive improved efficiencies and operating margins. Moreover, these common systems and processes ease expansion into new geographies and reduce integration risk.

### Future Developments

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We are a focused business with one clear goal: to become a leading provider of premium business information to the Global Consumer and ICT markets. Last year was a step in the right direction; this year should prove to be another as we build on the solid foundation we have established.

#### The key objectives for the forthcoming year are:

- Focus on high-quality, subscription based Business Information services and products
- Expand our sales footprint in high-growth Consumer and ICT markets
- Integration, investment and growth from our recent acquisitions

We are an ambitious and growing company; that we have achieved so much in such a relatively short period of time is testament to the passion, commitment and contribution of our employees.

# Strategic Report

## Chief Executive's Report

### Financial Performance

Financially the Group has performed well with improved revenues and earnings at an Adjusted level.

#### Financial highlights

- Increased the Group's revenue by 16.2% year on year
- Increased profitability at the Adjusted EBITDA level by 1.8%
- Deferred revenue increased by £7.2m to £21.5m (2013: £14.3m) as a result of acquisitions in the year combined with strong sales towards the end of 2014

The increased share based payments charge of £4.4m (2013: £1.1m) is largely related to additional options granted to existing scheme members, new hires and employees joining the Group via acquisitions.

<i>Continuing operations</i>	2014 £'000s	2013 £'000s	Movement
<b>Revenue</b>	63,161	54,342	16.2%
Profit before tax	294	7,283	
Depreciation	547	562	
Amortisation	2,425	1,725	
Finance costs	484	311	
<b>EBITDA<sup>1</sup></b>	<b>3,750</b>	<b>9,881</b>	(62.0%)
Restructuring costs	2,237	392	
Property related provisions	(221)	(222)	
Revaluation of short and long-term derivatives	15	(24)	
Share based payments charge	4,371	1,127	
Exceptional property costs	13	93	
Unrealised foreign exchange loss	787	-	
M&A costs	431	45	
Deal costs	146	154	
Exceptional legal costs	-	141	
Exchange rate losses	498	231	
<b>Adjusted EBITDA<sup>2</sup></b>	<b>12,027</b>	<b>11,818</b>	1.8%
Adjusted EBITDA margin <sup>2</sup>	19.0%	21.7%	

**Note 1: EBITDA:** Earnings before interest, tax, depreciation, amortisation and impairment. Includes a non-cash charge of £4.4 million for share based payments (2013: £1.1 million).

**Note 2: Adjusted EBITDA:** Earnings before interest, tax, depreciation and amortisation, exchange rate losses, impairment, share based payments, adjusted costs associated with derivatives, acquisitions, integration and restructure of the Group. Adjusted EBITDA margin is defined as: Adjusted EBITDA as a percentage of revenue.



# Strategic Report

## Chief Executive's Report

### Key Performance Indicators

The key performance indicators selected are used by the executive directors to monitor the Group's performance and progress from continuing operations. During the year we have made good progress across our revenue and deferred revenue metrics.

Eliminating the benefit of our recent acquisitions underlying revenues grew by 4.8%. Deferred revenues grew as a result of our recent acquisitions and strong sales in the last quarter of the year, with underlying organic year on year growth of 14.9%.

Our profitability has increased at an Adjusted level, although our margins have suffered as a result of the strength of Sterling.

During the year the Group obtained further financing facilities to partially fund the acquisition of Current Analysis Inc, which is reflected in the net debt position at year end.

	Revenue	Adjusted EBITDA	Adjusted EBITDA margin	Deferred Revenue	Net (Debt)/Cash <sup>1</sup>
<b>2014</b>	<b>£63.2m</b>	<b>£12.0m</b>	<b>19.0%</b>	<b>£21.5m</b>	<b>(£8.7m)</b>
2013	£54.3m	£11.8m	21.7%	£14.3m	£8.3m
% growth	16.2%	1.8%	(2.7%)	50.3%	(204.2%)

**Note 1: Net (debt)/ cash:** Cash less short and long-term borrowings.

### Earnings per share

Basic loss per share from continuing operations was (0.78) pence per share (2013: earnings of 6.90 pence per share). Fully diluted loss per share from continuing operations was (0.70) pence per share (2013: earnings of 6.48 pence per share).

### Cash flow

The Group generated £12.0 million of Adjusted EBITDA in 2014, which excludes £0.3 million paid in relation to onerous leases. Working capital movements reduced the cash generated from continuing operations to an inflow of £3.1 million.

Trade and other receivables were significantly higher than the previous year at £33.0 million (2013: £24.9 million), reflecting the balance sheet impact of the acquisitions made during the year combined with strong sales towards the end of 2014 in line with expectations. Banking facilities were renegotiated with The Royal Bank of Scotland in the year, resulting in a cash inflow of £10.0 million which was used to partially fund the acquisition of Current Analysis Inc.

Capital expenditure (excluding balances in relation to acquisitions) was £2.3 million in 2014 (£0.4 million in 2013). This included £1.1 million on software (£0.1 million in 2013).

### Currency rate risk

The Group's primary objective in managing foreign currency risk is to protect against the risk that the eventual Sterling net cash flows will be affected by changes in foreign currency exchange rates. To do this, the Group enters into foreign exchange contracts that limit the risk from movements in US dollar, Euro and Indian Rupee exchange rates with Sterling. Whilst commercially this hedges the Group's currency exposures, it does not meet the requirements for hedge accounting and accordingly any movements in the fair value of the foreign exchange contracts are recognised in the income statement.

### Liquidity risk and going concern

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due with surplus facilities to cope with any unexpected variances in timing of cash flows. The Group meets its day-to-day working capital requirements through free cash flow. The Group has an overdraft facility of £2 million, which was not utilised as at 31 December 2014 and management do not forecast utilisation of this facility in the next 18 months.

Based on cash flow projections, the Group considers the existing financing facilities to be adequate to meet short-term commitments. The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the Group has prepared the Annual Report and Accounts on a going concern basis.

# Strategic Report

## Chief Executive's Report

### Principal Risks and Uncertainties

The directors consider that the principal risks and uncertainties facing the Group are:

#### **Risk area**

Failure to respond to changes in the competitive landscape or failure to establish marketing and product initiatives which maintain the competitiveness of our products.

#### **Mitigating actions**

The Group continues to invest in its products and marketing function.

#### **Opportunity**

Our focus on the quality of our products and services means we are able to respond to changes in the competitive landscape and the needs of our clients. This allows us to continue to deliver value and premium content to our clients.

#### **Risk area**

When acquiring strategic fit businesses or assets, the Group is exposed to the usual risks associated with acquisitive growth, for example finding suitable targets and then successfully integrating them into the Group post acquisition.

#### **Mitigating actions**

We mitigate the risks by a) using strict financial and commercial criteria when assessing acquisition targets, b) following thorough due diligence procedures during the acquisition process and c) adopting rigorous step by step integration plans. All acquisitions are assessed and monitored closely by the Board.

#### **Opportunity**

Strategic fit acquisitions are a key component of our corporate growth strategy and will allow us to increase our global footprint and access high growth markets.

#### **Risk area**

The Group remains exposed to uncertain economic conditions.

#### **Mitigating actions**

A key part of the Group's strategy is global expansion, particularly in Asia, Australia, North America and Latin America. Our ongoing expansion therefore mitigates our risk and reduces our exposure to localised economic turbulence such as in the Eurozone.

#### **Opportunity**

The Group has shown good progress throughout the tough economic conditions and has put in place the building blocks for future growth during this period. We remain confident that we are well positioned for future growth and are in a position to exploit more favourable trading conditions if and when they present themselves.

#### **Risk area**

The Group is reliant on its sales force and critical to its success is the recruitment and retention of skilled sales personnel.

#### **Mitigating actions**

An in-house recruiting team is used to actively recruit key staff and a high-performance culture rewards success to retain skilled sales personnel. The Group also has in place a long term incentive scheme titled the Capital Appreciation Plan ("CAP") which is used to attract and engage key personnel.

#### **Opportunity**

Creating a high performance culture and an actively engaged team will consequently lead to the delivery of the Group's strategic objectives.

# Strategic Report

## Chief Executive's Report

### Principal Risks and Uncertainties (continued)

#### Risk area

The Group is reliant on its external IT network infrastructure and is exposed to related security risks such as hacking.

#### Mitigating actions

The Group continually invests in security and the Board regularly monitors the risks identified as part of the risk register review. During 2013, Grant Thornton UK LLP conducted an independent review of the external network infrastructure on behalf of the Board.

#### Opportunity

Enhanced control environment, minimising operational loss or fraud.

#### Risk area

Future growth is dependent on the quality of the products and services that we offer to our customers.

#### Mitigating actions

Across our product sets we have stringent quality guidelines and use external assurance firms to ensure that our products and services meet the high standards set by the Group. During the year, the Group engaged an external firm to review its research quality control processes.

#### Opportunity

Our focus on quality allows us to continue to deliver premium content to our clients.

#### Risk area

Whilst the Group has confidence in its business plan and internal control framework, it recognises that there may be an internal or external unforeseen event beyond the control of the Group which may significantly affect the operations of the Group.

#### Mitigating actions

The Group has a detailed disaster recovery and continuity plan.

#### Opportunity

In the event of such a scenario, the recovery and continuity plan will minimise the operational loss and reduce the impact on the Group of any such event.

#### Risk area

The Group operates globally and enters into contracts and transactions denominated in currencies other than Sterling. As a result, the Group is exposed to the risk that eventual Sterling cash flows will be affected by changes in foreign currency exchange rates.

#### Mitigating actions

The Group enters into foreign exchange contracts that limit the risk from movements in US dollar, Euro and Indian Rupee.

#### Opportunity

The Group operates globally and therefore having the flexibility to enter into contracts in the customer's functional currency is a key market advantage.



**Simon Pyper**

Chief Executive  
2 March 2015

# Directors' Report

## The Directors

### **Mike Danson**

#### **Executive Chairman**

Mike Danson is Founder and Chairman of Progressive Digital Media Group. He founded Datamonitor, an online information company, in 1990. In 2000, Datamonitor completed its flotation on the London Stock Exchange and was sold to Informa for £502 million in 2007. He founded Progressive Digital Media Group in 2009 by reversing into TMN Media. He has a number of other business and property investments.

### **Simon Pyper**

#### **Chief Executive**

Simon Pyper is Founder and Chief Executive of Progressive Digital Media Group. Previously, Simon was Group Finance Director of Datamonitor until its sale to Informa. During his tenure at Datamonitor he supported the business as it delivered significant increases in revenues, earnings and shareholder returns. Simon received an MBA from Henley in 2003 and is a qualified accountant.

### **Bernard Cragg**

#### **Non-Executive Director**

Bernard Cragg currently sits on the boards of Alternative Networks Plc, Astro Malaysian Holdings Berhad, Astro Overseas Limited and Astro All Asia Network Limited. Bernard qualified with Price Waterhouse as a chartered accountant before joining Carlton Communications Plc as Group Financial Controller. He became Chief Financial Officer and Finance Director and was a key part of the team which transitioned the company from a small entrepreneurial firm into a major television company. Bernard was the Chairman of Datamonitor and during his time there he was an integral part of the executive team which oversaw the rapid growth of the business and its eventual successful sale in 2007.

### **Mark Freebairn**

#### **Non-Executive Director**

Mark Freebairn is the head of the CFO practice and a member of the Board Practice at Odgers Berndtson, one of the UK's leading executive search firms. Mark has over eighteen years of experience in the recruitment and executive search industry working principally in board-level recruitment. Mark has been retained by a number of quoted companies across a broad range of industry sectors to find and recruit both executive directors and non-executive directors who can help deliver on their strategic and operational objectives.

### **Peter Harkness**

#### **Non-Executive Director**

Peter Harkness has 31 years experience as a director or chairman of several successful businesses, predominantly in the media sector. Peter has played an active role in a number of private equity deals and has gained extensive experience on the boards of both public and private companies. He is currently chairman of Chrysalis Venture Capital Trust, of the publishing and e-commerce group MyTimeMedia and of Texere Publishing Ltd, a science publisher. Peter was a non-executive director of Datamonitor until its sale to Informa. In recent years he has also been Chairman of the Butler Group until its sale to Datamonitor and was Executive Chairman of media monitoring group, Precise Media, until it was sold to Phoenix Private Equity.

### **Kelsey van Musschenbroek**

#### **Non-Executive Director**

Kelsey van Musschenbroek joined the Group as a Non-Executive Director on 1 September 2010 upon the acquisition of Canadean. Prior to this, Kelsey was one of the founders of Canadean and has been a director of Canadean since its beginnings in the early 1970's as a specialist strategic think tank for the food and drinks industry. Kelsey has a wealth of experience in market research and analysis including the food and drinks industry, and in particular European soft drinks. After graduating from St Andrew's University, he joined the Financial Times, finishing his time there as Commercial Editor with special responsibility for the international food and drinks industries.

# Directors' Report

## Corporate Governance Report

The Group is committed to high standards of corporate governance. Companies can choose to voluntarily adopt the UK Corporate Governance Code. Whilst the Group does not voluntarily adopt the Code, we have reported on our Corporate Governance arrangements on pages 13 to 17 by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the company and best practice.

### The Board

The Group is led by the Board, which is made up of two executive directors and four non-executive directors. The Chairman of the Board is Mike Danson who has been Chairman since the reverse acquisition in June 2009. The Board has identified Bernard Cragg as the senior independent non-executive director. The non-executive directors' shareholdings are detailed in the directors' interests table on page 16 of the report. The Board has determined that all the non-executive directors are independent and that their shareholding in the Company does not affect their independence.

In 2014, the Board met 12 times during the year and there is a formal schedule of matters reserved for the consideration of the Board. The Board is responsible to the shareholders for the proper management of the Group. The Board sets and monitors the Group strategy, reviewing trading performance, ensuring adequate funding, examining development possibilities and formulating policy on key issues. The Board is also responsible for monitoring the risk and control environment.

The Chairman is responsible for the running of the Board and together with the Board members, determining the strategy of the Group. The Chief Executive is responsible for the running of the Group's businesses.

The non-executive directors have the opportunity to meet without the executive directors in order to discuss the performance of the Board, its committees and individual directors.

All directors are required to stand for re-election every year. The terms and conditions of appointment of the non-executive directors are available for inspection at our registered office.

The Company Secretary ensures that the Board and its committees are supplied with papers to enable them to consider matters in good time for meetings and to enable them to discharge their duties. Procedures are in place for the directors in the furtherance of their duties to take independent professional advice, if necessary at the company's expense.

The Board has established audit and remuneration committees with mandates to deal with specific aspects of its business. The table below details the membership and attendance of individual directors at Board and committee meetings held during the year ended 31 December 2014.

Board meetings during the year:

	Board	Audit Committee	Remuneration Committee
Number of meetings	12	4	2
Peter Harkness	12	4	2
Bernard Cragg	12	4	2
Mark Freebairn	11	4	2
Kelsey van Musschenbroek	12	3	2
Mike Danson	12	n/a	n/a
Simon Pyper	11	n/a	n/a

### Remuneration Committee

The Remuneration Committee comprises the Chairman Mark Freebairn, Peter Harkness, Bernard Cragg and Kelsey van Musschenbroek. The Remuneration Committee is responsible for determining the service contract terms, remuneration and other benefits of the executive directors, details of which are set out in the Remuneration Report on pages 18 and 19. The terms of reference of the Remuneration Committee are available for inspection on request.

### Audit Committee

The Audit Committee comprises the Chairman Bernard Cragg, Peter Harkness, Mark Freebairn and Kelsey van Musschenbroek. Bernard Cragg is a Chartered Accountant with recent and relevant financial experience. The Committee met four times in the year with the external auditors in attendance.

The Committee is responsible for reviewing the Interim Report and the Annual Report and Accounts and it oversees the controls necessary to ensure the integrity of the financial information reported to shareholders. The Audit Committee discusses the nature, scope and findings of the audit with the external auditors and monitors the independence of the external auditors. The Committee is also responsible for considering the appointment or re-appointment of external auditors and the audit fee. The terms of reference of the Audit Committee are available for inspection on request.

# Directors' Report

## Corporate Governance Report (continued)

### Audit Committee (continued)

The Audit Committee discharges its responsibilities through receiving reports from management and advisers, working closely with the auditors, carrying out and reviewing risk assessments and taking counsel where appropriate in areas when required to make a judgement.

The Audit Committee has considered the need for a separate internal audit function but due to the size of the Group and procedures in place to monitor both trading performance and internal controls, it was concluded the costs of a separate internal audit department would outweigh the benefits.

### Internal control and risk management

The Board has overall responsibility for the Group's system of internal controls and for monitoring its effectiveness. However, such a system is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The directors review the effectiveness of the Group's system of internal controls. This review extends to all controls including financial, operational, compliance and risk management. Formal risk review is a regular board agenda item.

The key controls in place have been reviewed by the Board and comprise the following:

- The preparation of comprehensive annual budgets and business plans integrating both financial and operational performance objectives, with an assessment of the associated business and financial risks. The overall Group budget and business plan is subject to approval by the Board.
- Weekly revenue reports are produced and reviewed by management.
- Monthly management accounts are prepared and reviewed by the Board. This includes reporting against key performance indicators and exception reporting.
- An organisational structure with formally defined lines of responsibility. Authorisation limits have been set throughout the Group.
- The quarterly preparation and Board review of management accounting control checklists.

### Going concern

As highlighted in note 18 to the financial statements the Group meets its day-to-day working capital requirements through free cash flow. The Group has an overdraft facility of £2 million, none of which was utilised as at 31 December 2014. Based on cash flow projections the Group considers the existing financing facilities to be adequate to meet short-term commitments.

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the Group has prepared the Annual Report and Accounts on a going concern basis.

### Shareholder relationships

The Company operates a corporate website at [www.progressivedigitalmedia.com](http://www.progressivedigitalmedia.com) where information is available to potential investors and shareholders.

The Board will use the Annual General Meeting to communicate with shareholders and seek their participation. The Notice of the Annual General Meeting will be circulated more than 21 working days prior to the meeting.

### Employee policies

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the factors affecting the performance of the Group. This is achieved through formal and informal meetings.

The Group benefits from the diversity and variety of its workforce and is fully committed to maintaining and encouraging diversity. It is the Group's policy to give full and fair consideration to the employment of disabled persons, the continuing employment of employees becoming disabled, and to the full development of the careers of disabled employees, having regard to their particular abilities.

The Group does not discriminate on the grounds of gender, race, disability, sexuality, religion, philosophical belief, political belief, trade union membership or age as guided by the Equality Act 2010.

At 31 December 2014, the Group employed the following number of employees of each gender:

	2014 No.	2013 No.
Male	720	585
Female	379	288
	<b>1,099</b>	<b>873</b>

### Health and safety

It is the policy of the Group to conduct all business activities in a responsible manner, free from recognised hazards and to respect the environment, health and safety of our employees, customers, suppliers, partners, neighbours and the community at large.

# Directors' Report

## Corporate Governance Report (continued)

### **Political donations**

The Group has not made any political donations during the year.

### **Subsequent events**

There have been no material subsequent events.

### **Financial instruments**

Use of financial instruments and exposure to various financial risks has been discussed within the Strategic Report (page 9).

### **Future developments**

Future developments have been discussed within the Strategic Report (page 7).

# Directors' Report

## Directors' Interests

Details of the company's share capital are set out in note 22 to the financial statements. As at 2 March 2015, Mike Danson had a beneficial interest of 66.14 per cent of the issued ordinary share capital of the Company. No other person has notified any interest in the ordinary shares of the Company, in accordance with AIM Rule 17.

The interests of the directors in the ordinary shares of the Company were as follows:

	<b>Number of ordinary shares</b>
Mike Danson	50,441,580
Bernard Cragg	140,000
Mark Freebairn	48,944
Peter Harkness	70,000
Kelsey van Musschenbroek	374,780
Simon Pyper	171,048



# Directors' Report

## Audit Committee Report

The Audit Committee plays an important role in the governance of the Group and I am pleased to present our report to you for 2014. As Chairman of the Audit Committee it is my responsibility to ensure that the Committee is rigorous and effective in its role of monitoring and reviewing:

- The integrity of the financial statements of the Group and any formal announcements relating to financial performance
- The effectiveness of internal controls and risk management framework
- The integrity of the Group's relationship with the external auditors and the effectiveness of the audit process

During the year the Audit Committee met on four occasions and I am satisfied that we were presented with papers of good quality and in a timely fashion.

The Audit Committee consists of Bernard Cragg (Chairman), Peter Harkness, Mark Freebairn and Kelsey van Musschenbroek.

### The integrity of financial reporting

We reviewed the integrity of the financial statements and all formal announcements relating to financial performance during 2014. As part of the review, we engaged in discussion with the external auditors on whether significant areas of judgement and significant risks were adequately reported and disclosed.

We have adopted the enhanced audit report for the 2014 Annual Report and Accounts. This is not a mandatory requirement, as the Group is AIM listed and has not voluntarily adopted the UK Corporate Governance Code; however the enhanced disclosure has been included as a matter of best practice.

### The effectiveness of internal controls and risk management framework

The Committee has a clear process for identifying, evaluating and managing risk. Significant risks faced by the Group are documented in the Group's risk register and considered regularly. The external auditors include a review of the Group's risk register in their audit approach. Furthermore, the Board holds an 'Away Day' each year when the Group's performance, strategy and significant risks are critically evaluated, including a review of the effectiveness of internal controls.

The Audit Committee has carried out the following specific actions during the year:

- Engaged the Group's auditors (Grant Thornton UK LLP) to perform a review of content ownership and quality control procedures
- Conducted a review of the Group's corporate governance policies

### External Auditor

The Committee recommends the reappointment of Grant Thornton UK LLP for 2015. We believe their independence, the objectivity of the external audit and the effectiveness of the audit process is safeguarded and remains strong. This is displayed through their robust internal processes, their continuing challenge, their focused reporting and their discussions with both management and the Audit Committee. We judge Grant Thornton UK LLP through the quality of their audit findings, management's response and stakeholder feedback.

In order to maintain the independence of the external auditors, the Board has determined that non-audit work will not be offered to the external auditors unless there are clear efficiencies and value added benefits to the Group.

The Audit Committee annually reviews the remuneration received by the auditors for audit services and non-audit work. Their audit and non-audit fees are set, monitored and reviewed throughout the year (see note 4 of the Financial Statements). The non-audit fees in the year were not material in the context of the overall fee and the Committee deemed that no conflict existed between such audit and non-audit work.

### Tenure of Auditor

Grant Thornton UK LLP have been the Auditor for the Group since the reverse takeover of TMN Group Plc in 2009 and were also the Auditor of TMN Group Plc prior to that date.

To maintain the objectivity of the audit process the Group actively supports audit partner rotation.



### Bernard Cragg

Chairman of the Audit Committee  
2 March 2015

# Directors' Report

## Directors' Remuneration Report

### Unaudited information

#### The Remuneration Committee

I am pleased to present the Remuneration Committee's report to you for 2014.

The Remuneration Committee consists of the Chairman Mark Freebairn, Peter Harkness, Bernard Cragg and Kelsey van Musschenbroek. In the matters to be decided, members have no personal financial interests, other than as shareholders.

#### Directors' remuneration policy

The Board is responsible for setting the Group's policy on directors' remuneration and the Remuneration Committee decides on the remuneration package of each executive director.

The primary objectives of the Group's policy on executive remuneration are that it should be structured so as to attract and retain executives of a high calibre with the skills and experience necessary to develop the Company successfully and, secondly, to reward them in a way which encourages the creation of value for the shareholders. The performance measurement of the executive directors and the determination of their annual remuneration package is undertaken by the Remuneration Committee. No director is involved in setting his own remuneration.

The main elements of the executive directors' remuneration are:

- Basic annual salary - The salaries of the executive directors are reviewed annually and reflect the executives' experience, responsibility and the Group's market value.
- Bonus - Based upon performance.
- Other benefits - Other benefits include medical cover and car allowances.
- Share based payments - Full details of the share option scheme operated by the Group are set out in note 23.

#### Non-executive directors' remuneration

All non-executive directors have letters of appointment and their remuneration is determined by the Board, having considered the level of fees in similar companies. Non-executive directors are not entitled to any pension contributions.

#### Directors' service agreements

It is the Group's policy that directors should not have service agreements with notice periods capable of exceeding twelve months. The existing service agreements have neither fixed terms nor contractual termination payments but do have fixed notice periods. Non-executive directors have letters of appointment with the Company. The details of the service agreements of the current directors are:

Non-Executive Directors	Contract date	Notice period
Peter Harkness	25 June 2009	1 month
Bernard Cragg	20 July 2009	1 month
Mark Freebairn	13 July 2009	1 month
Kelsey van Musschenbroek	1 September 2010	1 month
<b>Executive Directors</b>		
Mike Danson	1 October 2008	12 months
Simon Pyper	25 June 2009	12 months

#### Directors' emoluments

	Basic salary £'000s	Share based payment £'000s	Other benefits £'000s	2014 total £'000s	2013 total £'000s
<b>Non-Executive Directors</b>					
Peter Harkness	30	-	-	30	30
Bernard Cragg	50	-	-	50	50
Mark Freebairn	30	-	-	30	30
Kelsey van Musschenbroek	30	-	-	30	30
<b>Executive Directors</b>					
Mike Danson	50	-	36	86	87
Simon Pyper	290	714	1	1,005	344

The other benefits consist of company cars and health insurance cover.

# Directors' Report

## Directors' Remuneration Report (continued)

### Directors' emoluments (continued)

As at 31 December 2014 Simon Pyper had 1,120,000 share options in issue (2013: 700,000). During 2014, Simon Pyper received 700,000 share options and in March 2014, 280,000 share options were exercised at an exercise price of £2.55. No other directors have share options.

### Share options

The Group created a share option scheme during the year ended 31 December 2010 and granted the first options under the scheme on 1 January 2011 to certain senior employees. Each option granted converts to one ordinary share on exercise. A participant may exercise their options (subject to employment conditions) at any time during a prescribed period from the vesting date to the date the option lapses. The results for the year ended 31 December 2013 met the first vesting criteria of recording £10 million EBITDA. As a result, during 2014, 1,701,156 options vested.

In order for the remaining options to be exercised, the Group's earnings before interest, taxation, depreciation and amortisation, as adjusted by the Remuneration Committee for significant or one-off occurrences, must exceed targets of £18.5 million and £23.5 million respectively. The Remuneration Committee has increased these targets during the year as a result of the acquisitions made during 2014 (2013: £15 million and £20 million respectively).

The total charge recognised for the scheme during the year ended 31 December 2014 was £4.4 million (2013: £1.1 million). The awards of the scheme are settled with ordinary shares of the Company.

By order of the Board



**Mark Freebairn**

Chairman of the Remuneration Committee  
2 March 2015

# Directors' Report

## Statement of directors' responsibilities in respect of the Annual Report, the Directors' Remuneration Report and the financial statements

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Group and the parent company 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 (IFRSs). 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 and profit or loss of the company and the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors to the Company will be proposed at the Annual General Meeting.

### Disclosure of information to auditors

The directors confirm that: so far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and establish that the Group's auditors are aware of that information.

### Annual General Meeting

The Annual General Meeting will be held on 21 April 2015 at John Carpenter House, John Carpenter Street, London EC4Y 0AN at 12pm.

On behalf of the Board



**Simon Pyper**  
Chief Executive  
2 March 2015

# Independent Auditor's Report to the Members of Progressive Digital Media Group Plc

## Our opinion on the group financial statements is unmodified

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Other matter

We have reported separately on the parent company financial statements of Progressive Digital Media Group plc for the year ended 31 December 2014.

## What we have audited

Progressive Digital Media Group plc's group financial statements comprise the consolidated income statement, 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 IFRSs as adopted by the European Union.

## Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

### Revenue recognition

The risk: Under International Standards on Auditing (ISAs) (UK and Ireland), there is a presumed risk of fraud in revenue recognition. Because of this, we focused on revenue recognition, particularly given the Group's multiple revenue streams which have different recognition criteria dependent upon the service provided or product sold. We therefore identified revenue recognition as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, an assessment of the methodology and internal control environment surrounding revenue recognition. This involved assessing the design of key controls in the revenue business cycle as well as reviewing whether the implementation of these key controls were satisfactory. In addition we audited the Group's revenue recognition policy for each revenue stream and ensured it was in line with IFRSs as adopted by the European Union. We performed substantive testing on a sample of sales transactions throughout the year across each of the revenue streams to ensure revenue is recognised in accordance with the contract terms, having considered the principles of IFRSs as adopted by the European Union and the commercial substance of the contracts. The substantive testing also addressed whether revenue had been recognised in the correct period given when the service was delivered or product was sold and to ensure appropriate cut off procedures have been applied as well as the recognition of revenue on a gross or net basis. The substantive testing addressed accrued income and deferred revenue balances.

The Group's accounting policy in respect of revenue recognition is included in note 2.

### Acquisition of Current Analysis Inc.

The risk: On 30 July 2014 the group acquired Current Analysis Inc. and its subsidiaries ('Current Analysis') for a cash consideration of \$19.6 million. As a result of this acquisition, the Group recorded intangible assets and goodwill of £3.9 million and £11.4m respectively. Key judgements relate to the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies.

To determine the intangible assets and goodwill arising from the acquisition required the application of a valuation model to determine the fair value of the identifiable intangible assets. We therefore identified the valuation and allocation of the purchase price to the assets and liabilities acquired as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, reviewing the sales and purchase agreement to ensure management had identified all the intangible assets, engaging our internal valuations specialists to assist the audit team in assessing the underlying assumptions used in the multi-period excess earnings method model and royalty rate model performed by management, and challenging and testing management's calculations and assumptions used. This involved challenging both the identification and valuation of intangible assets. The valuation model includes certain assumptions which are judgemental in nature including estimates of future revenue, growth rates, customer retention rates and discount rates. We audited these assumptions with reference to historic data, sensitivity analysis, re-computation and benchmarking against industry data available.

# Independent Auditor's Report to the Members of Progressive Digital Media Group Plc (continued)

## Intangibles impairment review

The risk: A significant balance on the consolidated balance sheet is intangible assets of £42.4 million, including goodwill of £31.7 million. Goodwill has an indefinite life, and under International Accounting Standard 36: Impairment of Assets ('IAS 36') requires an annual review for impairment. Other intangibles are subject to an impairment test when there is an indication that an asset may be impaired. The process for measuring and recognising impairment under IAS 36 is complex and highly judgemental. We therefore identified impairment reviews as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, challenging the methodology and assumptions used by management in conducting the impairment review as described in note 11. Our audit work included challenging the forecasts prepared by management where we evaluated the forecasts by comparing it to historic performance and growth rates, understanding the key performance indicators driving revenue and comparing this to market expectations. We have challenged the key assumptions in the model for goodwill and intangible assets such as cash flow projections, discount rates, long term growth rates and sensitivities used. We have also evaluated the disclosures related to impairment review.

## Management override of financial control

The risk: Under ISAs (UK and Ireland), for all of our audits we are required to consider the risk of management override of financial controls. Due to the unpredictable nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA (UK and Ireland) 240 'The Auditors Responsibilities relating to Fraud in an Audit of Financial Statements'. This included profiling journal entries and focusing on unusual items. We audited a sample of journal entries by tracing the journal entries to source documentation and ensuring these were appropriately approved, they were posted to the correct account codes and correct periods as well as valid company expenses.

We evaluated the key judgements and assumptions in management's estimates and audited the significant transactions outside the normal course of business. This included a detailed review of related party transactions to understand the nature of transaction and movements from the prior year.

## Our application of materiality and an overview of the scope of our audit

### Materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission. For the Group audit, we established materiality for the consolidated financial statements as a whole to be £404,000, which is approximately 3.5% of Adjusted Earnings before Interest, Taxation, Depreciation and Amortisation ('EBITDA'). We use Adjusted EBITDA because, in our view, this is the metric against which the financial performance of the Group is measured both internally and externally.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the group financial statements. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £20,200. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

### Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit scope included a full audit of the financial statements of the company, Progressive Digital Media Group Plc. We evaluated controls over key financial systems identified as part of our risk assessment. This included a review of the general IT controls, the accounts production process and the controls addressing critical accounting matters identified in our risk assessment. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

The Group is predominately based within the UK and comprises a number of subsidiary entities which are centrally managed and controlled. In establishing the overall approach to the Group audit, we determined the UK entities that require an audit, to a subsidiary level of materiality, which provides coverage of over 98% of Group revenues and 98% of Adjusted EBITDA. Whilst the majority of the Group's operations are located in the UK, there are a number of overseas subsidiaries. We assessed the work required in respect of overseas components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. The audit testing for the overseas subsidiaries in respect of the group audit was performed by ourselves.

# Independent Auditor's Report to the Members of Progressive Digital Media Group Plc (continued)

## Other reporting required by regulations

### Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the group 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.

## Responsibilities for the financial statements and the audit

### What an audit of financial statements involves:

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### What the directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### What are we responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Who are we reporting to:

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.



### Nicholas Page

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Gatwick  
2 March 2015

# Consolidated Income Statement

	Notes	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
<b>Continuing operations</b>			
Revenue	3	63,161	54,342
Cost of sales		(39,294)	(31,657)
<b>Gross profit</b>		<b>23,867</b>	<b>22,685</b>
Distribution costs		(792)	(878)
Administrative costs		(12,991)	(11,744)
Other expenses	5	(9,306)	(2,469)
<b>Operating profit</b>	4	<b>778</b>	<b>7,594</b>
<i>Analysed as:</i>			
<b>Adjusted EBITDA<sup>1</sup></b>		<b>12,027</b>	<b>11,818</b>
Items associated with acquisitions and restructure of the Group	5	(2,606)	(603)
Exchange rate losses		(498)	(231)
Other adjusting items	5	(5,173)	(1,103)
<b>EBITDA<sup>2</sup></b>		<b>3,750</b>	<b>9,881</b>
Amortisation		(2,425)	(1,725)
Depreciation		(547)	(562)
<b>Operating profit</b>		<b>778</b>	<b>7,594</b>
Finance costs	8	(484)	(311)
<b>Profit before tax from continuing operations</b>		<b>294</b>	<b>7,283</b>
Income tax expense	9	(887)	(2,146)
<b>(Loss)/ profit for the year from continuing operations</b>		<b>(593)</b>	<b>5,137</b>
Loss for the year from discontinued operations	25	(1,628)	(633)
<b>(Loss)/ profit for the year</b>		<b>(2,221)</b>	<b>4,504</b>
<b>Attributable to:</b>			
Equity holders of the parent		(2,106)	4,487
Non-controlling interest		(115)	17
<b>(Loss)/ earnings per share attributable to equity holders from continuing operations:</b>	10		
Basic (loss)/ earnings per share (pence)		(0.78)	6.90
Diluted (loss)/ earnings per share (pence)		(0.70)	6.48
<b>Loss per share attributable to equity holders from discontinued operations:</b>			
Basic loss per share (pence)		(1.99)	(0.87)
Diluted loss per share (pence)		(1.79)	(0.82)
<b>Total basic (loss)/ earnings per share (pence)</b>		<b>(2.77)</b>	<b>6.02</b>
<b>Total diluted (loss)/ earnings per share (pence)</b>		<b>(2.50)</b>	<b>5.66</b>

The accompanying notes form an integral part of this financial report.

- 1 We define Adjusted EBITDA as EBITDA adjusted for costs associated with acquisitions, integration, restructure of the Group, share based payments, impairment, exchange rate losses and impact of foreign exchange contracts. See note 5 of the financial statements for details. We present Adjusted EBITDA as additional information because we understand that it is a measure used by certain investors and because it is used as the measure of segment profit or loss. However, other companies may present Adjusted EBITDA differently. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered as an alternative to operating profit or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measure of performance derived in accordance with IFRS
- 2 EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment.



# Consolidated Statement of Comprehensive Income

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
(Loss)/ profit for the year	(2,221)	4,504
<b>Other comprehensive income</b>		
Items that will be classified subsequently to profit or loss:		
Translation of foreign entities	(166)	15
Other comprehensive (loss)/ income, net of tax	(166)	15
<b>Total comprehensive (loss)/ income for the year</b>	<b>(2,387)</b>	<b>4,519</b>
<b>Attributable to:</b>		
Equity holders of the parent	(2,272)	4,502
Non-controlling interest	(115)	17

The accompanying notes form an integral part of this financial report.

# Consolidated Statement of Financial Position

	Notes	31 December 2014 £'000s	31 December 2013 £'000s
<b>Non-current assets</b>			
Property, plant and equipment	12	1,510	831
Intangible assets	11	42,403	24,807
Deferred tax assets	16	457	1,490
		<b>44,370</b>	<b>27,128</b>
<b>Current assets</b>			
Inventories	14	150	155
Trade and other receivables	15	33,049	24,877
Short-term derivative assets	13	106	6
Cash and cash equivalents		8,261	14,178
		<b>41,566</b>	<b>39,216</b>
<b>Total assets</b>		<b>85,936</b>	<b>66,344</b>
<b>Current liabilities</b>			
Trade and other payables	17	(32,567)	(26,763)
Short-term borrowings	18	(1,283)	-
Current tax payable		(1,240)	(917)
Short-term derivative liabilities	13	(89)	-
Short-term provisions	20	(368)	(644)
		<b>(35,547)</b>	<b>(28,324)</b>
<b>Non-current liabilities</b>			
Long-term provisions	20	(84)	(58)
Long-term derivative liabilities	13	(26)	-
Long-term borrowings	18	(15,651)	(5,851)
		<b>(15,761)</b>	<b>(5,909)</b>
<b>Total liabilities</b>		<b>(51,308)</b>	<b>(34,233)</b>
<b>Net assets</b>		<b>34,628</b>	<b>32,111</b>
<b>Equity</b>			
Share capital	22	154	153
Share premium account		200	-
Other reserve		(37,128)	(37,128)
Special reserve		48,422	48,422
Foreign currency translation reserve		(126)	40
Retained profit		23,106	20,508
<b>Equity attributable to equity holders of the parent</b>		<b>34,628</b>	<b>31,995</b>
Non-controlling interest		-	116
<b>Total equity</b>		<b>34,628</b>	<b>32,111</b>

These financial statements were approved by the board of directors on 2 March 2015 and signed on its behalf by:



**Michael Danson**  
Chairman



**Simon Pyper**  
Chief Executive

The accompanying notes form an integral part of this financial report.

Company Number - 03925319

# Consolidated Statement of Changes in Equity

	Share capital £'000s	Share premium account £'000s	Other reserve £'000s	Special reserve £'000s	Foreign currency translation reserve £'000s	Retained profit/ (loss) £'000s	Equity attributable to equity holders of the parent £'000s	Non-controlling interest £'000s	Total equity £'000s
<b>Balance at 1 January 2013</b>	<b>153</b>	<b>71,368</b>	<b>(37,128)</b>	<b>-</b>	<b>25</b>	<b>(7,942)</b>	<b>26,476</b>	<b>107</b>	<b>26,583</b>
Profit for the year	-	-	-	-	-	4,487	4,487	17	4,504
<b>Other comprehensive income:</b>									
Translation of foreign entities	-	-	-	-	15	-	15	-	15
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>4,487</b>	<b>4,502</b>	<b>17</b>	<b>4,519</b>
Transactions with owners:									
Transfer between reserves	-	25	-	-	-	(25)	-	-	-
Capital reduction	-	(71,393)	-	48,422	-	22,971	-	-	-
Dividends	-	-	-	-	-	-	-	(8)	(8)
Share based payments charge	-	-	-	-	-	1,127	1,127	-	1,127
Excess deferred tax on share based payments	-	-	-	-	-	(110)	(110)	-	(110)
<b>Balance at 31 December 2013</b>	<b>153</b>	<b>-</b>	<b>(37,128)</b>	<b>48,422</b>	<b>40</b>	<b>20,508</b>	<b>31,995</b>	<b>116</b>	<b>32,111</b>
Loss for the year	-	-	-	-	-	(2,106)	(2,106)	(115)	(2,221)
<b>Other comprehensive income:</b>									
Translation of foreign entities	-	-	-	-	(166)	-	(166)	-	(166)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(166)</b>	<b>(2,106)</b>	<b>(2,272)</b>	<b>(115)</b>	<b>(2,387)</b>
Transactions with owners:									
Issue of share capital: ERC acquisition	-	200	-	-	-	-	200	-	200
Issue of share capital: share based payments scheme	1	-	-	-	-	(1)	-	-	-
Dividends	-	-	-	-	-	-	-	(1)	(1)
Share based payments charge	-	-	-	-	-	4,371	4,371	-	4,371
Excess deferred tax on share based payments	-	-	-	-	-	334	334	-	334
<b>Balance at 31 December 2014</b>	<b>154</b>	<b>200</b>	<b>(37,128)</b>	<b>48,422</b>	<b>(126)</b>	<b>23,106</b>	<b>34,628</b>	<b>-</b>	<b>34,628</b>

The accompanying notes form an integral part of this financial report.

# Consolidated Statement of Cash Flows

	Year to 31 December 2014 £'000s	Year to 31 December 2013 £'000s
<b>Continuing operations</b>		
<b>Cash flows from operating activities</b>		
(Loss)/ profit for the year from continuing operations	(593)	5,137
Adjustments for:		
Depreciation	547	562
Amortisation	2,425	1,725
Finance costs	484	311
Taxation recognised in profit or loss	887	2,146
Profit on disposal of subsidiary	(106)	-
Loss on disposal of property, plant and equipment	8	8
Revaluation of foreign currency loan	902	-
Share based payments charge	4,371	1,127
Increase in trade and other receivables	(5,927)	(7,544)
Decrease in inventories	5	25
Increase in trade payables	396	680
Revaluation of short-term derivatives	15	(24)
Movement in provisions	(299)	(642)
<b>Cash generated from continuing operations</b>	<b>3,115</b>	<b>3,511</b>
Interest paid (continuing operations)	(220)	(214)
Income taxes paid (continuing operations)	(1,364)	(623)
<b>Net cash from operating activities (continuing operations)</b>	<b>1,531</b>	<b>2,674</b>
Net decrease in cash and cash equivalents from discontinued operations	(1,281)	(114)
<b>Total cash flows from operating activities</b>	<b>250</b>	<b>2,560</b>
<b>Cash flows from investing activities (continuing operations)</b>		
Acquisition of Pyramid Research	(2,006)	-
Acquisition of ERC Group	(543)	-
Acquisition of Current Analysis Inc	(11,168)	-
Proceeds from disposal of subsidiary	58	-
Purchase of property, plant and equipment	(1,212)	(213)
Purchase of intangible assets	(1,128)	(149)
<b>Net cash used in investing activities (continuing operations)</b>	<b>(15,999)</b>	<b>(362)</b>
Net increase/ (decrease) in cash and cash equivalents from discontinued operations	4	(24)
<b>Total cash flows from investing activities</b>	<b>(15,995)</b>	<b>(386)</b>
<b>Cash flows from financing activities (continuing operations)</b>		
Repayment of short-term borrowings	-	(500)
Proceeds from long-term borrowings	10,000	-
<b>Net cash generated from/ (used in) financing activities (continuing operations)</b>	<b>10,000</b>	<b>(500)</b>
Net decrease in cash and cash equivalents from discontinued operations	(6)	(8)
<b>Total cash flows from financing activities</b>	<b>9,994</b>	<b>(508)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(5,751)</b>	<b>1,666</b>
Cash and cash equivalents at beginning of year	14,178	12,497
Effects of currency translation on cash and cash equivalents	(166)	15
<b>Cash and cash equivalents at end of year</b>	<b>8,261</b>	<b>14,178</b>

The accompanying notes form an integral part of this financial report.

# Notes to the Consolidated Financial Statements

## 1. General information

### Nature of operations

The principal activity of Progressive Digital Media Group Plc and its subsidiaries ('the Group') is to provide its customers with high quality information and services through multiple channels in a rapidly changing economic environment. The unique and up to date knowledge and information we provide enables organisations to gain competitive advantage and market share within the sectors we cover.

Progressive Digital Media Group Plc ('the Company') is a company incorporated in the United Kingdom and listed on the Alternative Investment Market. The registered office of the Company is John Carpenter House, John Carpenter Street, London, EC4Y 0AN. The registered number of the Company is 03925319.

### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments. These financial statements have been prepared in accordance with the accounting policies detailed below. The accounting policies have been applied consistently throughout the Group.

These financial statements are presented in Pounds Sterling (£), which is also the functional currency of the Company. These financial statements have been approved for issue by the board of directors.

### Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to valuation of acquired intangible assets, provisions for share based payments, provision for bad debts and carrying value of goodwill and other intangibles.

### Valuation of acquired intangibles

Management identified and valued acquired intangibles on acquisitions that were made during the periods disclosed in the financial statements. Management has applied judgements in identifying and valuing intangible assets separate from goodwill that consist of assessing the value of software, brands, intellectual property rights and customer relationships. The intangibles were valued based on either the net present value of the future cash flows associated with the intangible, or on the cost to recreate an intangible. Assumptions are made on the useful life of an intangible and if shortened, would increase the amortisation charge recognised in the income statement. The identified intangibles are set out in note 11.

There are a number of assumptions in estimating the present value of future cash flows including management's expectation of future revenue, renewal rates for subscription customers, costs, timing and quantum of future capital expenditure, long-term growth rates and discount rates.

### Share based payments

The Group operates a share based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share based payments reserve within equity. Additional disclosures on the calculation of share based payments are provided in note 23.

### Provision for bad debt

The Group is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the customer entity and the status of any disputed amounts. The provision for bad debts and the ageing of overdue trade receivables are included in note 15 to the financial statements. Additional disclosures on the assumptions behind the provision are provided in note 19 within the section on credit risk.

### Carrying value of goodwill and other intangibles

The carrying value of goodwill and other intangibles is assessed at least annually to ensure that there is no need for impairment. Performing this assessment requires management to estimate future cash flows to be generated by the related cash generating unit, which entails making judgements including the expected rate of growth of sales, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. See note 11 for further details on intangibles and goodwill.

## Going concern

The Group meets its day-to-day working capital requirements through free cash flow. As highlighted in note 18 to the financial statements the Group has an overdraft facility of £2 million, none of which was utilised as at 31 December 2014. Based on cash flow projections the Group considers the existing financing facilities to be adequate to meet short-term commitments.

In July 2014, the Group refinanced its debt position. A US\$17 million term loan was issued by The Royal Bank of Scotland to partially fund the acquisition of Current Analysis Inc (refer to acquisitions detailed in note 26). This is repayable in quarterly instalments over 4 years. The first instalment is due for repayment in July 2015, with total repayments due in 2015 being US\$2 million.

Additionally, The Royal Bank of Scotland issued a £20 million revolving capital facility (RCF). As at 31 December 2014, the Group had drawn down £6.4 million of this facility. The £2 million overdraft discussed above and £1 million for potential interest rate hedging also offset against the RCF leaving a remaining undrawn balance of £10.6 million as at 31 December 2014.

Interest is charged on the term loan and drawn down RCF at a rate of 2.25% over the London Interbank Offered Rate. Interest is charged on the undrawn RCF at 0.9%.

These new arrangements replaced the existing £6 million RCF which was arranged in October 2011 and was due for repayment in 2015.

The finance facilities were issued with debt covenants which are measured on a quarterly basis. There were no breaches of these covenants during the year and as at 31 December 2014. Management have reviewed forecasted cash flows and there is no indication that there will be any breach in the next 12 months.

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the Group has prepared the annual report and financial statements on a going concern basis.

## 2. Accounting policies

### a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiary undertakings.

- Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an enterprise taking into account any potential voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the Group's accounting policies.
- The results and cash flows relating to a business are included in the consolidated income statement and the consolidated statement of cash flows from the date of acquisition or are excluded from the date of disposal as appropriate.

### b) Change to accounting policies

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2014 and is consistent with the policies applied in the previous year.

### c) International Financial Reporting Standards ("Standards") in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)

It is anticipated that there will be minimal impact on the financial statements from the adoption of these new and revised standards.

### d) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and comprises amounts derived from services performed by the Group during the year.

- Subscription revenue is recognised on a straight-line basis over the period of the contractual term
- Print media revenue is recognised on publication
- Event revenue is recognised when the event is held
- Internet revenue is recognised on a straight-line basis over the contractual term (typically twelve months)
- Revenue from email advertising, lead generation sources and website publishing is recognised on completion of the relevant campaign or transaction after all performance criteria have been fulfilled. Commission from pay for performance actions such as clicks, leads or sales generated resulting from advertising of a merchant's products or services on customers' websites is recognised on completion of performance criteria and any defined cancellation period

**d) Revenue recognition (continued)**

- Revenue from the provision of online research and fieldwork services is recognised by reference to stage of completion. Stage of completion is measured by reference to the extent of services completed on a project by project basis

Where amounts have been invoiced in advance of services performed, this is included within deferred revenue.

**e) Property, plant and equipment**

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

- Fixtures, fittings and equipment – over 3 to 5 years
- Motor vehicles – over 5 years
- Leasehold improvements – over 3 to 10 years

The useful life, the residual value and the depreciation method are reassessed when there is an indication of impairment.

Where there is an indication of impairment, the carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then the asset is impaired and its value reduced.

**f) Intangible assets****Goodwill**

Goodwill is recognised to the extent that it arises through a business combination and represents the difference between the consideration transferred and the fair value of net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and is tested annually for impairment. In testing for impairment, the recoverable amount of a CGU based on value-in-use calculations is compared to the carrying value of goodwill. These calculations use pre-tax cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five year period are extrapolated using estimated long term growth rates. Any impairment losses in respect of goodwill are not reversed.

**Acquired intangible assets**

Acquired intangible assets include software, customer relationships, brands and intellectual property rights. These assets are capitalised on acquisition at cost and included in intangible assets. Intangible assets acquired in material business combinations are capitalised at their fair value as determined by reference to the expected present value of their future cash flows. Intangible assets are amortised on a straight-line basis over their estimated useful lives of three to ten years for brands and customer relationships and twenty years for IP rights. Amortisation charges are accounted for within the administrative costs category within the income statement. Impairment charges are accounted for within the other expenses category within the income statement.

**Computer software and websites**

Non-integral computer software purchases are capitalised at cost as intangible assets. The Group also capitalises development costs associated with new products in accordance with the development criteria prescribed within IAS 38 "Intangible Assets". These costs are amortised over their estimated useful lives of 3 years. Costs associated with implementing or maintaining computer software programmes are recognised as an expense. Amortisation and impairment charges are accounted for within the administrative costs category within the income statement.

**Impairment of intangible assets**

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**g) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using rates substantively enacted at the reporting date, and any adjustments to the tax payable in respect of previous years.

Deferred taxation is provided in full on temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is determined using the tax rates that have been enacted or substantially enacted by the reporting date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is not provided on temporary differences arising on the initial recognition of goodwill or on assets and liabilities other than in a business combination.



Tax is recognised in the income statement, except where it relates to items recognised as other comprehensive income, in which case it is recognised in the statement of other comprehensive income, and tax which related to items recognised in equity is recognised in equity.

#### **h) Foreign currencies**

The results are presented in British Pounds which is the presentation currency of the Group.

Foreign currency transactions are translated into Sterling at the rates of exchange ruling at the date of the transaction, and if still in existence at the year end the balance is retranslated at the rates of exchange ruling at the reporting date. Differences arising from changes in exchange rates during the year are taken to the income statement.

The assets and liabilities of entities with a functional currency other than Sterling are expressed in Sterling using exchange rates prevailing on the reporting date. Income and expense items and cash flows are translated at the average exchange rates for the period and exchange differences arising are recognised in other comprehensive income. Such translation differences are recognised in the income statement in the period in which a foreign operation is disposed of.

#### **i) Pensions**

The Group's contributions to pension schemes for its employees, all of which are defined contribution schemes, are charged to the income statement as incurred.

#### **j) Provisions**

A provision is recognised in the statement of financial position when the Group has a legal obligation or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made. Provisions are discounted if the time value of money is material.

#### **k) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

#### **l) Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership do not transfer to the lessee are charged to the income statement on a straight line basis over the period of the lease. Rental income from sub-leasing property space is recognised on a straight line basis over the period of the relevant lease.

#### **m) Financial instruments**

The Group has derivative and non-derivative financial instruments which comprise foreign currency contracts, receivables, cash, loans and borrowings, and trade payables.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash comprises cash balances and highly liquid call deposits. Bank overdrafts that form an integral part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

#### *Derivative financial instruments*

The Group uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. Derivatives are measured at fair values and any movement in fair value is recognised in the income statement.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method, less any impairment losses. Accounts receivable are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment due to bad and doubtful accounts. The provision for doubtful debts is based on management's assessment of amounts considered uncollectible for specific customers or groups of customers based on age of debt, history of payments, account activity, economic factors and other relevant information. The amount of the provision is the difference between the asset's unamortised cost and the present value of estimated future cash flows, discounted at an effective interest rate. The provision expense is recognised in the income statement.

Bad debts are written off against the provision for doubtful debts in the period in which it is determined that the debts are uncollectible. If those debts are subsequently collected then a gain is recognised in the income statement.

#### *Trade and other payables*

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

#### **n) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average method.



### o) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

Borrowing costs, being interest and other costs incurred in connection with the servicing of borrowings, are recognised as an expense when incurred.

### p) Share based payments

The Group operates a share based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense in the income statement. The total amount to be expensed is determined by reference to the fair value of the options granted (determined using the market value at the date of grant), excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share based payments reserve within equity.

## 3. Segmental analysis

The principal activity of Progressive Digital Media Group Plc (PDMG) and its subsidiaries ('the Group') is the provision of premium business information through multiple channels. The Group supplies its customers with research, analysis and tactical intelligence enabling them to gain a competitive advantage in their markets.

IFRS 8 "Operating Segments" requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision maker to evaluate the performance of the business and to decide how to allocate resources. The Group has identified the executive directors as its chief operating decision maker.

Business information is provided to customers through multiple channels by a dedicated content team that is centrally managed by research directors who report directly to the executive directors. Business information is therefore considered to be the operating segment of the Group.

The Group profit or loss is reported to the executive directors on a monthly basis and consists of earnings before interest, tax, depreciation, amortisation, central overheads and other adjusting items. The executive directors also monitor revenue within the operating segment and have decided to include an additional voluntary disclosure analysing revenue by sub-category, being Business Intelligence and Events and Marketing.

A reconciliation of Adjusted EBITDA to profit before tax from continuing operations is set out below:

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Business Intelligence	38,513	32,742
Events and Marketing	24,648	21,600
<b>Total Revenue</b>	<b>63,161</b>	<b>54,342</b>
<b>Adjusted EBITDA</b>	<b>12,027</b>	<b>11,818</b>
Exchange rate losses	(498)	(231)
Other expenses (see note 5)	(9,306)	(2,469)
Depreciation	(547)	(562)
Amortisation (excluding amortisation of acquired intangible assets)	(898)	(962)
Finance costs	(484)	(311)
<b>Profit before tax from continuing operations</b>	<b>294</b>	<b>7,283</b>

### Geographical analysis

#### From continuing operations

Year ended 31 December 2014	UK £'000s	Europe £'000s	North America £'000s	Rest of World £'000s	Total £'000s
Revenue from external customers	17,906	22,447	15,640	7,168	<b>63,161</b>
Year ended 31 December 2013	UK £'000s	Europe £'000s	North America £'000s	Rest of World £'000s	Total £'000s
Revenue from external customers	16,543	20,157	11,961	5,681	<b>54,342</b>

#### 4. Operating profit

Operating profit is stated after the following expenses relating to continuing operations:

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Depreciation of property, plant and equipment	547	562
Amortisation of intangible assets	2,425	1,725
Loss on foreign exchange	498	231
Operating lease expense – land and buildings	1,970	1,638
Operating lease expense – other	41	35
Auditor's remuneration	210	144

#### Auditor's remuneration

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Audit of the Company's and the consolidated financial statements	60	33
Audit of subsidiary companies' financial statements	85	75
Services relating to refinancing	40	-
All other services	25	36
	<b>210</b>	<b>144</b>

#### 5. Other expenses

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Restructuring costs	2,237	392
Property related provisions	(221)	(222)
Exceptional property costs	13	93
Exceptional legal costs	-	141
Deal costs	146	154
M&A costs	431	45
<b>Items associated with acquisitions and restructure of the Group</b>	<b>2,606</b>	<b>603</b>
Share based payments charge	4,371	1,127
Revaluation of short and long-term derivatives	15	(24)
Unrealised foreign exchange loss	787	-
Amortisation of acquired intangibles	1,527	763
<b>Total other expenses</b>	<b>9,306</b>	<b>2,469</b>

- Restructuring costs relates to redundancies and other restructuring, largely in relation to the integration of acquisitions made during the year. Redundancies were announced prior to 31 December 2014.
- Property related provisions relate to the consolidated income statement impact of the provision made for onerous property leases and dilapidations (see note 20).
- Exceptional property costs relate to additional costs incurred on properties that are not occupied and are provided for within the onerous property lease provision.
- Deal costs represent costs incurred in respect of the refinancing of loans issued by the Royal Bank of Scotland in 2014 (see note 18).
- The M&A costs relate to due diligence and corporate finance activity during the year.
- The share based payments charge relates to the share option scheme (see note 23).
- The revaluation of short and long-term derivatives relates to movement in the fair value of the short and long-term derivatives detailed in note 13.
- Unrealised foreign exchange loss relates to the retranslation of short and long-term loan and trade receivable amounts denominated in foreign currency which were held at 31 December 2014.

## 6. Particulars of employees

### Employee benefit expense

From continuing operations

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Wages and salaries	34,046	26,295
Social security costs	2,506	2,102
Pension costs	499	341
	<b>37,051</b>	<b>28,738</b>

### Number of employees

The average monthly number of persons, including executive directors, employed by the Group during the year was as follows:

	Year ended 31 December 2014 No.	Year ended 31 December 2013 No.
Sales and administrative staff	1,023	863

## 7. Key management compensation

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Short-term employee benefits	1,526	1,224
Long-term employee benefits	9	-
Share based payments	1,737	359
	<b>3,272</b>	<b>1,583</b>

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the Directors' Remuneration Report on pages 18 to 19.

## 8. Finance income and costs

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Bank interest (credit)/ charge	(49)	9
Loan interest	523	298
Other interest	10	4
	<b>484</b>	<b>311</b>

## 9. Income tax

Income statement	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
<b>Current income tax:</b>		
Current income tax	(1,971)	(1,278)
Adjustments in respect of prior years	1	(141)
	(1,970)	(1,419)
<b>Deferred income tax:</b>		
Excess of depreciation over capital allowances on property, plant and equipment and intangible assets	58	(15)
Deferred tax on acquired intangibles	336	156
Utilisation of losses	(52)	(1,075)
Change in corporate tax rate	(68)	(178)
Deferred tax on share based payments	842	302
Adjustments in respect of prior years	(33)	83
	1,083	(727)
<b>Total income tax charge in income statement</b>	<b>(887)</b>	<b>(2,146)</b>

The tax charge is reconciled to the standard corporation tax rate applicable in the UK as follows:

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Profit on ordinary activities before tax	294	7,283
Tax at the UK corporation tax rate of 21.5% (2013: 23.25%)	(63)	(1,693)
Effects of:		
Adjustments in respect of prior years	(32)	(58)
Utilisation of losses not previously recognised for deferred tax	21	6
Deferred tax on share based payments	-	40
Income not taxable	-	13
Expenses not deductible for tax	(501)	(101)
Overseas tax not at a standard rate	(204)	(28)
Change in corporation tax rate	10	(178)
Unprovided deferred tax	(118)	(147)
	<b>(887)</b>	<b>(2,146)</b>

## 10. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders of the parent company divided by the weighted average number of shares in issue during the year. The Group also has a share options scheme in place and therefore the Group has calculated the dilutive effect of these options. The below table shows earnings per share for both continuing and discontinued operations:

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Continuing operations</b>		
<b>Basic</b>		
(Loss)/ profit for the year attributable to ordinary shareholders of the parent company (£000s)	(593)	5,137
Weighted average number of shares (000s)	75,941	74,487
Basic (loss)/ earnings per share (pence)	(0.78)	6.90
<b>Diluted</b>		
(Loss)/ profit for the year attributable to ordinary shareholders of the parent company (£000s)	(593)	5,137
Weighted average number of shares* (000s)	84,300	79,262
Diluted (loss)/ earnings per share (pence)	(0.70)	6.48
<b>Discontinued operations</b>		
<b>Basic</b>		
Loss for the year attributable to ordinary shareholders from discontinued operations (£000s)	(1,628)	(633)
Less minority interest (£000s)	(115)	17
Loss for the year attributable to ordinary shareholders of the parent company (£000s)	(1,513)	(650)
Weighted average number of shares (000s)	75,941	74,487
Basic loss per share (pence)	(1.99)	(0.87)
<b>Diluted</b>		
Loss for the year attributable to ordinary shareholders of the parent company (£000s)	(1,513)	(650)
Weighted average number of shares* (000s)	84,300	79,262
Diluted loss per share (pence)	(1.79)	(0.82)
<b>Total</b>		
<b>Basic</b>		
(Loss)/ profit for the year attributable to ordinary shareholders of the parent company (£000s)	(2,106)	4,487
Weighted average number of shares (000s)	75,941	74,487
Basic (loss)/ earnings per share (pence)	(2.77)	6.02
<b>Diluted</b>		
(Loss)/ profit for the year attributable to ordinary shareholders of the parent company (£000s)	(2,106)	4,487
Weighted average number of shares* (000s)	84,300	79,262
Diluted (loss)/ earnings per share (pence)	(2.50)	5.66

Reconciliation of basic weighted average number of shares to the diluted weighted average number of shares:

	31 December 2014 No'000s	31 December 2013 No'000s
Basic weighted average number of shares	75,941	74,487
Share options in issue at end of year	8,359	4,775
<b>Diluted weighted average number of shares</b>	<b>84,300</b>	<b>79,262</b>

\* The share options in issue are anti-dilutive in respect of the diluted loss per share calculation in 2014.

## 11. Intangible assets

	Software £'000s	Customer relationships £'000s	Brands £'000s	IP rights £'000s	Goodwill £'000s	Total £'000s
<b>Cost</b>						
As at 1 January 2013	5,563	11,039	-	11,902	27,999	<b>56,503</b>
Additions	149	-	-	-	-	<b>149</b>
Disposals	(1,718)	-	-	-	-	<b>(1,718)</b>
As at 31 December 2013	<b>3,994</b>	<b>11,039</b>	-	<b>11,902</b>	<b>27,999</b>	<b>54,934</b>
Additions: Business Combinations	316	3,154	1,893	485	13,023	<b>18,871</b>
Additions: Separately Acquired	1,128	-	-	-	-	<b>1,128</b>
Reclassification from PPE	114	-	-	-	-	<b>114</b>
Disposals	(193)	-	-	(120)	-	<b>(313)</b>
<b>As at 31 December 2014</b>	<b>5,359</b>	<b>14,193</b>	<b>1,893</b>	<b>12,267</b>	<b>41,022</b>	<b>74,734</b>
<b>Amortisation</b>						
As at 1 January 2013	(3,395)	(8,590)	-	(8,775)	(9,360)	<b>(30,120)</b>
Charge for the year	(893)	(307)	-	(525)	-	<b>(1,725)</b>
Disposals	1,718	-	-	-	-	<b>1,718</b>
As at 31 December 2013	<b>(2,570)</b>	<b>(8,897)</b>	-	<b>(9,300)</b>	<b>(9,360)</b>	<b>(30,127)</b>
Charge for the year	(891)	(736)	(200)	(598)	-	<b>(2,425)</b>
Foreign currency retranslation	(2)	-	-	-	-	<b>(2)</b>
Reclassification from PPE	(83)	-	-	-	-	<b>(83)</b>
Disposals	186	-	-	120	-	<b>306</b>
<b>As at 31 December 2014</b>	<b>(3,360)</b>	<b>(9,633)</b>	<b>(200)</b>	<b>(9,778)</b>	<b>(9,360)</b>	<b>(32,331)</b>
<b>Net book value</b>						
<b>As at 31 December 2014</b>	<b>1,999</b>	<b>4,560</b>	<b>1,693</b>	<b>2,489</b>	<b>31,662</b>	<b>42,403</b>
As at 31 December 2013	1,424	2,142	-	2,602	18,639	24,807

Included in the above table, is an impairment of £nil (2013: £nil) and amortisation of £nil (2013: £nil), which relate to discontinued operations. Full disclosure on discontinued operations can be found in note 25.

### Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to Brands within the Business Information segment as follows:

	31 December 2014 £'000s	31 December 2013 £'000s
Other Business Information	8,889	8,844
Canadean	7,573	7,573
Kable	2,222	2,222
Pyramid	1,233	-
ERC	335	-
Current Analysis	11,410	-
	<b>31,662</b>	<b>18,639</b>

The Group tests goodwill annually for impairment. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on five year financial budgets approved by management. Cash flows beyond the five year period are extrapolated using estimated long term growth rates.

## Group

Overall, the Group has significant headroom on its net assets and does not believe the assumptions used in the assessment to be critical judgements because of the insensitive nature of the assumptions used. The discount rate used for the Group is 7.67% (2013: 7.73%).

## Assumptions

Based upon management's historical experience and future plans, the Group set assumptions for the Group as a whole. For each of the CGU's identified above, management then considered whether there would be any specific reason to use different assumptions from those identified for the Group.

The key assumptions are:

	Increase in sales (for years 1 to 5)		Increase in costs (for years 1 to 5)		Discount rate		Terminal growth rate	
	2014	2013	2014	2013	2014	2013	2014	2013
Canadean	3.00%	4.00%	3.00%	3.00%	8.94%	7.00%	2.00%	2.25%
Kable	3.00%	4.00%	3.00%	3.00%	7.67%	7.50%	2.00%	2.25%
Pyramid	3.00%	N/a	3.00%	N/a	8.94%	N/a	2.00%	N/a
ERC	3.00%	N/a	3.00%	N/a	7.67%	N/a	2.00%	N/a
Current Analysis	3.00%	N/a	3.00%	N/a	8.94%	N/a	2.00%	N/a
Other BI	3.00%	3.00%	3.00%	3.00%	7.67%	7.73%	2.00%	2.25%

## Canadean

The intangible assets were purchased as part of the acquisition of Canadean Limited in 2010.

The Canadean brand operates within the Business Information operating segment. Canadean is an established brand with strong renewal rates and has good customer relationships with global blue chip organisations. In consideration of the global markets that Canadean addresses, management have deemed it appropriate to add a premium to the Group discount rate to reflect the additional risks associated with overseas markets and foreign exchange. Management have assumed the Canadean revenue growth rate to be 3% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

To trigger an indication of impairment, revenue would need to grow by just 1.4% each year whilst costs increased by 3%. The discount rate would need to rise to 13.10% before an impairment indication was noted.

The value in use of the asset group identified within the Canadean CGU has been assessed as at 31 December 2014. Based upon the current forecasts for Canadean, no impairment has been highlighted. The recoverable amount exceeds the CGU's net assets by £5.7 million.

## Kable

The intangible assets were purchased as part of the acquisition of Kable in 2012.

The Kable brand operates within the Business Information operating segment. Kable is an established brand with strong renewal rates and has good customer relationships. The brand is subject to UK public sector market changes, but is not exposed to significant foreign exchange fluctuations and therefore management believe the Group discount rate to be appropriate.

Management have assumed the Kable revenue growth rate to be 3% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

To trigger an indication of impairment, revenue would need to decline by 8% each year whilst costs increased by 3%. The discount rate would need to rise to 43% before an impairment indication was noted.

The value in use of the asset group identified within the Kable CGU has been assessed as at 31 December 2014. Based upon the current forecasts for Kable, no impairment has been highlighted. The recoverable amount exceeds the CGU's net assets by £15.9 million.

## Pyramid

The intangible assets were purchased as part of the acquisition of Pyramid on 1 January 2014.

The Pyramid brand operates within the Business Information operating segment. Pyramid is an established brand with strong renewal rates and has good customer relationships with global blue chip ICT organisations. In consideration of the global markets that Pyramid addresses, management have deemed it appropriate to add a premium to the Group discount rate to reflect the additional risks associated with overseas markets and foreign exchange. Management have assumed the Pyramid revenue growth rate to be 3% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

To trigger an indication of impairment, revenue would need to grow by just 2% each year whilst costs increased by 3%. The discount rate would need to rise to 12.67% before an impairment indication was noted.

The value in use of the asset group identified within the Pyramid CGU has been assessed as at 31 December 2014. Based upon the current forecasts for Pyramid, no impairment has been highlighted. The recoverable amount exceeds the CGU's net assets by £1.3 million. Although, the assumptions are sensitive, management believe that the Pyramid business is a strong business and are confident that Pyramid will exceed the forecast used in the impairment model.

**ERC**

The intangible assets were purchased as part of the acquisition of ERC on 28 March 2014.

The ERC brand operates within the Business Information operating segment. ERC is an established, stable brand with strong renewal rates and has good customer relationships. Therefore, management have deemed the Group discount rate to be appropriate. Management have assumed the ERC revenue growth rate to be 3% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

To trigger an indication of impairment, revenue would need to grow by just 1.3% each year whilst costs increased by 3%. The discount rate would need to rise to 10.30% before an impairment indication was noted.

The value in use of the asset group identified within the ERC CGU has been assessed as at 31 December 2014. Based upon the current forecasts for ERC, no impairment has been highlighted. The recoverable amount exceeds the CGU's net assets by £0.3 million. Although, the assumptions are sensitive, management believe that the ERC business is a strong business and are confident that ERC will exceed the forecast used in the impairment model.

**Current Analysis**

The intangible assets were purchased as part of the acquisition of Current Analysis Inc on 30 July 2014.

The Current Analysis brand operates within the Business Information operating segment. Current Analysis is an established brand with strong renewal rates and has good customer relationships with global blue chip ICT organisations. In consideration of the global markets that Current Analysis addresses, management have deemed it appropriate to add a premium to the Group discount rate to reflect the additional risks associated with overseas markets and foreign exchange. Management have assumed the Current Analysis revenue growth rate to be 3% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

To trigger an indication of impairment, revenue would need to decline by 2.8% each year whilst costs increased by 3%. The discount rate would need to rise to 19.30% before an impairment indication was noted.

The value in use of the asset group identified within the Current Analysis CGU has been assessed as at 31 December 2014. Based upon the current forecasts for Current Analysis, no impairment has been highlighted. The recoverable amount exceeds the CGU's net assets by £21.8 million.

**Other Business Information**

The Group has other Business Information brands operating in the Business Information segment. It has not been possible to allocate the remaining intangible asset group down to the brand level. The intangible assets classified within 'Other Business Information' were identified and recognised as part of the reverse acquisition of TMN Group Plc and the Group has looked at those groups of assets as a whole to assess for impairment.

Management believe the Group assumptions to be fair and reflect the operating environment where the Other Business Information brands are situated. Management believe the 3% revenue growth assumption is a fair assessment of the Group's future growth prospects. Organic growth, in each of the last two years, has exceeded this level.

The value in use of the asset group identified within the Other Business Information CGU has been assessed as at 31 December 2014. Based upon the current forecasts for Other Business Information, no impairment has been highlighted.

To trigger an indication of impairment, revenue would need to decline by 4.5% each year whilst costs increased by 3%. The discount rate would need to rise to 71% before an impairment indication was noted.

The recoverable amount exceeds the CGU's net assets by £142.2 million.

**Amortisation**

Amortisation for purchased intangible assets is accounted for within the administrative costs category within the income statement. Amortisation for acquired intangible assets is accounted for within other expenses within the income statement.

**12. Property, plant and equipment**

	Fixtures, fittings & equipment £'000s	Motor vehicles £'000s	Leasehold Improvements £'000s	Total £'000s
<b>Cost</b>				
As at 1 January 2013	3,492	15	-	<b>3,507</b>
Additions	237	-	-	<b>237</b>
Disposals	(539)	-	-	<b>(539)</b>
As at 31 December 2013	3,190	15	-	<b>3,205</b>
Additions: Business Combinations	64	-	6	<b>70</b>
Additions: Separately Acquired	986	-	226	<b>1,212</b>
Reclassification to intangible assets	(114)	-	-	<b>(114)</b>
Foreign currency retranslation	(12)	-	-	<b>(12)</b>
Disposals	(1,132)	-	-	<b>(1,132)</b>
<b>As at 31 December 2014</b>	<b>2,982</b>	<b>15</b>	<b>232</b>	<b>3,229</b>
<b>Depreciation</b>				
As at 1 January 2013	(2,328)	(15)	-	<b>(2,343)</b>
Charge for the year (continuing operations)	(562)	-	-	<b>(562)</b>
Disposals	531	-	-	<b>531</b>
As at 31 December 2013	(2,359)	(15)	-	<b>(2,374)</b>
Charge for the year (continuing operations)	(545)	-	(2)	<b>(547)</b>
Charge for the year (discontinued operations)	(6)	-	-	<b>(6)</b>
Reclassification to intangible assets	83	-	-	<b>83</b>
Foreign currency retranslation	9	-	-	<b>9</b>
Disposals	1,116	-	-	<b>1,116</b>
<b>As at 31 December 2014</b>	<b>(1,702)</b>	<b>(15)</b>	<b>(2)</b>	<b>(1,719)</b>
<b>Net book value</b>				
<b>As at 31 December 2014</b>	<b>1,280</b>	<b>-</b>	<b>230</b>	<b>1,510</b>
As at 31 December 2013	831	-	-	831

**13. Derivative assets and liabilities**

	31 December 2014 £'000s	31 December 2013 £'000s
Short-term derivative assets	106	6
Short-term derivative liabilities	(89)	-
Long-term derivative liabilities	(26)	-
<b>Net derivative (liability) / asset</b>	<b>(9)</b>	<b>6</b>

Classification is based on when the derivatives mature. The fair values of derivatives are expected to impact the income statement over the next year, dependant on movements in the fair value of the foreign exchange contracts. The movement in the year was £15,000 (2013: £24,000).

The Group uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. The notional values of contract amounts outstanding are:

Expiring in the year ending:	Euro €'000s	US Dollar \$'000s	Indian Rupee INR'000s
31 December 2015	2,300	2,425	123,490
31 December 2016	-	750	-



**14. Inventories**

	31 December 2014 £'000s	31 December 2013 £'000s
Raw materials	55	77
Work in progress	95	78
	<b>150</b>	<b>155</b>

**15. Trade and other receivables**

	31 December 2014 £'000s	31 December 2013 £'000s
Trade receivables	26,368	19,845
Prepayments and accrued income	3,115	1,960
Other receivables	3,154	1,674
Related party receivables (note 27)	412	1,398
	<b>33,049</b>	<b>24,877</b>

The contractual value of trade receivables is £28.4 million (2013: £20.7 million). Their carrying value is assessed to be £26.4 million (2013: £19.8 million) after assessing recoverability. The contractual value and the carrying value of other receivables are considered to be the same.

Amounts owed by related parties are repayable on demand and are non-interest bearing.

The ageing analysis of these trade receivables showing fully performing and past due but not impaired is as follows:

	31 December 2014 £'000s	31 December 2013 £'000s
Not overdue	21,047	15,682
Not more than 3 months overdue	2,005	1,797
More than 3 months but not more than 1 year	3,316	2,366
	<b>26,368</b>	<b>19,845</b>

The contractual amounts of the Group's trade receivables are denominated in the following currencies:

	31 December 2014 £'000s	31 December 2013 £'000s
Pounds Sterling	13,771	12,530
US Dollar	10,316	4,478
Euro	4,064	3,404
Australian Dollar	275	255
	<b>28,426</b>	<b>20,667</b>

Movement on the Group provision for impairment of trade receivables is as follows:

	31 December 2014 £'000s	31 December 2013 £'000s
Balance brought forward	822	2,114
Provision for receivables impairment	2,280	824
Receivables written off during the year as uncollectable	(1,044)	(2,116)
<b>Balance carried forward</b>	<b>2,058</b>	<b>822</b>

The creation and release of provision for impaired receivables have been included within revenue in the income statement. Provisions are created and released on a specific customer level on a monthly basis when management assesses for possible impairment. The overall provision is higher than the previous year, which reflects the overall increase in gross trade receivables year on year rather than a deterioration of collectability.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31 December 2014 is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality. The trade receivables outstanding at year end have acceptable credit scores but the Group does not monitor the individual scores of customers to rank trade receivables by such a score. There are no customers who represent more than 5% of the total balance of trade receivables.

**16. Deferred income tax**

	31 December 2014 £'000s	31 December 2013 £'000s
Balance brought forward	1,490	2,327
Created upon acquisition of subsidiary	(1,690)	-
Credited/ (charged) to profit and loss account (continuing operations)	1,151	(549)
Charged to profit and loss account (discontinued operations)	(760)	-
Deferred tax recognised directly in reserves in relation to share based payments	334	(110)
Change in rate	(68)	(178)
<b>Balance carried forward</b>	<b>457</b>	<b>1,490</b>

The provision for deferred taxation consists of the tax effect of temporary differences in respect of:

Intangible assets purchased	(1,769)	355
Excess of tax allowances over depreciation on fixed assets	289	200
Deferred tax on share based payments	1,934	860
Trading losses	3	75
<b>Balance carried forward</b>	<b>457</b>	<b>1,490</b>

As at 31 December 2014, the utilisation of the deferred tax asset relating to tax losses is dependent on future taxable profits of approximately £0.0 million and is subject to compliance with taxation authority requirements. The Group has continued to recognise these deferred tax assets as it is probable that there will be available taxable profits to offset these losses based on current forecasts and recent taxable profits in certain subsidiaries. As at 31 December 2014 the Group has unrecognised potential deferred tax assets of £0.2 million. This consisted of gross values of £0.1 million of temporary differences and £0.8 million of unrecognised losses, which would give a future tax benefit of £0.2 million. These tax losses and temporary differences may be available to be carried forward to offset against future taxable income. However their utilisation is contingent on the relevant subsidiaries producing taxable profits over a significant period of time and is subject to compliance with the relevant taxation authority requirements. As at 31 December 2014 these subsidiaries have not made a taxable profit and there is not convincing other evidence that sufficient taxable profit will be available in the future.

**17. Trade and other payables**

	31 December 2014 £'000s	31 December 2013 £'000s
Trade payables	5,433	6,593
Other taxation and social security	1,983	2,489
Accruals and deferred revenue	25,151	17,681
	<b>32,567</b>	<b>26,763</b>

**18. Borrowings**

	31 December 2014 £'000s	31 December 2013 £'000s
<b>Current</b>		
Loans due within one year	1,283	-
<b>Non-current</b>		
Long-term loans	15,651	5,851

**Overdraft**

The Group currently has a £2 million overdraft facility, which was not drawn down upon at 31 December 2014. Interest is charged on the overdraft at 2.25% over the Bank of England Base Rate.

**Term loan and RCF**

*US\$17m term loan and £20m RCF provided by The Royal Bank of Scotland*

In July 2014, the Group refinanced its debt position. A US\$17 million term loan was issued by The Royal Bank of Scotland to partially fund the acquisition of Current Analysis Inc (refer to acquisitions detailed in note 26). This is repayable in quarterly instalments over 4 years. The first instalment is due for repayment in July 2015, with total repayments due in 2015 being US\$2 million.

Additionally, The Royal Bank of Scotland issued a £20 million revolving capital facility (RCF). As at 31 December 2014, the Group had drawn down £6.4 million of this facility. The £2 million overdraft discussed above and £1 million for potential interest rate hedging also offset against the RCF leaving a remaining undrawn balance of £10.6 million as at 31 December 2014.

Interest is charged on the term loan and drawn down RCF at a rate of 2.25% over the London Interbank Offered Rate. Interest is charged on the undrawn RCF at 0.9%.

These new arrangements replaced the existing £6 million RCF which was arranged in October 2011 and was due for repayment in 2015.

Non-current borrowings can be reconciled as follows:

	31 December 2014 £'000s	31 December 2013 £'000s
Term loan issued by The Royal Bank of Scotland	9,619	-
RCF issued by The Royal Bank of Scotland	6,375	6,000
Capitalised fees, net of amortised amount	(343)	(149)
	<b>15,651</b>	<b>5,851</b>

## 19. Financial assets and liabilities

The Group is exposed to foreign currency, interest rate, liquidity, credit and equity risks. Each of these risks, the associated financial instruments and the management of those risks are detailed below.

The Group's financial instruments are classified under IFRS as follows:

31 December 2014	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
<i>Current assets</i>				
Cash	-	8,261	-	<b>8,261</b>
Short-term derivative assets	106	-	-	<b>106</b>
Trade receivables	-	26,368	-	<b>26,368</b>
Other receivables	-	3,154	-	<b>3,154</b>
Related party receivables	-	412	-	<b>412</b>
	<b>106</b>	<b>38,195</b>	-	<b>38,301</b>
<i>Current liabilities</i>				
Short-term debt	-	-	(1,283)	<b>(1,283)</b>
Short-term derivative liabilities	(89)	-	-	<b>(89)</b>
Trade accounts payable	-	-	(5,433)	<b>(5,433)</b>
Accruals	-	-	(3,672)	<b>(3,672)</b>
	<b>(89)</b>	-	<b>(10,388)</b>	<b>(10,477)</b>
<i>Non-current liabilities</i>				
Long-term debt	-	-	(15,651)	<b>(15,651)</b>
Long-term derivative liabilities	(26)	-	-	<b>(26)</b>
	<b>(26)</b>	-	<b>(15,651)</b>	<b>(15,677)</b>

31 December 2013	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
<i>Current assets</i>				
Cash	-	14,178	-	<b>14,178</b>
Short-term derivative assets	6	-	-	<b>6</b>
Trade receivables	-	19,845	-	<b>19,845</b>
Other receivables	-	1,674	-	<b>1,674</b>
Related party receivables	-	1,398	-	<b>1,398</b>
	<b>6</b>	<b>37,095</b>	-	<b>37,101</b>
<i>Current Liabilities</i>				
Trade accounts payable	-	-	(6,593)	<b>(6,593)</b>
Accruals	-	-	(3,391)	<b>(3,391)</b>
	-	-	<b>(9,984)</b>	<b>(9,984)</b>
<i>Non-current liabilities</i>				
Long-term debt	-	-	(5,851)	<b>(5,851)</b>
	-	-	<b>(5,851)</b>	<b>(5,851)</b>

**Maturity analysis**

The long term debt's contractual features are detailed in note 18 and it is not expected that those loans will be repaid within a year or until replaced with equivalent debt or equity financing. The debt shown in the table below is inclusive of the projected interest payments in accordance with IFRS 7 (interest on long-term debt £2,228,343).

	Less than 1 month £'000s	1 to 3 months £'000s	3 months to 1 year £'000s	1 to 5 years £'000s	Total £'000s
<i>Current liabilities</i>					
Short-term debt	-	(122)	(1,647)	-	<b>(1,769)</b>
Short-term derivative liabilities	(15)	(27)	(47)	-	<b>(89)</b>
Trade accounts payable	(2,203)	(3,230)	-	-	<b>(5,433)</b>
Accruals	-	(3,672)	-	-	<b>(3,672)</b>
<i>Non-current liabilities</i>					
Long-term debt	-	-	-	(17,393)	<b>(17,393)</b>
Long-term derivative liabilities	-	-	-	(26)	<b>(26)</b>
	<b>(2,218)</b>	<b>(7,051)</b>	<b>(1,694)</b>	<b>(17,419)</b>	<b>(28,382)</b>

**Reclassifications**

There have been no reclassifications between financial instrument categories during the years ended 31 December 2014 and 31 December 2013.

**Fair value of financial instruments**

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The fair value of long-term debt is the same as the carrying value of long-term debt as at 31 December 2014. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2014, the only financial instruments measured at fair value were derivative financial assets and these are classified as Level 2.

**Cash, trade receivables and trade accounts payable**

The carrying amounts of these balances are approximately equivalent to their fair value because of the short term to maturity.

**Market risk**

The Group is exposed to market risk primarily from changes in foreign currency exchange rates and interest rates.

**Currency risk**

The Group's primary objective in managing foreign currency risk is to protect against the risk that the eventual Sterling net cash flows will be adversely affected by changes in foreign currency exchange rates. Due to the Group's operation in India, the Group has entered into foreign exchange contracts that limit the risk from movements in the Indian Rupee exchange rate with Sterling.

The Group's exposure to foreign currencies arising from financial instruments is:

<b>31 December 2014</b>	<b>USD £'000s</b>	<b>EUR £'000s</b>	<b>Other £'000s</b>	<b>Total £'000s</b>
<i>Exposures</i>				
Cash	1,302	1,655	169	<b>3,126</b>
Short and long-term derivative assets/ (liabilities)	(114)	54	51	<b>(9)</b>
Short and long-term debt	(10,902)	-	-	<b>(10,902)</b>
Trade receivables	10,316	4,064	275	<b>14,655</b>
Trade accounts payable	(855)	(101)	-	<b>(956)</b>
<b>Net balance sheet exposure</b>	<b>(253)</b>	<b>5,672</b>	<b>495</b>	<b>5,914</b>

<b>31 December 2013</b>	<b>USD £'000s</b>	<b>EUR £'000s</b>	<b>Other £'000s</b>	<b>Total £'000s</b>
<i>Exposures</i>				
Cash	3,104	741	178	<b>4,023</b>
Short-term derivative assets	-	-	6	<b>6</b>
Trade receivables	4,478	3,404	255	<b>8,137</b>
Trade accounts payable	(616)	-	-	<b>(616)</b>
<b>Net balance sheet exposure</b>	<b>6,966</b>	<b>4,145</b>	<b>439</b>	<b>11,550</b>

Forecast sales and purchases in foreign currencies have not been included in the table above and opposite as they are not financial instruments.

As at 31 December 2014 a movement of 10% in Sterling would impact the income statement as detailed in the table below:

	10% decrease		10% increase	
	2014 £'000s	2013 £'000s	2014 £'000s	2013 £'000s
Impact on Net earnings before income tax:				
USD	36	(854)	(13)	505
EUR	(516)	(388)	630	447
	<b>(480)</b>	<b>(1,242)</b>	<b>617</b>	<b>952</b>

This analysis assumes a movement in Sterling across all currencies and only includes the effect of foreign exchange movements on financial instruments. All other variables remain constant.

#### **Interest rate risk**

The Group is exposed to interest rate risk on its overdraft and the outstanding loans to The Royal Bank of Scotland. The Group does not manage this risk with the use of derivatives. No other liabilities accrue interest.

The table below shows how a movement in interest rates of 100 basis points would affect profit before tax based on the additional interest expense for the year then ended:

	100 basis point decrease		100 basis point increase	
	2014 £'000s	2013 £'000s	2014 £'000s	2013 £'000s
Impact on:				
Net earnings before income tax	173	60	(173)	(60)

This analysis assumes all other variables remain constant.

#### **Liquidity risk**

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its financial liabilities.

The Group's main source of financing for its working capital requirements is free cash flow. The Group has a £2 million overdraft facility; none of which was utilised at 31 December 2014 (2013: £nil).

The Group's exposure to liquidity risk arises from trade accounts payable and loans due to the Royal Bank of Scotland. All contractual cash flows from trade accounts payable are the same as the carrying value of the liability due to their short-term nature.

At 31 December 2014, the Group has a revolving credit facility of £6.4 million and a US\$17 million term loan outstanding with the Royal Bank of Scotland. See note 18 for further details.

#### **Credit risk**

In the normal course of its business, the Group incurs credit risk from cash and trade receivables. The Group has a credit policy that is used to manage this exposure to credit risk, including credit checking prior to contracts being signed. The Group's financial instruments do not have significant concentration of risk with any related parties.

£38.3 million of the Group's assets are subject to credit risk (31 December 2013: £37.1 million). The Group does not hold any collateral over these amounts. See note 15 for further details of the Group's receivables. The Group maintains a provision for estimated losses expected to arise from customers being unable to make required payments. This provision takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the Group's receivables portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are taken into account. Significant changes in these factors would likely necessitate changes in the doubtful debts provision. At present, however, the Group considers the current level of its allowance for doubtful accounts to be adequate to cover expected credit losses on trade receivables. Bad debt expenses are reported in the income statement.

**Equity risk**

It is the Group's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the development of the business. See note 22 for further details of the Group's equity.

**20. Provisions**

The movement in the provisions is as follows:

	Onerous leases £'000s	Dilapidations £'000s	Other £'000s	Total £'000s
At 1 January 2013	656	454	234	<b>1,344</b>
Increase in provision	29	48	100	<b>177</b>
Utilised	(300)	(43)	(121)	<b>(464)</b>
Release of unutilised provision	(208)	(90)	(57)	<b>(355)</b>
At 31 December 2013	<b>177</b>	<b>369</b>	<b>156</b>	<b>702</b>
Increase in provision	345	15	131	<b>491</b>
Utilised	(101)	(78)	(141)	<b>(320)</b>
Release of unutilised provision	(204)	(172)	(45)	<b>(421)</b>
<b>At 31 December 2014</b>	<b>217</b>	<b>134</b>	<b>101</b>	<b>452</b>
<i>Current:</i>	192	75	101	<b>368</b>
<i>Non-current:</i>	25	59	-	<b>84</b>

**Onerous lease**

Provision has been made for the net present value of future residual leasehold commitments. This provision has been calculated making assumptions on future rental income, market rents, insurance and rates and this has then been discounted using a discount rate of 2% per annum. This provision is expected to be utilised over the period of each specific lease.

**Dilapidations**

Provision has been made for the net present value of future dilapidations that are owed due to legal or constructive obligations under the Group's operating leases of office premises. The provision is expected to be utilised over the period to the end of each specific lease.

**Other**

Provision has been made for the Group's obligations to pay commission to registered users of the Group's websites.

**21. Operating lease commitments**

As at 31 December 2014 the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fell due as follows:

	31 December 2014 £'000s	31 December 2013 £'000s
<b>Land and buildings</b>		
Within 1 year	2,341	2,409
Within 2 to 5 years	7,688	7,019
Over 5 years	21,960	23,649
	<b>31,989</b>	<b>33,077</b>
<b>Other</b>		
Within 1 year	64	43
Within 2 to 5 years	77	44
	<b>141</b>	<b>87</b>

The Group sub-lets certain areas of its property portfolio. As at 31 December 2014, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	31 December 2014 £'000s	31 December 2013 £'000s
<b>Land and buildings</b>		
Within 1 year	331	616
Within 2 to 5 years	641	641
Over 5 years	187	347
	<b>1,159</b>	<b>1,604</b>

## 22. Equity

### Share capital

#### ERC Acquisition

The Group issued 76,191 ordinary shares as part of the consideration for ERC Group Limited and its subsidiaries (as discussed in note 26). These shares rank pari passu with the existing PDMG ordinary shares in issue.

#### Share Option Scheme

The Group issued 1,400,000 ordinary shares on 7 March 2014 and 305,080 ordinary shares on 14 March 2014 following the exercise of options by employees pursuant to the vesting of the Company's Capital Appreciation Plan (as discussed in note 23). These shares rank pari passu with the existing PDMG ordinary shares in issue.

Allotted, called up and fully paid:	31 December 2014		31 December 2013	
	No '000s	£'000s	No '000s	£'000s
Ordinary shares at 1 January (1/14th pence)	74,487	53	-	-
Sub-division of ordinary share capital	-	-	74,487	53
Issue of shares: partial consideration ERC	76	-	-	-
Issue of shares: other	4	-	-	-
Issue of shares: share based payments scheme	1,701	1	-	-
Ordinary shares c/f 31 December (1/14th pence)	76,268	54	74,487	53
Deferred shares of £1.00 each	100	100	100	100
	<b>76,368</b>	<b>154</b>	<b>74,587</b>	<b>153</b>

### Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To fund future growth and provide an adequate return to shareholders and, when appropriate, distribute dividends

The capital structure of the Group consists of net debt, which includes borrowings (note 18) and cash and cash equivalents, and equity.

In order to enable the directors to pay dividends in the future when considered appropriate, at the Annual General Meeting on 24 April 2013 shareholders approved the cancellation of the parent company's share premium account (the "Capital Reduction"). The Capital Reduction took effect on 23 May 2013 following confirmation by the Court. By way of undertaking to the Court, the Company has constituted a special reserve for the protection of its creditors as at the effective date of the Capital Reduction. In respect of equity, the Board has decided, in order to maximise flexibility in the near term with regards to growth opportunities, not to return any cash by way of a dividend at this time. The Board is committed to keeping this policy under constant review and will evaluate alternative methods of returning cash to shareholders when appropriate.

The Company has two classes of shares. The ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the Company.

The deferred shares do not confer upon the holders the right to receive any dividend, distribution or other participation in the profits of the Company. The deferred shares do not entitle the holders to receive notice of or to attend and speak or vote at any general meeting of the Company. On distribution of assets on liquidation or otherwise, the surplus assets of the Company remaining after payments of its liabilities shall be applied first in repaying to holders of the deferred shares the nominal amounts and any premiums paid up or credited as paid up on such shares, and second the balance of such assets shall belong to and be distributed among the holders of the ordinary shares in proportion to the nominal amounts paid up on the ordinary shares held by them respectively.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all its issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the principles of the UK Corporate Governance Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Board Terms of Reference, copies of which are available on request.

The disclosures above are for both the Group and the Company.

### Other reserves

Other reserves consist of a reserve created upon the reverse acquisition of the TMN Group Plc.

The foreign currency translation reserve contains the translation differences that arise upon translating the results of subsidiaries with a functional currency other than Sterling. Such exchange differences are recognised in the income statement in the period in which a foreign operation is disposed of.

### Special reserve

The special reserve was created upon the capital reduction outlined above.

### 23. Share based payments

The Group created a share option scheme during the year ended 31 December 2010 and granted the first options under the scheme on 1 January 2011 to certain senior employees. Each option granted converts to one ordinary share on exercise. A participant may exercise their options (subject to employment conditions) at any time during a prescribed period from the vesting date to the date the option lapses. For these options to be exercised the Group's earnings before interest, taxation, depreciation and amortisation, as adjusted by the Remuneration Committee for significant or one-off occurrences, must exceed certain targets. The fair values of options granted were determined using the market value at the date of grant. The market values were compared to the Black-Scholes model and there were no significant differences.

The following assumptions were used in the valuation:

Award tranche	Grant Date	Fair Value of Share Price at Grant Date	Exercise Price (Pence)	Estimated Forfeiture rate p.a.	Weighted Average of Remaining Contractual Life
Award 1	1 January 2011	£1.09	0.0714p	15%	2.5
Award 2	1 August 2011	£1.32	0.0714p	0%	2.5
Award 3	1 May 2012	£1.87	0.0714p	15%	2.5
Award 4	7 March 2014	£2.55	0.0714p	15%	2.5
Award 5	8 September 2014	£2.575	0.0714p	15%	2.7
Award 6	22 September 2014	£2.525	0.0714p	15%	2.5
Award 7	9 December 2014	£2.075	0.0714p	15%	2.6
Award 8	31 December 2014	£2.025	0.0714p	15%	2.5

The estimated forfeiture rate assumption is based upon management's expectation over the number of options that will lapse over the vesting period. The assumptions were determined when the scheme was set up in 2011 and are reviewed annually. Management believe the current assumptions to be reasonable based upon the rate of lapsed options.

Each of the above awards are subject to the following vesting criteria:

	Vesting Criteria		
	Group Achieves £10m EBITDA	Group Achieves £18.5m EBITDA	Group Achieves £23.5m EBITDA
Award 1-4	20% Vest	40% Vest	40% Vest
Award 5	N/a	30% Vest	70% Vest
Award 6	N/a	50% Vest	50% Vest
Award 7	N/a	40% Vest	60% Vest
Award 8	N/a	50% Vest	50% Vest

During 2013 the first vesting criteria of the Group achieving £10m Adjusted EBITDA was met. As a result 1,701,156 options were exercised during 2014 at a weighted exercise price of 0.0714 pence. The weighted average price of shares exercised was £2.55.

The Remuneration Committee has increased the second and third vesting criteria to £18.5 million and £23.5 million respectively as a result of the acquisitions made during 2014 (2013: £15 million and £20 million respectively).

The total charge recognised for the scheme during the twelve months to 31 December 2014 was £4,371,000 (2013: £1,127,000). The awards of the scheme are settled with ordinary shares of the Company. Reconciliation of movement in the number of options is provided below.

	Option price (pence)	Number of options
31 December 2013	1/14th	4,775,050
Granted	1/14th	5,553,436
Vested	1/14th	(1,701,156)
Forfeited	1/14th	(268,450)
<b>31 December 2014</b>	<b>1/14th</b>	<b>8,358,880</b>

The following table summarises the Group's share options outstanding at 31 December 2014:

Reporting date	Options outstanding	Option price (pence)	Remaining life (years)
31 December 2011	5,004,300	1/14th	3.7
31 December 2012	4,931,150	1/14th	4.3
31 December 2013	4,775,050	1/14th	3.3
31 December 2014	8,358,880	1/14th	2.5



## 24. Capital commitments

There were no capital commitments at 31 December 2014 (2013: £nil).

## 25. Discontinued operations

As the business becomes more focussed on its Business Information offering, a number of legacy non-core business units have been discontinued in recent years.

During 2012, the Group made the decision to close the TMN email marketing business unit, including the TMN, EDR and TAPPS businesses. During 2013, the Group discontinued the US and European arms of its affiliate marketing business. The email marketing and US / European affiliate marketing businesses formed part of the Group's B2C Digital Marketing division.

Following a review of the performance of the Group's German subsidiary, it was decided that it was no longer viable and its activities ceased in June 2014. Additionally, on 1 July 2014, the Group disposed of its 75% shareholding in Office Solutions Media Limited ('OSM'). The subsidiary company was no longer deemed to be a strategic fit with the remainder of the Group; therefore the shares were sold to OSM's minority shareholder.

Additionally, towards the end of 2014, the Group decided to discontinue the PDM (which was engaged in business to business lead generation) and Market Research business units. The key factors affecting this decision were a combination of continued under-performance of these business units and lack of strategic fit with the remainder of the Group.

Pursuant to the provisions of IFRS 5 the above operations have been classified as discontinued.

### a) The results of the discontinued operation are as follows:

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
<b>Discontinued operations</b>		
Revenue	1,338	2,670
Cost of sales	(1,958)	(2,580)
<b>Gross (loss)/profit</b>	<b>(620)</b>	<b>90</b>
Distribution costs	(19)	(32)
Administrative costs	(453)	(768)
Other income	86	77
<b>Operating loss from discontinued operations</b>	<b>(1,006)</b>	<b>(633)</b>
Finance costs	-	-
<b>Loss before tax from discontinued operations</b>	<b>(1,006)</b>	<b>(633)</b>
Income tax expense	(622)	-
<b>Loss for the year from discontinued operations</b>	<b>(1,628)</b>	<b>(633)</b>

### b) Loss before tax

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
This is arrived after charging:		
Depreciation	6	-

### c) Cash flows from discontinued operations

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
Cash outflows from operating activities	(1,281)	(114)
Cash inflows/ (outflows) from investing activities	4	(24)
Cash outflows from financing activities	(6)	(8)
<b>Total cash outflows from discontinued operations</b>	<b>(1,283)</b>	<b>(146)</b>

## 26. Acquisitions

### Pyramid Research

On 1 January 2014 the Group acquired the business and assets of Pyramid Research for cash consideration of US\$3,250,000 (£2,006,173). Pyramid is a leading provider of business information and market analysis for the ICT industry. Pyramid has a well regarded brand name and an expanding presence in some of the world's fastest growing markets.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Carrying Value £'000s	Fair Value Adjustments £'000s	Fair Value £'000s
Intangible assets consisting of:			
Software	-	51	51
Brand	-	503	503
Customer relationships	-	420	420
Net assets acquired consisting of:			
Tangible fixed assets	24	-	24
Accounts receivable	643	(184)	459
Trade and other payables	(163)	(64)	(227)
Deferred revenue	(457)	-	(457)
<b>Fair value of net assets acquired</b>	<b>47</b>	<b>726</b>	<b>773</b>
Cash consideration			2,006
Less net assets acquired			(773)
<b>Goodwill</b>			<b>1,233</b>

Pyramid Research has generated revenues of £2.4m and a contribution loss of £0.4m in the year ended 31 December 2014.

The goodwill that arose on the combination can be attributed to revenue and cost synergies expected to arise upon the integration of Pyramid Research into Progressive Digital Media Group.

The Group incurred legal and professional costs of £105,000 in relation to the acquisition, which were recognised in other expenses (note 5).

### ERC

On 28 March 2014, the Group acquired ERC Group Limited and its subsidiaries ('ERC') for total consideration of £804,000. The consideration comprised of £604,000 in cash consideration and £200,000 in equity. The equity issued was 76,191 ordinary shares in PDMG at a price of £2.625 (which rank pari passu with the existing PDMG ordinary shares in issue). ERC is a provider of business information and market analysis for the Consumer market. ERC has a well regarded brand name and a dedicated client base which will be used as a solid base for growth.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Carrying Value £'000s	Fair Value Adjustments £'000s	Fair Value £'000s
Intangible assets consisting of:			
Intellectual property	-	485	485
Customer relationships	-	101	101
Deferred tax liability upon creation of intangible assets	-	(117)	(117)
Net assets acquired	-	-	-
<b>Fair value of net assets acquired</b>	<b>-</b>	<b>469</b>	<b>469</b>
Total consideration			804
Less net assets acquired			(469)
<b>Goodwill</b>			<b>335</b>

In line with the provisions of IFRS 3, further fair value adjustments may be required within the 12 month period from the date of acquisition. Any fair value adjustments will result in an adjustment to the goodwill balance reported above.

In 2013 ERC had revenues of £0.4m and profits before tax of £nil. ERC has generated revenues of £0.3m and a contribution of £0.1m in the period from acquisition to 31 December 2014. If the acquisition had occurred on 1 January 2014, the Group year to date revenue for 2014 would have been £63.2m and the Group profit before tax from continuing operations would have been £0.3m.

The Group incurred legal and professional costs of £16,000 in relation to the acquisition, which were recognised in other expenses (note 5).

The goodwill that arose on the combination can be attributed to revenue and cost synergies expected to arise upon the integration of ERC into Progressive Digital Media Group.

The total cash cost of the acquisition is reconciled as follows:

	£'000s
Cash consideration	604
Cash acquired as part of opening balance sheet	(165)
Cash returned to seller representing net assets as at completion date	104
<b>Total cash cost</b>	<b>543</b>

### Current Analysis

On 30 July 2014, the Group acquired Current Analysis Inc and its subsidiaries ('Current Analysis') for cash consideration of US\$19,600,000 (£11,529,412). Current Analysis is an established and well regarded business which provides subscription based business intelligence services to the ICT industry. The acquisition supports the Group's strategy of expanding its premium subscription based services into global markets.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Carrying Value £'000s	Fair Value Adjustments £'000s	Fair Value £'000s
Intangible assets consisting of:			
Customer relationships	-	2,543	2,543
Brand	-	1,390	1,390
Deferred tax liability upon creation of intangible assets	-	(1,573)	(1,573)
Net liabilities acquired consisting of:			
Tangible fixed assets	41	-	41
Intangible assets	257	-	257
Cash and cash equivalents	361	-	361
Trade receivables	1,340	-	1,340
Prepayments and other receivables	383	-	383
Trade and other payables	(1,116)	461	(655)
Deferred revenue	(3,701)	-	(3,701)
Short and long-term provisions	(49)	(218)	(267)
<b>Fair value of net assets acquired</b>	<b>(2,484)</b>	<b>2,603</b>	<b>119</b>
Total consideration			11,529
Less net assets acquired			(119)
<b>Goodwill</b>			<b>11,410</b>

In line with the provisions of IFRS 3, further fair value adjustments may be required within the 12 month period from the date of acquisition. Any fair value adjustments will result in an adjustment to the goodwill balance reported above.

In 2013 Current Analysis had revenues of US\$13.3m and profits before tax of US\$0.2m. Current Analysis has generated revenues of £3.6m and a contribution of £1.2m in the period from acquisition to 31 December 2014. If the acquisition had occurred on 1 January 2014, the Group year to date revenue for 2014 would have been £67.6m and the Group loss before tax from continuing operations would have been £0.6m.

The Group incurred legal and professional costs of £286,000 in relation to the acquisition, which were recognised in other expenses (note 5).

The goodwill that arose on the combination can be attributed to revenue and cost synergies expected to arise upon the integration of Current Analysis into Progressive Digital Media Group, the highly skilled assembled workforce and penetration into the valuable US ICT business information sector.

As part of the acquisition of Current Analysis, US\$2million of the purchase consideration was transferred to an Escrow account to cover unpaid historic US sales tax. A claim will be made against the Escrow monies to extinguish the liability once the exact value is agreed with the relevant tax authorities. The liability is estimated to be no more than US\$1.85m.

The total cash cost of the acquisition is reconciled as follows:

	£'000s
Cash consideration	11,529
Cash acquired as part of opening balance sheet	(361)
<b>Total cash cost</b>	<b>11,168</b>

## 27. Related party transactions

Mike Danson, Progressive Digital Media Group's Chairman, owns 66.14% of the Company's ordinary shares as at 2 March 2015. Mike Danson owns a number of businesses that interact with Progressive Digital Media Group. The principal transactions, which are all conducted on an arm's length basis, are as follows:

### Accommodation

Following the sale of the freehold property, Progressive Digital Media Group entered into a property lease with Estel Property Investments for a period of 25 years. In September 2009, Progressive Digital Media Group entered into a second lease with Estel Property Investments for another property for a period of 25 years. The buildings are also occupied by a number of other businesses that are owned by Mike Danson (see below). The total rental expense in relation to the buildings owned by Estel Property Investments for the year ended 31 December 2014 was £1,949,500 (2013: £1,696,300).

### Corporate support services

Corporate support services are provided to and from other companies owned by Mike Danson, principally finance, human resources, IT and facilities management. These are recharged to companies that consume these services based on specific drivers of costs, such as proportional occupancy of buildings for facilities management, headcount for human resources services, revenue or gross profit for finance services and headcount for IT services. The recharge made from Progressive Digital Media Group to these companies for the year ended 31 December 2014 was £404,900 (2013: £785,900).

### Revenue License Agreement

During the year, Progressive Digital Media Group continued a licensing agreement with World Marketing Intelligence Ltd ("WMI"), a company wholly owned by Mike Danson, to sell WMI's Construction Intelligence Center ("CIC") content through the Group's own websites.

Under the terms of the agreement, 20% of revenue generated from the sale of CIC content is payable to WMI. The total revenue recognised in Progressive Digital Media Group for 2014 is £0.3 million (2013: £0.2 million).

### Directors and Key Management Personnel

The remuneration of Directors is discussed within the Directors' Remuneration Report on pages 18 and 19. Remuneration of key management personnel is detailed in note 7.

### Amounts outstanding

The Group has taken advantage of the exemptions contained within IAS 24 - Related Party Disclosures from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation. The amounts outstanding for other related parties were:

	31 December 2014 £'000s	31 December 2013 £'000s
Global Data Ltd	79	(78)
Global Data Publications Inc	3	67
World Marketing Intelligence Ltd	(242)	1,139
New Statesman Ltd	2,689	2,541
Progressive Media International Ltd	735	674
Estel Property Investments Ltd	(4,602)	(4,462)
Estel Property Investments No.2 Ltd	291	291
Estel Property Investments No.3 Ltd	(832)	(832)
Elite Luxury Publishing Inc	967	975
Spears Ltd	343	285
Progressive Media Publishing Ltd	2	2
Progressive Innovations Ltd	(3)	(3)
Progressive Global Media Ltd	73	13
Progressive Customer Publishing Ltd	900	709
Progressive Media International Middle East FZ LLC	(70)	66
Financial News Publishing Ltd	(154)	(5)
World Market Intelligence Pty Ltd	203	-
Progressive Global Markets Korea Ltd	32	13
Progressive Media Group UK Ltd	(21)	-
Progressive Luxury Publications Ltd	3	-
Sportcal.com Ltd	9	-
Digital Insights & Research Pvt Ltd	3	-
Knowledge Pool Ltd	3	3
The Samling Ltd	1	-
	<b>412</b>	<b>1,398</b>

The company has right of set off over these amounts.

**Subsidiary undertakings**

<b>Subsidiary undertaking</b>	<b>Country of registration</b>	<b>Holding</b>	<b>%</b>	<b>Principal activity</b>
TMN Media Limited	England & Wales	Ordinary shares	100%	Non-trading
MutualPoints Limited	England & Wales	Ordinary shares	100%	Online direct marketing
Electronic Direct Response Limited	England & Wales	Ordinary shares	100%	Non-trading
Kable Business Intelligence Limited	England & Wales	Ordinary shares	100%	Business Information
ICD Research Limited	England & Wales	Ordinary shares	100%	Non-trading
Internet Business Group Limited	England & Wales	Ordinary shares	100%	Performance advertising
AffiliateFuture Incorporated*	United States of America	Ordinary shares	100%	Non-trading
Viajes Xiana SL*	Spain	Ordinary shares	100%	Non-trading
Progressive Media Group Limited*	England & Wales	Ordinary shares	100%	Business Information
Dewberry Redpoint Limited*	England & Wales	Ordinary shares	100%	Business Information
Conlumino Limited*	England & Wales	Ordinary shares	100%	Dormant
Progressive Digital Media Limited	England & Wales	Ordinary shares	100%	Holding company
Progressive Capital Limited*	England & Wales	Ordinary shares	100%	Holding company
SPG Media Group Limited*	England & Wales	Ordinary shares	100%	Holding company
SPG Media Limited*	England & Wales	Ordinary shares	100%	Non-trading
Progressive Digital Media Pty Ltd	Australia	Ordinary shares	100%	Business Information
Progressive Digital Media Inc	United States of America	Ordinary shares	100%	Business Information
Progressive Digital Media Pvt Ltd	India	Ordinary shares	100%	Business Information
ERC Group Limited	England & Wales	Ordinary shares	100%	Business Information
ERC Holdings Limited*	England & Wales	Ordinary shares	100%	Holding company
ERC Statistics International Limited*	England & Wales	Ordinary shares	100%	Non-trading
Progressive Digital Media Holdings, Inc	United States of America	Ordinary shares	100%	Holding company
Current Analysis, Inc*	United States of America	Ordinary shares	100%	Business Information
Current Intelligence and Analysis Ltd*	England & Wales	Ordinary shares	100%	Business Information
Current Analysis SAS*	France	Ordinary shares	100%	Business Information
Current Analysis Asia Pacific Pty. Ltd*	Singapore	Ordinary shares	100%	Business Information
Cornhill Publications Limited*	England & Wales	Ordinary shares	100%	Non-trading
Canadean Limited	England & Wales	Ordinary shares	100%	Business Information
Progressive Digital Media EBT Ltd*	England & Wales	Ordinary shares	100%	Dormant
Progressive Intelligence Limited*	England & Wales	Ordinary shares	100%	Dormant
Apex Subscription Agency Limited*	England & Wales	Ordinary shares	100%	Dormant
Kable Intelligence Limited*	England & Wales	Ordinary shares	100%	Business Information
Canadean Central Europe GmbH*	Germany	Ordinary shares	100%	Business Information
Canadean Mexico Y Centro America, F. De R.L. De C.V.*	Mexico	Ordinary shares	100%	Business Information

\*indirectly held

# Independent Auditor's Report to the Members of Progressive Digital Media Group Plc

We have audited the parent company financial statements of Progressive Digital Media Group Plc for the year ended 31 December 2014 which comprise the company statement of financial position, the company statement of changes in equity, the company 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 auditors

As explained more fully in the Statement of directors' responsibilities, set out on page 20, the directors are responsible for the preparation of the parent company 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 (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014;
- have been properly prepared in accordance with IFRS as adopted by the European Union; 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 Strategic Report and 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 matters

We have reported separately on the group financial statements of Progressive Digital Media Group Plc for the year ended 31 December 2014.



## Nicholas Page

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Gatwick  
2 March 2015

# Company Statement of Financial Position

	Notes	31 December 2014 £'000s	31 December 2013 £'000s
<b>Non-current assets</b>			
Property, plant and equipment	5	1,220	351
Intangible assets	4	1,009	284
Investments	6	67,388	50,580
		<b>69,617</b>	<b>51,215</b>
<b>Current assets</b>			
Trade and other receivables	7	14,763	18,382
Short-term derivatives	8	106	6
Cash and cash equivalents		8,576	9,516
		<b>23,445</b>	<b>27,904</b>
<b>Total assets</b>		<b>93,062</b>	<b>79,119</b>
<b>Current liabilities</b>			
Trade and other payables	9	(14,761)	(14,982)
Short-term derivatives	8	(89)	-
Short-term borrowings	11	(1,283)	-
		<b>(16,133)</b>	<b>(14,982)</b>
<b>Non-current liabilities</b>			
Long-term provisions	10	(59)	(58)
Long-term derivatives	8	(26)	-
Long-term borrowings	11	(15,651)	(5,851)
		<b>(15,736)</b>	<b>(5,909)</b>
<b>Total liabilities</b>		<b>(31,869)</b>	<b>(20,891)</b>
<b>Net assets</b>		<b>61,193</b>	<b>58,228</b>
<b>Equity</b>			
Share capital		154	153
Share premium account		200	-
Other reserve		7,174	7,174
Special reserve		48,422	48,422
Retained earnings		5,243	2,479
<b>Equity attributable to equity holders</b>		<b>61,193</b>	<b>58,228</b>

These financial statements were approved by the board of directors on 2 March 2015 and signed on its behalf by:



**Michael Danson**  
Chairman



**Simon Pyper**  
Chief Executive

The accompanying notes form an integral part of this financial report.

Company number: 03925319

## Company Statement of Changes in Equity

	Share capital £'000s	Share premium account £'000s	Other reserve £'000s	Special reserve £'000s	Retained (loss)/ earnings £'000s	Total equity £'000s
<b>Balance at 1 January 2013</b>	<b>153</b>	<b>71,393</b>	<b>7,174</b>	<b>-</b>	<b>(20,985)</b>	<b>57,735</b>
Loss for the year	-	-	-	-	(634)	<b>(634)</b>
<b>Transactions with owners:</b>						
Capital reduction	-	(71,393)	-	48,422	22,971	-
Share based payments charge	-	-	-	-	1,127	<b>1,127</b>
<b>Balance at 31 December 2013</b>	<b>153</b>	<b>-</b>	<b>7,174</b>	<b>48,422</b>	<b>2,479</b>	<b>58,228</b>
Loss for the year	-	-	-	-	(1,606)	<b>(1,606)</b>
<b>Transactions with owners:</b>						
Issue of share capital: ERC	-	200	-	-	-	<b>200</b>
Issue of share capital: share based payments scheme	1	-	-	-	(1)	-
Share based payments charge	-	-	-	-	4,371	<b>4,371</b>
<b>Balance at 31 December 2014</b>	<b>154</b>	<b>200</b>	<b>7,174</b>	<b>48,422</b>	<b>5,243</b>	<b>61,193</b>

The accompanying notes form an integral part of this financial report.



# Company Statement of Cash Flows

	Year ended 31 December 2014 £'000s	Year ended 31 December 2013 £'000s
<b>Cash flows from operating activities</b>		
Loss after taxation	(1,606)	(634)
Adjustments for:		
Depreciation	233	171
Amortisation	254	159
Finance expense	480	305
Revaluation of foreign currency loan	902	-
Movement in provision	(1)	(2)
Revaluation of derivatives	15	(24)
Increase in trade and other receivables	(763)	(274)
(Decrease)/ increase in trade and other payables	(412)	1,277
<b>Cash (used in)/ generated by operations</b>	<b>(898)</b>	<b>978</b>
Interest paid	(215)	(214)
<b>Net cash from operating activities</b>	<b>(1,113)</b>	<b>764</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,102)	(141)
Purchase of intangible assets	(979)	(145)
Acquisition of Current Analysis Inc	(11,529)	-
Acquisition of ERC Group	(708)	-
<b>Net cash used in investing activities</b>	<b>(14,318)</b>	<b>(286)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	10,000	-
Repayment of short-term borrowings	-	(500)
Net inflow from inter-company loans	4,491	828
<b>Net cash from financing activities</b>	<b>14,491</b>	<b>328</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(940)</b>	<b>806</b>
Cash and cash equivalents at beginning of year	9,516	8,710
<b>Cash and cash equivalents at end of year</b>	<b>8,576</b>	<b>9,516</b>

The accompanying notes form an integral part of this financial report.

# Notes to the Company Financial Statements

## 1. General information

Progressive Digital Media Group Plc is incorporated and domiciled in the United Kingdom.

### Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to carrying value of investments, provisions for share based payments and the provision for bad debts.

### Share based payments

The Group operates a share based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense in the Group income statement. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Group income statement, with a corresponding adjustment to the share based payments reserve within equity.

The Company does not directly employ those participating in the share based payments scheme as they are employed by other Group companies. The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in Group undertakings is reported with a corresponding increase in shareholders' funds.

### Provision for bad debt

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the customer entity and the status of any disputed amounts.

### Carrying value of investments

The carrying value of investments is assessed at least annually to ensure that there is no need for impairment. Performing this assessment requires management to estimate future cash flows to be generated by the related investment, which may entail making judgements including the expected rate of growth of sales, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows.

## 2. Accounting policies

### a) Basis of preparation

The parent company financial statements have been prepared in accordance with applicable IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

As permitted by section 408 of the Companies Act 2006, the income statement of the Company is not presented. The Company's loss for the year ended 31 December 2014 is £1.6 million (year ended 31 December 2013: loss £0.6 million).

### b) Change to accounting policies

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2014 and is consistent with the policies applied in the previous year.

### c) Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

- Computer and equipment – over 3 to 5 years
- Leasehold improvements – over 3 to 10 years

The useful life, the residual value and the depreciation method is assessed annually.

Where there is an indication of impairment, the carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell then the asset is impaired and an impairment loss recognised in profit or loss.

**d) Intangible assets****Computer software**

Non-integral computer software purchases are capitalised at cost as intangible assets. The Company also capitalises development costs associated with new products in accordance with the development criteria prescribed within IAS 38 "Intangible Assets". These costs are amortised over their estimated useful lives of 3 years. Costs associated with implementing or maintaining computer software programmes are recognised as an expense.

**e) Investments**

Investments in subsidiaries are stated at cost less any provision for impairment.

**f) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using rates substantively enacted at the reporting date, and any adjustments to the tax payable in respect of previous years.

Deferred taxation is provided in full on temporary differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is determined using the tax rates that have been enacted or substantially enacted by the reporting date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the income statement, except where it relates to items recognised as other comprehensive income, in which case it is recognised in the statement of other comprehensive income.

Tax relating to items recognised in equity is recognised directly in equity.

**g) Foreign currencies**

The results are presented in British Pounds which is the functional currency of the Company.

Foreign currency transactions are translated into Sterling at the rates of exchange ruling at the date of the transaction, and if still in existence at the year end the balance is retranslated at the rates of exchange ruling at the reporting date. Differences arising from changes in exchange rates during the year are taken to the income statement.

**h) Provisions**

A provision is recognised in the balance sheet when the Company has a legal obligation or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made. Provisions are discounted if the time value of money is material.

**i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

**j) Dividends**

Dividends on the Company's ordinary shares are recognised as a liability in the Company's financial statements, and as a deduction from equity, in the period in which the dividends are declared. Where such dividends are proposed subject to the approval of the Company's shareholders, the dividends are only declared once shareholder approval has been obtained.

**k) Financial instruments**

The Group has derivative and non-derivative financial instruments which comprise foreign currency contracts, investments in equity, receivables, cash, loans and borrowings, and trade payables.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

The Company uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. Derivatives are measured at fair values and any movement in fair value is recognised in the income statement.

**l) Trade and other payables**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

**m) Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

Borrowing costs, being interest and other costs incurred in connection with the servicing of borrowings, are recognised as an expense when incurred.

**n) Share based payments**

The Group operates a share based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense in the Group income statement. The total amount to be expensed is determined by reference to the fair value of the options granted (determined using the market value at the date of grant), excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Group income statement, with a corresponding adjustment to the share based payments reserve within equity.

The Company does not directly employ those participating in the share based payments scheme as they are employed by other Group companies. The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in Group undertakings is reported with a corresponding increase in shareholders' funds.

**3. Dividends**

No dividend has been recommended for the year (December 2013: £nil).

**4. Intangible assets**

	<b>Computer software £'000s</b>
<b>Cost</b>	
As at 1 January 2013	972
Additions	145
As at 31 December 2013	1,117
Additions	979
Disposals	(128)
<b>As at 31 December 2014</b>	<b>1,968</b>
<b>Amortisation</b>	
As at 1 January 2013	(674)
Charge for the year	(159)
As at 31 December 2013	(833)
Charge for the year	(254)
Disposals	128
<b>As at 31 December 2014</b>	<b>(959)</b>
<b>Net book value</b>	
<b>As at 31 December 2014</b>	<b>1,009</b>
As at 31 December 2013	284

**5. Property, plant and equipment**

	Leasehold Improvements £'000s	Computer equipment £'000s	Total £'000s
<b>Cost</b>			
As at 1 January 2013	-	1,074	1,074
Additions	-	141	141
As at 31 December 2013	-	1,215	1,215
Additions	225	877	1,102
Disposals	-	(67)	(67)
<b>As at 31 December 2014</b>	<b>225</b>	<b>2,025</b>	<b>2,250</b>
<b>Depreciation</b>			
As at 1 January 2013	-	(693)	(693)
Charge for the year	-	(171)	(171)
As at 31 December 2013	-	(864)	(864)
Charge for the year	-	(233)	(233)
Disposals	-	67	67
<b>As at 31 December 2014</b>	<b>-</b>	<b>(1,030)</b>	<b>(1,030)</b>
<b>Net book value</b>			
<b>As at 31 December 2014</b>	<b>225</b>	<b>995</b>	<b>1,220</b>
As at 31 December 2013	-	351	351

**6. Investments**

	Group undertakings £'000s
<b>Cost</b>	
As at 1 January 2013	59,730
Share based payments to employees of subsidiaries	1,127
As at 31 December 2013	60,857
Acquisition of ERC Group Limited	908
Acquisition of Current Analysis Inc	11,529
Share based payments to employees of subsidiaries	4,371
<b>As at 31 December 2014</b>	<b>77,665</b>
<b>Depreciation</b>	
<b>As at 31 December 2013 and 2014</b>	<b>(10,277)</b>
<b>Net book value</b>	
<b>As at 31 December 2014</b>	<b>67,388</b>
As at 31 December 2013	50,580

**Share-based payments to employees of subsidiaries**

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in Group undertakings is reported with a corresponding increase in shareholders' funds.

**Acquisitions**

The acquisition of ERC Group Limited was funded by a combination of £708,000 in cash and an issue of share capital which generated a share premium account increase of £200,000.

**Impairment indicators**

Management have performed an assessment to identify whether there are any indicators of impairment to the investment balances. Sufficient evidence has been obtained to support that there is no indication of impairment.

**7. Trade and other receivables**

	31 December 2014 £'000s	31 December 2013 £'000s
Prepayments and accrued income	1,536	1,168
Other receivables	293	147
Amounts owed by group undertakings	11,605	15,989
Amounts owed by related parties	1,157	1,064
Other taxation and social security	172	14
	<b>14,763</b>	<b>18,382</b>

The carrying values are considered to be a reasonable approximation of fair value.

**8. Derivative assets and liabilities**

	31 December 2014 £'000s	31 December 2013 £'000s
Short-term derivative assets	106	6
Short-term derivative liabilities	(89)	-
Long-term derivative liabilities	(26)	-
<b>Net derivative (liability) / asset</b>	<b>(9)</b>	<b>6</b>

Classification is based on when the derivatives mature. The fair values of derivatives are expected to impact the income statement over the next year, dependant on movements in the fair value of the foreign exchange contracts. The movement in the year was £15,000 (2013: £24,000).

The Group uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. The notional values of contract amounts outstanding are:

Expiring in the year ending:	Euro €'000	US Dollar \$'000	Indian Rupee INR'000
31 December 2015	2,300	2,425	123,490
31 December 2016	-	750	-

**9. Trade and other payables**

	31 December 2014 £'000s	31 December 2013 £'000s
Trade payables	507	470
Other payables	2	-
Accruals and deferred revenue	172	378
Amounts owed to group undertakings	11,654	11,546
Amounts owed to related parties	2,426	2,588
	<b>14,761</b>	<b>14,982</b>

The directors consider the carrying amount of trade payables approximates to their fair value. The effect of discounting trade and other payables has been assessed and is deemed to be immaterial to the Company's results.

**10. Provisions**

	Dilapidations £'000s
At 1 January 2014	58
Increase in provision	1
<b>At 31 December 2014</b>	<b>59</b>
<i>Current:</i>	-
<i>Non-current:</i>	59

**11. Borrowings**

	31 December 2014 £'000s	31 December 2013 £'000s
<b>Current</b>		
Loans due within one year	1,283	-
<b>Non current</b>		
Long-term loans	15,651	5,851

**Overdraft**

The Group currently has a £2 million overdraft facility, which was not drawn down upon at 31 December 2014. Interest is charged on the overdraft at 2.25% over the Bank of England Base Rate.

**Term loan and RCF**

*US\$17m term loan and £20m RCF provided by The Royal Bank of Scotland*

In July 2014, the Group refinanced its debt position. A US\$17 million term loan was issued by The Royal Bank of Scotland to partially fund the acquisition of Current Analysis Inc (refer to acquisitions detailed in note 26 of the Group accounts). This is repayable in quarterly instalments over 4 years. The first instalment is due for repayment in July 2015, with total repayments due in 2015 being US\$2 million.

Additionally, The Royal Bank of Scotland issued a £20 million revolving capital facility (RCF). As at 31 December 2014, the Group had drawn down £6.4 million of this facility. The £2 million overdraft discussed above and £1 million for potential interest rate hedging also offset against the RCF leaving a remaining undrawn balance of £10.6 million as at 31 December 2014.

Interest is charged on the term loan and drawn down RCF at a rate of 2.25% over the London Interbank Offered Rate. Interest is charged on the undrawn RCF at 0.9%.

These new arrangements replaced the existing £6 million RCF which was arranged in October 2011 and was due for repayment in 2015.

**12. Financial assets and liabilities**

The Company's financial instruments are classified under IFRS as follows:

	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
<b>31 December 2014</b>				
<i>Current assets</i>				
Cash	-	8,576	-	8,576
Short-term derivative assets	106	-	-	106
Other receivables	-	293	-	293
Amounts owed by group undertakings	-	11,605	-	11,605
Amounts owed by related parties	-	1,157	-	1,157
	<b>106</b>	<b>21,631</b>	-	<b>21,737</b>
<i>Current liabilities</i>				
Short-term derivative liabilities	(89)	-	-	(89)
Trade accounts payable	-	-	(507)	(507)
Accruals	-	-	(172)	(172)
Amounts owed to group undertakings	-	-	(11,654)	(11,654)
Amounts owed to related parties	-	-	(2,426)	(2,426)
Short-term borrowings	-	-	(1,283)	(1,283)
	<b>(89)</b>	-	<b>(16,042)</b>	<b>(16,131)</b>
<i>Non-current liabilities</i>				
Long-term derivative liabilities	(26)	-	-	(26)
Long-term borrowings	-	-	(15,651)	(15,651)
	<b>(26)</b>	-	<b>(15,651)</b>	<b>(15,677)</b>

	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
<b>31 December 2013</b>				
<i>Current assets</i>				
Cash	-	9,516	-	<b>9,516</b>
Short-term derivatives	6	-	-	<b>6</b>
Other receivables	-	147	-	<b>147</b>
Amounts owed by group undertakings	-	15,989	-	<b>15,989</b>
Amounts owed by related parties	-	1,064	-	<b>1,064</b>
	<b>6</b>	<b>26,716</b>	-	<b>26,722</b>
<i>Current liabilities</i>				
Trade accounts payable	-	-	(470)	<b>(470)</b>
Accruals	-	-	(378)	<b>(378)</b>
Amounts owed to group undertakings	-	-	(11,546)	<b>(11,546)</b>
Amounts owed to related parties	-	-	(2,588)	<b>(2,588)</b>
	-	-	<b>(14,982)</b>	<b>(14,982)</b>
<i>Non-current liabilities</i>				
Borrowings	-	-	<b>(5,851)</b>	<b>(5,851)</b>

**Maturity analysis**

The long-term debt's contractual features are detailed in note 18 of the Group accounts and it is not expected that those loans will be repaid within a year or until replaced with equivalent debt or equity financing. The debt shown in the table below is inclusive of the projected interest payments in accordance with IFRS 7 (interest on long-term debt £2,228,343).

	Less than 1 month £'000s	1 to 3 months £'000s	3 months to 1 year £'000s	1 to 5 years £'000s	Total £'000s
<i>Current liabilities</i>					
Short-term derivative liabilities	(15)	(27)	(47)	-	<b>(89)</b>
Trade accounts payable	-	(507)	-	-	<b>(507)</b>
Accruals	-	(172)	-	-	<b>(172)</b>
Amount owed to group undertakings	-	-	-	(11,654)	<b>(11,654)</b>
Amounts owed to related parties	-	-	(2,426)	-	<b>(2,426)</b>
Short-term borrowings	-	(122)	(1,647)	-	<b>(1,769)</b>
<i>Non-current liabilities</i>					
Long-term derivative liabilities	-	-	-	(26)	<b>(26)</b>
Long-term borrowings	-	-	-	(17,393)	<b>(17,393)</b>
	<b>(15)</b>	<b>(828)</b>	<b>(4,120)</b>	<b>(29,073)</b>	<b>(34,036)</b>

**Reclassifications**

There have been no reclassifications between financial instrument categories during the year ended 31 December 2014 and year ended 31 December 2013.

The Company is part of a cross-guarantee arrangement in relation to the Group's £2.0 million overdraft facility.

Please refer to note 19 of the Group accounts on financial assets and liabilities for the Group's exposure to risk.



### 13. Related party transactions

#### Directors

The remuneration of the directors of the Group and Company is set out on page 18 in the consolidated accounts of the Group within the Directors Remuneration Report.

#### Corporate support services

Corporate support services are provided to the other companies owned by Mike Danson, principally finance, human resources, IT and facilities management. These are recharged to companies that consume these services based on specific drivers of costs, such as proportional occupancy of buildings for facilities management, headcount for human resources services, revenue or gross profit for finance services and headcount for IT services. The recharge made from Progressive Digital Media Group to these companies for the year to 31 December 2014 was £404,900 (2013: £785,900).

#### Amounts outstanding to and from related parties

The amounts outstanding for related parties and group undertakings were:

	31 December 2014 £'000s	31 December 2013 £'000s
<b>Amounts owed by group undertakings:</b>		
Kable Business Intelligence Limited	5,374	2,577
Progressive Media Group Limited	2,290	10,328
Progressive Digital Media Limited	3,030	2,988
Current Analysis Inc	446	-
Current Intelligence & Analysis Limited	353	-
AffiliateFuture Inc	78	78
ERC Group Limited	20	-
Progressive Digital Media Inc	-	5
Progressive Digital Media Pty Limited	14	13
	<b>11,605</b>	<b>15,989</b>
<b>Amounts owed by related parties:</b>		
New Statesman Limited	600	592
Progressive Media International Limited	369	334
Estel Properties Investments No.2 Limited	76	75
Progressive Customer Publishing Limited	36	3
Spears Publishing Limited	62	60
Sportcal.com Limited	9	-
Progressive Luxury Publications Limited	3	-
GlobalData Limited	1	-
The Samling Limited	1	-
	<b>1,157</b>	<b>1,064</b>
<b>Amounts owed to group undertakings:</b>		
Internet Business Group Limited	(2,108)	(2,014)
Office Solutions Media Limited	-	(553)
Dewberry Redpoint Limited	(1,572)	(1,241)
TMN Media Limited	(6,000)	(5,948)
Electronic Direct Response Limited	(672)	(648)
MutualPoints Limited	(728)	(761)
Progressive Digital Media Inc	(104)	-
Progressive Digital Media PVT Limited	(470)	(381)
	<b>(11,654)</b>	<b>(11,546)</b>
<b>Amounts owed to related parties:</b>		
World Marketing Intelligence Limited	(1,625)	(2,142)
Estel Property Investments Limited	(265)	(115)
Estel Property Investments No.3 Limited	(252)	(252)
GlobalData Limited	-	(34)
Financial News Publishing Limited	(148)	-
Progressive Media International Middle East FZ-LLC	(63)	-
Elite Luxury Publishing Inc	(73)	(45)
	<b>(2,426)</b>	<b>(2,588)</b>

## Advisers

### **Company Secretary**

Stephen Bradley

### **Head Office and Registered Office**

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### **Nominated Adviser and Broker**

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### **Solicitors**

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### **Auditor**

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### **Registrars**

Capita Registrars Limited

Northern House

Woodsome Park

Fenay Bridge

Huddersfield

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The Royal Bank of Scotland Plc

280 Bishopsgate

London

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### **Registered number**

Company No. 03925319





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