Annual Report and Accounts for the year ended 31 December 2013

www.progressivedigitalmedia.com

Company No. 3925319

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Reliance on this document

Our Business Review on pages 3 to 10 has been prepared in accordance with the Strategic Report requirements of section 414C of the Companies Act 2006. It also incorporates the guidance set out in the Accounting Standards Board's Reporting Statement on the Operating and Financial Review. 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

2013 Highlights

Strong full year results, continued investment and the acquisition of Pyramid Research.

Key achievements in 2013

- Revenue and earnings growth
- EBITDA margin improvement
- Agreement to acquire Pyramid Research (completed 1 January 2014)
- Cash and bank facilities to fund future growth

Financial performances

- Group revenue increased by 6.3% to £57.3m (2012: £53.9m)
- Business Intelligence revenue increased by 12.1% to £33.8m (2012: £30.1m)
- Adjusted EBITDA[1] increased by 26.0% to £11.5m (2012: £9.1m)
- Adjusted EBITDA margin[1] increased to 20.0% (2012: 16.9%)
- Reported EBITDA[2] increased by 31.1% to £9.7m (2012: £7.4m)
- Reported profit before tax of £7.1m (2012: £4.3m) inclusive of £0.6m restructuring costs and £1.1m share based payments charge
- Deferred Revenue increased by 17.9% to £14.3m (2012: £12.1m)
- Net cash[3] of £8.3m (2012: £6.2m)

Note 1: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, 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 charge of £1.1 million for share based payments (2012: £0.8 million).

Note 3: Net cash/(net debt): Cash 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 are a content driven media company producing premium business information. 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:

- Premium business information services
- A strong and scalable asset base
- Multichannel content delivery including online databases (Intelligence Centres) and events
- Growing customer audience with opportunities for community marketing
- Significant contracted and visible revenue streams including digital subscriptions
- Globally exploitable business model
- High gross margin product

As we enter 2014 we see significant opportunities to further invest in our business model and in particular to increase our sales footprint in regions such as North America, South America and Asia Pacific. Additionally we will, over the coming year, seek to further leverage the information assets gained through the acquisition of both Kable and Pyramid Research.

Our Strategy

Our strategy, which will be delivered by a combination of strong organic growth and selective acquisitions, is to focus on:

- Key, high growth global markets
- Digital subscription based content, which can be leveraged across multiple platforms
- Quality product and customer delivery

With regards to acquisitions, we are delighted with the performance of Kable and are optimistic about the prospects for Pyramid Research. Both of these acquisitions are good examples of the Group acquiring businesses which complement its business model and are consistent with its strategy.

Acquisition of Pyramid Research

In line with the strategy, the Group acquired the business and trading assets of Pyramid Research ("Pyramid") on 1 January 2014 for gross consideration of US$3.25 million from UBM Plc.

Pyramid is a leading provider of business information and market analysis for the Information and Communications Technology (ICT) industry. Pyramid has a well regarded brand name and an expanding presence in some of the world's fastest growing markets and therefore is a strategically important asset for us moving forward into 2014.

Strategic Report

Chairman's Statement

I am pleased to report that the results for 2013 not only reflect another year of improvement across a broad range of metrics, but also and perhaps as importantly, provide another indicator that we are on course to deliver upon our longer term objectives.

In 2010 we set ourselves the challenging objective of becoming one of the leading providers of premium business information. We acknowledged then and it remains true today, that success would be dependent upon having; a robust business model, a simple strategy understood by all and our employees motivated and aligned to our objectives.

Our employees

We recognise that success or failure in achieving the objectives which we have set ourselves is entirely dependent upon our ability to recruit, retain and incentivise our employees. Thus, when we set our objectives we also put in place a long term incentive scheme titled the Capital Appreciation Plan ("CAP") which granted share options to employees that would vest once certain vesting conditions had been met. I am delighted to announce that subject to Remuneration Committee approval the first award of share options granted under the CAP will vest with the two remaining vesting conditions set at achieving Adjusted EBITDA of £15.0m and £20.0m respectively.

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 12.

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

As we look ahead we see continued opportunities for growth as we increase our geographic footprint, continue to invest in our content sets and leverage our acquisitions. We remain confident that we are well positioned for future growth and we therefore expect to make further progress during 2014.

Mike Danson
Chairman
24 February 2014

Strategic Report

Chief Executive's Report

We continue to make good progress towards achieving our strategic objective of building a scalable, premium business information company. This past year we have recorded strong revenue growth, increased revenues from our Business Intelligence products and continued to invest in our content and delivery platforms. We have also completed the integration of Kable and agreed to acquire Pyramid Research; two acquisitions which complement our business model in the Technology market.

I believe we have set ourselves the right objectives, are following the correct strategy and have in place the foundations for further growth.

Building blocks for growth:
The Group aims to deliver its strategy by focusing on four key areas:

- Focus on global industry verticals such as Consumer and Technology
- Premium Content, where the intellectual property is internally generated and exploited across multiple platforms
- Acquire complementary and strategic fit business assets or companies
- Common systems and processes across the Group, driving efficiencies and margin improvement

Operational Review

Overview

Group revenues and earnings for the year were very much in line with expectations and reflect in part the good progress we have made across a number of areas. I am particularly pleased with the improved revenues within Business Intelligence, the increased level of deferred revenue compared to 2012 and the overall improvement in operating margins.

Business Intelligence revenues continued to grow, with good progress made in both the key Consumer and Technology markets. We secured new client wins in the fast growing economies of Latin America and Asia Pacific, selling to both domestically based and multinational companies. Trading despite some currency volatility in the more mature markets such as North America and Europe also improved.

From a sales headcount perspective we remain under represented in some key geographies which in itself presents an opportunity for the year ahead and beyond.

Events and Marketing revenues were broadly flat on 2012 and fell as a share of Group revenues to 41.1% (2012: 44.1%) which is to be expected given our focus on growing our Business Intelligence revenues. That said, the results are more than satisfactory given the prevailing economic environment and the performance of other companies in this market.

Acquisitions

Kable, which was acquired in 2012, was fully migrated onto our content and delivery platforms during the year. This migration not only allowed us to further invest in Kable's core proposition by increasing its geographic representation, but also let us consolidate all our existing technology products and services onto one platform and under one brand name.

Pyramid Research, which completed on 1 January 2014, is a good strategic fit, operating in high growth markets with both a credible and authoritative brand name. I am optimistic about the opportunities this acquisition will bring to the Group through 2014 and beyond.

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

We have made good progress this year and we are a step closer to achieving our objective of becoming a leading provider of premium business information to the Consumer and Technology markets.

The key objectives for the forthcoming year are:

- Focus on high-quality, subscription based Business Information services and products
- Expand our geographic footprint in high-growth consumer markets, such as China, India, Latin America and Australasia
- Pyramid Research; integration, investment and growth

We are an ambitious company; we set ourselves high standards and challenging goals but more than anything we are a company of hard working, committed and talented people. I would like to thank our staff for their hard work to date and I look forward to working with them over the coming year.

Strategic Report

Chief Executive's Report

Financial Performance

Financially the Group has performed well with improved revenues and earnings.

Financial highlights

- Increased the Group's revenue by 6.3% year on year
- Increased Adjusted EBITDA margins by 3.1% to 20.0%
- Increased profitability at the Adjusted EBITDA level by 26.0%
- Bank debt reduced by £0.5m to £6m (2012: £6.5m)

Continuing operations	**2013 £'000s**	**2012 £'000s**	
Revenue	57,306	53,902	6.3%
Profit before tax	7,148	4,291	
Depreciation	562	732	
Amortisation	1,725	1,930	
Finance costs	311	479	
EBITDA[1]	**9,746**	**7,432**	31.1%
Restructuring costs	392	908	
Property related provisions	(222)	(166)	
Revaluation of short-term derivatives	(24)	(36)	
Share based payments charge	1,127	829	
Exceptional property costs	93	75	
M&A costs	45	17	
Deal costs	154	31	
Exceptional legal costs	141	-	
Adjusted EBITDA[2]	**11,452**	**9,090**	26.0%
Adjusted EBITDA %	20.0%	16.9%	

Note 1: EBITDA: Earnings before interest, tax, depreciation, amortisation and impairment. Includes a charge of £1.1 million for share based payments (2012: £0.8 million).

Note 2: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, 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.

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 all of our KPI metrics.

	Revenue	Adjusted EBITDA	Adjusted EBITDA margin	Deferred Revenue	Net Cash[1]
2013	**£57.3m**	**£11.5m**	**20.0%**	**£14.3m**	**£8.3m**
2012	£53.9m	£9.1m	16.9%	£12.1m	£6.2m
% growth	6.3%	26.0%	3.1%	17.9%	33.7%

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

Earnings per share
Basic earnings per share from continuing operations was 6.69 pence per share (2012: 7.05 pence per share).

Fully diluted earnings per share from continuing operations was 6.29 pence per share (2012: 6.57 pence per share).

Cash flow
The Group generated £11.5 million of Adjusted EBITDA in 2013, which excludes £0.4 million paid in relation to onerous leases and other amounts paid relating to costs that were provided for at the start of the year. Working capital movements reduced the cash generated from continuing operations to an inflow of £3.9 million.

Trade and other receivables were significantly higher than the previous year (£7.5 million), reflecting strong sales towards the end of 2013 in line with expectations. The final instalment of the term loan was paid in October (£0.5 million), leaving outstanding a £6 million revolving capital facility issued by The Royal Bank of Scotland.

Capital expenditure was £0.4 million in 2013 (£0.5 million in 2012). This included £0.1 million on software (£0.3 million in 2012).

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 £3 million, which was not utilised as at 31 December 2013.

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 the year 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.

Simon Pyper
Chief Executive
24 February 2014

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, Workspace, 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 30 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.

Stephen Bradley
Company Secretary
Stephen Bradley is a chartered accountant with sixteen years of experience in the Media and Business Information sectors. Stephen was Finance Director of Butler Group when it was acquired by Datamonitor in January 2005 and was later appointed as Datamonitor's Group Finance Director in July 2007, following its acquisition by Informa. Stephen joined Progressive Digital Media Group in August 2011.

Directors' Report

Corporate Governance Report

The Group is committed to high standards of corporate governance. Whilst the Group does not voluntarily adopt the UK Corporate Governance Code, we have reported on our Corporate Governance arrangements on pages 12 to 15, adopting those aspects of the UK Corporate Governance Code we consider to be relevant to the Group.

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 14 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 2013, the Board met 11 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 2013.

Board meetings during the year:

	Board	Audit Committee	Remuneration Committee
Number of meetings	11	4	1
Peter Harkness	11	4	1
Bernard Cragg	11	4	1
Mark Freebairn	11	3	1
Kelsey van Musschenbroek	10	3	1
Mike Danson	11	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, who joined the Committee in March 2013. 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 page 16. 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, who joined the Committee in March 2013. 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 £3 million, none of which was utilised as at 31 December 2013. 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 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 2013, the Group employed the following number of employees of each gender:

	2013 No.	2012 No.
Male	617	588
Female	305	288
	922	**876**

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

Directors' Interests

Details of the company's share capital are set out in note 22 to the financial statements. As at 24 February 2014, Mike Danson had a beneficial interest of 67.72 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:

	Number of ordinary shares
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 2013. 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 2013. 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. This year we particularly focused on corporate governance. Whilst improvements can still be made, I believe we have made good progress with increased disclosure on governance within the Annual Report and Accounts.

As part of this, we have adopted the enhanced audit report for the 2013 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 external network infrastructure testing
- Visited the finance shared service centre to meet with management to review processes and controls
- Carried out a review of the Group's foreign exchange hedging policy
- Requested that the external auditors integrate a review of the risk register into their audit approach
- Engaged an external firm to review the Group's research quality control processes

External Auditor
The Committee recommends the reappointment of Grant Thornton UK LLP for 2014. 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. Mark Henshaw completed his 5th year in tenure as Audit partner in 2012 and Nicholas Page was appointed as lead Audit partner in 2013.

Bernard Cragg
Chairman of the Audit Committee
24 February 2014

Directors' Report

Directors' Remuneration Report

Unaudited information

The Remuneration Committee

I am pleased to present the Remuneration Committee's report to you for 2013.

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
Executive Directors		
Mike Danson	1 October 2008	12 months
Simon Pyper	25 June 2009	12 months

Directors' emoluments

	Basic salary £'000s	Bonus £'000s	Other benefits £'000s	2013 total £'000s	2012 total £'000s
Non-Executive Directors					
Peter Harkness	30	-	-	30	30
Bernard Cragg	50	-	-	50	30
Mark Freebairn	30	-	-	30	30
Kelsey van Musschenbroek	30	-	-	30	30
Executive Directors					
Mike Danson	50	-	37	87	87
Simon Pyper	240	103	1	344	211

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

Directors' Report

Directors' Remuneration Report (continued)

Directors' emoluments (continued)

As at 31 December 2013 Simon Pyper had 700,000 share options in issue (2012: 700,000). No share options were issued or exercised during the year. 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. 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 targets of £10 million, £15 million and £20 million.

Subject to the approval of the Remuneration Committee, the first award of share options granted under the share option scheme will vest, with the two remaining vesting conditions set at achieving Adjusted EBITDA of £15 million and £20 million respectively.

The total charge recognised for the scheme during the year ended 31 December 2013 was £1.1 million (2012: £0.8 million). The awards of the scheme are settled with ordinary shares of the Company. No options were exercised during the twelve months to 31 December 2013.

By order of the Board

Mark Freebairn
Chairman of the Remuneration Committee
24 February 2014

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 22 April 2014 at John Carpenter House, John Carpenter Street, London EC4Y 0AN at 10am.

On behalf of the Board

Simon Pyper
Chief Executive
24 February 2014

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

We have audited the financial statements of Progressive Digital Media Group Plc for the year ended 31 December 2013 which 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 1 to 27. 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.

In addition, the members have engaged us to expand our auditor's report to include Auditor Commentary providing: an overview of the scope of our audit; our application of the concept of materiality in planning and performing our audit; and the assessed risks of material misstatement that were identified by us and which had the greatest effect on our audit.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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/apb/scope/private.cfm.

Auditor commentary

An overview of the scope of our audit

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 100% 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.

Our application of 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 £576,000, which is approximately 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 determined the threshold at which we will communicate misstatements to the Audit Committee to be £28,800. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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.

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

Revenue recognition
Under ISAs (UK & 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 audit work included, but was not restricted to, an assessment of the methodology and internal control environment surrounding revenue recognition. We performed substantive testing on a sample of sales transactions throughout the period across each of the revenue streams to ensure revenue is recognised in accordance with the contract terms, having considered the principles of the IFRSs as adopted by the EU and the commercial substance of the contracts. Our sales testing also assessed 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. Our substantive testing addressed accrued income and deferred revenue balances.

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

Provision for bad and doubtful debts
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 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 and is highly judgemental. We therefore identified the provision for bad and doubtful debts as a risk requiring special audit consideration.

Our audit work included, but was not restricted to, an assessment of the methodology and internal control environment over the provision for bad and doubtful debts. We assessed the adequacy of the provision for bad and doubtful debts by testing after date cash receipts from customers, testing the age profile of the trade receivables balances. We challenged management's assumptions through a detailed review of significant aged and un-provided for trade receivables balances.

An analysis of the Group's trade receivables at 31 December 2013, including those receivables that are past due but not impaired and the movement on the provision for the impairment of trade receivables are set out in note 15.

Intangibles impairment review
A significant balance on the consolidated balance sheet is intangible assets of £24.8 million, including goodwill of £18.6 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 audit work included, but was not restricted to, assessing the methodology and assumptions used by management. We challenged management's judgements and assumptions used in the impairment model for goodwill, specifically the cash flow projections, discount rates, perpetuity rates and the sensitivity of key assumptions.

Details of the impairment review performed by the group are set out in note 11.

Management override of financial control
Under ISAs (UK & 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 audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA 240 'The Auditors Responsibilities relating to Fraud in an Audit of Financial Statements'. This included tests of journal entries, the evaluation of judgements and assumptions in management's estimates and tests of significant transactions outside the normal course of business. This included a detailed review of related party transactions.

In particular, our work on provision for bad and doubtful debts and the intangibles impairment review addressed key aspects of ISA 240.

Opinion on financial statements
In our opinion the consolidated financial statements:
- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of its profit for the year then ended:
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirement of the Companies Act 2006.

Other reporting responsibilities

Opinion on other matters 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 consolidated financial statements are prepared is consistent with the consolidated financial statements.

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act we are required to report to you if, in our opinion:
- certain disclosures of directors' remuneration by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter
We have reported separately on the parent company financial statements of Progressive Digital Media Group Plc for the year ended 31 December 2013.

Nicholas Page
Senior Statutory Auditor
For And On Behalf Of Grant Thornton UK LLP
Statutory Auditor
Chartered accountants
London
24 February 2014

Consolidated Income Statement

	Notes	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Continuing operations			
Revenue	3	57,306	53,902
Cost of sales		(34,236)	(31,573)
Gross profit		**23,070**	**22,329**
Distribution costs		(910)	(914)
Administrative costs		(12,232)	(14,246)
Other expenses	5	(2,469)	(2,399)
Operating profit	4	**7,459**	**4,770**
Analysed as:			
Adjusted EBITDA[2]		**11,452**	**9,090**
Items associated with acquisitions and restructure of the Group	5	(1,730)	(1,694)
Other adjusting items	5	24	36
EBITDA[1]		**9,746**	**7,432**
Amortisation		(1,725)	(1,930)
Depreciation		(562)	(732)
Operating profit		**7,459**	**4,770**
Finance costs	8	(311)	(479)
Profit before tax from continuing operations		**7,148**	**4,291**
Income tax (expense)/ credit	9	(2,146)	476
Profit for the year from continuing operations		**5,002**	**4,767**
Loss for the year from discontinued operations	25	(498)	(1,814)
Profit for the year		**4,504**	**2,953**
Attributable to:			
Equity holders of the parent		4,487	2,935
Non-controlling interest		17	18
Earnings per share attributable to equity holders from continuing operations:	10		
Basic earnings per share (pence)		6.69	7.05
Diluted earnings per share (pence)		6.29	6.57
Loss per share attributable to equity holders from discontinued operations:			
Basic loss per share (pence)		(0.67)	(2.69)
Diluted loss per share (pence)		(0.63)	(2.51)
Total basic earnings per share (pence)		6.02	4.36
Total diluted earnings per share (pence)		5.66	4.06

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

1 EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment.
2 We define Adjusted EBITDA as EBITDA adjusted for costs associated with acquisitions, integration, restructure of the Group, share based payments 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.

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Profit for the year	4,504	2,953
Other comprehensive income		
Items that will be classified subsequently to profit or loss:		
Translation of foreign entities	15	18
Other comprehensive income, net of tax	15	18
Total comprehensive income for the year	**4,519**	**2,971**
Attributable to:		
Equity holders of the parent	4,502	2,953
Non-controlling interest	17	18

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

Consolidated Statement of Financial Position

	Notes	31 December 2013 £'000s	31 December 2012 £'000s
Non-current assets			
Property, plant and equipment	12	831	1,164
Intangible assets	11	24,807	26,383
Deferred tax assets	16	1,490	2,327
		27,128	**29,874**
Current assets			
Inventories	14	155	180
Trade and other receivables	15	24,877	17,354
Short-term derivative assets	13	6	-
Cash and cash equivalents		14,178	12,497
		39,216	**30,031**
Total assets		**66,344**	**59,905**
Current liabilities			
Trade and other payables	17	(26,763)	(25,274)
Short-term borrowings	18	-	(500)
Current tax payable		(917)	(419)
Short-term derivative liabilities	13	-	(18)
Short-term provisions	20	(644)	(665)
		(28,324)	**(26,876)**
Non-current liabilities			
Long-term provisions	20	(58)	(679)
Long-term borrowings	18	(5,851)	(5,767)
		(5,909)	**(6,446)**
Total liabilities		**(34,233)**	**(33,322)**
Net assets		**32,111**	**26,583**
Equity			
Share capital	22	153	153
Share premium account		-	71,368
Other reserve		(37,128)	(37,128)
Special reserve		48,422	-
Foreign currency translation reserve		40	25
Retained profit/ (loss)		20,508	(7,942)
Equity attributable to equity holders of the parent		**31,995**	**26,476**
Non-controlling interest		116	107
Total equity		**32,111**	**26,583**

These financial statements were approved by the board of directors on 24 February 2014 and signed on its behalf by:

Michael Danson
Chairman

Simon Pyper
Managing Director

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

Company Number - 3925319

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Other reserve	Special reserve	Foreign currency translation reserve	Retained profit/ (loss)	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2012	**207**	**44,257**	**(37,128)**	**-**	**7**	**(12,010)**	**(4,667)**	**97**	**(4,570)**
Profit for the year	-	-	-	-	-	2,935	**2,935**	18	**2,953**
Other comprehensive income:									
Translation of foreign entities	-	-	-	-	18	-	**18**	-	**18**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**18**	**2,935**	**2,953**	**18**	**2,971**
Transactions with owners:									
Issue of share capital	15	27,042	-	-	-	-	**27,057**	-	**27,057**
Transfer between reserves	(69)	69	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	-	-	-	**-**	(8)	**(8)**
Share based payments charge	-	-	-	-	-	829	**829**	-	**829**
Excess deferred tax on share based payments	-	-	-	-	-	304	**304**	-	**304**
Balance at 31 December 2012	**153**	**71,368**	**(37,128)**	**-**	**25**	**(7,942)**	**26,476**	**107**	**26,583**
Profit for the year	-	-	-	-	-	4,487	**4,487**	17	**4,504**
Other comprehensive income:									
Translation of foreign entities	-	-	-	-	15	-	**15**	-	**15**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**15**	**4,487**	**4,502**	**17**	**4,519**
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)**
Balance at 31 December 2013	**153**	**-**	**(37,128)**	**48,422**	**40**	**20,508**	**31,995**	**116**	**32,111**

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

Consolidated Statement of Cash Flows

	Year to 31 December 2013 £'000s	Year to 31 December 2012 £'000s
Continuing operations		
Cash flows from operating activities		
Profit for the year from continuing operations	5,002	4,767
Adjustments for:		
Depreciation	562	732
Amortisation	1,725	1,930
Finance costs	311	479
Taxation recognised in profit or loss	2,146	(476)
Loss on disposal of property, plant and equipment	8	-
Share based payments charge	1,127	829
Increase in trade and other receivables	(7,511)	(1,117)
Decrease/ (increase) in inventories	25	(101)
Increase/ (decrease) in trade payables	1,181	(23)
Revaluation of short-term derivatives	(24)	(36)
Movement in provisions	(642)	(634)
Cash generated from continuing operations	**3,910**	**6,350**
Interest paid (continuing operations)	(214)	(408)
Income taxes paid (continuing operations)	(623)	(103)
Net cash from operating activities (continuing operations)	**3,073**	**5,839**
Net decrease in cash and cash equivalents from discontinued operations	(498)	(1,306)
Total cash flows from operating activities	**2,575**	**4,533**
Cash flows from investing activities		
Acquisition of Kable	-	(2,300)
Purchase of property, plant and equipment	(237)	(207)
Purchase of intangible assets	(149)	(271)
Net cash used in investing activities	**(386)**	**(2,778)**
Cash flows from financing activities		
Proceeds from capitalisation of debt	-	8,000
Proceeds from placement of shares	-	19,057
Repayment of short-term borrowings	(500)	-
Repayment of long-term borrowings	-	(17,269)
Dividends paid to non-controlling interests	(8)	(8)
Net cash (used in)/ generated from financing activities	**(508)**	**9,780**
Net increase in cash and cash equivalents	**1,681**	**11,535**
Cash and cash equivalents at beginning of year	12,497	962
Cash and cash equivalents at end of year	**14,178**	**12,497**

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 3925319.

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 property provisions, valuation of acquired intangible assets, provisions for share based payments and the provision for bad debts.

Property provisions
The onerous lease and dilapidations property provisions require an estimate to be made of the net present value of the future costs of vacant and sublet properties. The calculation includes estimates of future cost involved, including management's estimates of the long-term letting potential of the properties, future rental income, market rents, periods of vacancy and the level of incentives required to sub-let vacant properties. Details of the provisions are provided in note 20.

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, 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.

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 £3 million, none of which was utilised as at 31 December 2013. Based on cash flow projections the Group considers the existing financing facilities to be adequate to meet short-term commitments.

In October 2011, the Group refinanced its debt position. A £6 million term loan and a £6 million revolving capital facility were issued by The Royal Bank of Scotland. As at 1 January 2013, £0.5 million of the term loan was outstanding. This was fully repaid on 15 October 2013 in accordance with the original repayment terms. As at 31 December 2013, the £6.0 million revolving capital facility was outstanding and is repayable in 2015. Interest is charged on the outstanding loan at a rate of 2.75% over the London Interbank Offered Rate.

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 2013. Management have reviewed forecasted cash flows and there is no indication that there will be any breach in the next 12 months.

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 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 2013 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 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)

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
- 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.

e) Property, plant and equipment (continued)

The asset classes are depreciated over the following periods:

- Fixtures, fittings and equipment – over 3 to 5 years
- Motor vehicles – over 5 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 cost of the acquisition 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, 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 over their estimated useful lives of three to ten years for customer relationships and twenty years for IP rights, on a straight-line basis. 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. 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 balance sheet 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 balance sheet 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 Pounds Sterling which is the presentational currency of the Group.

Foreign currency transactions are expressed in 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 balance sheet 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 balance sheet 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.

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. Subsequent to initial recognition financial instruments are measured as described below.

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.

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

o) 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.

p) 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 balance sheet date.

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

q) Share based payments
The share based payments charge is the fair value of the employee services received in exchange for the grant of the options and awards. The share based payments charge is recognised as an expense in the income statement.

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 2013 £'000s	Year ended 31 December 2012 £'000s
Business Intelligence	33,758	30,117
Events and Marketing	23,548	23,785
Total Business Information Revenue	**57,306**	**53,902**
Business Information Adjusted EBITDA	**11,452**	**9,090**
Other expenses (see note 5)	(2,469)	(2,399)
Depreciation	(562)	(732)
Amortisation (excluding amortisation of acquired intangible assets)	(962)	(1,189)
Finance costs	(311)	(479)
Profit before tax from continuing operations	**7,148**	**4,291**

Geographical analysis

From continuing operations

Year ended 31 December 2013	UK £'000s	Europe £'000s	Rest of World £'000s	Total £'000s
Revenue from external customers	19,037	20,502	17,767	**57,306**

Year ended 31 December 2012	UK £'000s	Europe £'000s	Rest of World £'000s	Total £'000s
Revenue from external customers	17,622	20,007	16,273	**53,902**

4. Operating profit

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

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Depreciation of property, plant and equipment	562	732
Amortisation of intangible assets	1,725	1,930
Loss on foreign exchange	231	286
Operating lease expense – land and buildings	1,670	1,728
Operating lease expense – other	35	62
Auditor's remuneration	144	136

Auditor's remuneration

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Audit of the Company's and the consolidated financial statements	33	33
Audit of subsidiary companies' financial statements	75	75
Audit-related assurance services	36	28
	144	**136**

5. Other expenses

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Restructuring costs	392	908
Property related provisions	(222)	(166)
Exceptional property costs	93	75
Exceptional legal costs	141	-
Deal costs	154	31
M&A costs	45	17
Share based payments charge	1,127	829
Items associated with acquisitions and restructure of the Group	**1,730**	**1,694**
Revaluation of short-term derivatives	(24)	(36)
Amortisation of acquired intangibles	763	741
Total other expenses	**2,469**	**2,399**

- Restructuring costs relate to redundancies made during the year that were announced prior to 31 December 2013.
- 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 loans issued by the Royal Bank of Scotland in 2011 and costs incurred in relation to the capital reduction during 2013 (see note 22).
- The share based payments charge relates to the share option scheme (see note 23).
- The M&A costs relate to due diligence and corporate finance activity during the year.
- The revaluation of short-term derivatives relates to movement in the fair value of the short-term derivatives detailed in note 13.

6. Particulars of employees

Employee benefit expense

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Wages and salaries	28,013	26,169
Social security costs	2,309	2,086
Pension costs	342	371
	30,664	**28,626**

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 2013 No.	Year ended 31 December 2012 No.
Sales and administrative staff	918	863

7. Key management compensation

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Short-term employee benefits	1,224	1,361
Share based payments	359	256
	1,583	**1,617**

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the Directors' Remuneration Report on pages 16 to 17.

8. Finance income and costs

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Bank interest charge/ (credit)	9	(23)
Loan interest	298	501
Other interest	4	1
	311	**479**

9. Income tax

Income statement	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Current income tax:		
Current income tax	(1,278)	(267)
Adjustments in respect of prior years	(141)	144
	(1,419)	(123)
Deferred income tax:		
Excess of depreciation over capital allowances on property, plant and equipment and intangible assets	(15)	52
Deferred tax on acquired intangibles	156	164
Utilisation of losses	(1,075)	(660)
Change in corporation tax rate	(178)	(162)
Deferred tax on share based payments	302	294
Adjustments in respect of prior years	83	911
	(727)	599
Total income tax (charge)/ credit in income statement	**(2,146)**	**476**

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

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Profit on ordinary activities before tax	7,148	4,291
Tax at the UK corporation tax rate of 23.25% (2012: 24.5%)	(1,662)	(1,051)
Effects of:		
Adjustments in respect of prior years	(58)	1,015
Utilisation of losses not previously recognised for deferred tax	6	162
Recognition of losses previously not recognised for deferred tax	-	408
Recognition of ACA's not previously recognised for deferred tax	-	11
Deferred tax on share based payments	40	68
Income not taxable	13	-
Expenses not deductible for tax	(132)	(130)
Overseas tax not at a standard rate	(28)	(33)
Change in corporation tax rate	(178)	(162)
Losses surrendered from discontinued business for nil consideration	-	319
Unprovided deferred tax	(147)	(131)
	(2,146)	**476**

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. Following the consolidation and sub-division of shares, as discussed in note 22, the earnings per share calculations and their comparatives have been restated. 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:

Continuing operations	**Year ended 31 December 2013**	**Year ended 31 December 2012**
Basic		
Profit for the year attributable to ordinary shareholders from continuing operations (£'000s)	5,002	4,767
Less minority interest (£'000s)	(17)	(18)
Profit for the year attributable to ordinary shareholders of the parent company (£'000s)	4,985	4,749
Weighted average number of shares (000s)	74,487	67,327
Basic earnings per share (pence)	6.69	7.05
Diluted		
Profit for the year attributable to ordinary shareholders of the parent company (£'000s)	4,985	4,749
Weighted average number of shares (000s)	79,262	72,258
Diluted earnings per share (pence)	6.29	6.57
Discontinued operations		
Basic		
Loss for the year attributable to ordinary shareholders of the parent company (£'000s)	(498)	(1,814)
Weighted average number of shares (000s)	74,487	67,327
Basic loss per share (pence)	(0.67)	(2.69)
Diluted		
Loss for the year attributable to ordinary shareholders of the parent company (£'000s)	(498)	(1,814)
Weighted average number of shares (000s)	79,262	72,258
Basic loss per share (pence)	(0.63)	(2.51)
Total		
Basic		
Profit for the year attributable to ordinary shareholders of the parent company (£'000s)	4,487	2,935
Weighted average number of shares (000s)	74,487	67,327
Basic earnings per share (pence)	6.02	4.36
Diluted		
Profit for the year attributable to ordinary shareholders of the parent company (£'000s)	4,487	2,935
Weighted average number of shares (000s)	79,262	72,258
Diluted earnings per share (pence)	5.66	4.06

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

	31 December 2013 No'000s	**31 December 2012 No'000s**
Basic weighted average number of shares	74,487	67,327
Share options in issue at end of year	4,775	4,931
Diluted weighted average number of shares	**79,262**	**72,258**

11. Intangible assets

	Software £'000s	Customer relationships £'000s	IP rights £'000s	Goodwill £'000s	Total £'000s
Cost					
As at 1 January 2012	5,205	10,334	11,902	25,777	**53,218**
Additions	406	705	-	2,222	**3,333**
Disposals	(48)	-	-	-	**(48)**
As at 31 December 2012	**5,563**	**11,039**	**11,902**	**27,999**	**56,503**
Additions	149	-	-	-	**149**
Disposals	(1,718)	-	-	-	**(1,718)**
As at 31 December 2013	**3,994**	**11,039**	**11,902**	**27,999**	**54,934**
Amortisation					
As at 1 January 2012	(2,322)	(8,283)	(8,147)	(9,360)	**(28,112)**
Charge for the year	(1,020)	(307)	(628)	-	**(1,955)**
Disposals	47	-	-	-	**47**
Impairment	(100)	-	-	-	**(100)**
As at 31 December 2012	**(3,395)**	**(8,590)**	**(8,775)**	**(9,360)**	**(30,120)**
Charge for the year	(893)	(307)	(525)	-	**(1,725)**
Disposals	1,718	-	-	-	**1,718**
As at 31 December 2013	**(2,570)**	**(8,897)**	**(9,300)**	**(9,360)**	**(30,127)**
Net book value					
As at 31 December 2013	**1,424**	**2,142**	**2,602**	**18,639**	**24,807**
As at 31 December 2012	2,168	2,449	3,127	18,639	**26,383**

Included in the above table, is an impairment of £nil (2012: £100,000) and amortisation of £nil (2012: £25,000), 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 2013 £'000s	31 December 2012 £'000s
Other Business Information	8,844	8,844
Canadean	7,573	7,573
Kable	2,222	2,222
	18,639	**18,639**

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.

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:

	2013			2012		
	Canadean	Kable	Other BI	Canadean	Kable	Other BI
Increase in sales (for years 1 to 5)	4.00%	4.00%	3.00 %	3.00%	3.00%	3.00%
Increase in costs (for years 1 to 5)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Discount rate	7.00%	7.50%	7.73%	7.99%	7.99%	7.99%
Terminal growth rate	2.25%	2.25%	2.25%	2.25%	2.25%	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. Therefore, management have assessed the business risk within the Canadean brand to be lower than the Group as a whole. This has been reflected in the lower discount rate used compared to the Group rate. Management have assumed the Canadean revenue growth rate to be 4% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

It is noted that the use of different assumptions to the rest of the Group is not a decisive factor for the CGU to show headroom. To trigger an indication of impairment, revenue would need to decline by 1% each year whilst costs increased by 3%. The discount rate would need to rise to 21% 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 2013. Based upon the current forecasts for Canadean, no impairment has been highlighted.

The recoverable amount exceeds the CGU's net assets by £42.6 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 and therefore management have assessed a slightly higher risk factor than Canadean, but still lower than the rest of the Group.

Management have assumed the Kable revenue growth rate to be 4% in the short term based upon historical growth rates, which will then fall in line with the Group's terminal growth rate.

It is noted that the use of different assumptions to the rest of the Group is not a decisive factor for the CGU to show headroom. To trigger an indication of impairment, revenue would need to decline by 2.5% each year whilst costs increased by 3%. The discount rate would need to rise to 24% 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 2013. Based upon the current forecasts for Kable, no impairment has been highlighted.

The recoverable amount exceeds the CGU's net assets by £12.1 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 Group 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 2013. Based upon the current forecasts for Other Business Information, no impairment has been highlighted.

To trigger an indication of impairment, revenue would need to remain flat each year whilst costs increased by 3%. The discount rate would need to rise to 22.5% before an impairment indication was noted.

The recoverable amount exceeds the CGU's net assets by £128.5 million.

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.

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	Total £'000s
Cost			
As at 1 January 2012	3,729	15	**3,744**
Additions	207	-	**207**
Disposals	(444)	-	**(444)**
As at 31 December 2012	3,492	15	**3,507**
Additions	237	-	**237**
Disposals	(539)	-	**(539)**
As at 31 December 2013	**3,190**	**15**	**3,205**
Depreciation			
As at 1 January 2012	(2,017)	(15)	**(2,032)**
Charge for the year	(746)	-	**(746)**
Disposals	435	-	**435**
As at 31 December 2012	(2,328)	(15)	**(2,343)**
Charge for the year	(562)	-	**(562)**
Disposals	531	-	**531**
As at 31 December 2013	**(2,359)**	**(15)**	**(2,374)**
Net book value			
As at 31 December 2013	**831**	**-**	**831**
As at 31 December 2012	1,164	-	1,164

Included in the table above is depreciation of £nil (2012: £14,000) in relation to discontinued operations.

13. Derivative assets and liabilities

	31 December 2013 £'000s	31 December 2012 £'000s
Short-term derivative assets/ (liabilities)	6	(18)
	6	**(18)**

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 £24,000 (2012: £36,000).

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:	Indian Rupee INR'000
31 December 2014	175,500

14. Inventories

	31 December 2013 £'000s	31 December 2012 £'000s
Raw materials	77	79
Work in progress	78	101
	155	**180**

15. Trade and other receivables

	31 December 2013 £'000s	31 December 2012 £'000s
Trade receivables	19,845	13,396
Prepayments and accrued income	1,960	1,564
Other receivables	1,674	1,620
Related party receivables (note 27)	1,398	774
	24,877	**17,354**

The contractual value of trade receivables is £20.7 million (2012: £15.5 million). Their carrying value is assessed to be £19.8 million (2012: £13.4 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-interesting bearing.

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

	31 December 2013 £'000s	31 December 2012 £'000s
Not overdue	15,682	10,520
Not more than 3 months overdue	1,797	2,450
More than 3 months but not more than 1 year	2,366	426
	19,845	**13,396**

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

	31 December 2013 £'000s	31 December 2012 £'000s
Pounds Sterling	12,530	9,668
US Dollar	4,478	3,271
Euro	3,404	2,265
Australian Dollar	255	306
	20,667	**15,510**

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

	£'000s
At 31 December 2012	2,114
Provision for receivables impairment	824
Receivables written off during the year as uncollectable	(2,116)
At 31 December 2013	**822**

The creation and release of provision for impaired receivables have been included within revenue in the income statement.

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

The maximum exposure to credit risk at 31 December 2013 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 2013 £'000s	31 December 2012 £'000s
Balance brought forward	2,327	1,128
(Charged)/ credited to profit and loss account	(549)	1,057
Deferred tax recognised directly in reserves in relation to share based payments	(110)	304
Change in rate	(178)	(162)
Balance carried forward	**1,490**	**2,327**

The provision for deferred taxation consists of the tax effect of temporary differences in respect of:		
Intangible assets purchased	355	217
Excess of tax allowances over depreciation on fixed assets	200	269
Deferred tax on share based payments	860	783
Trading losses	75	1,058
Balance carried forward	**1,490**	**2,327**

As at 31 December 2013, the utilisation of the deferred tax asset relating to tax losses is dependent on future taxable profits of approximately £0.3 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 2013 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 £0.9 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 2013 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 2013 £'000s	31 December 2012 £'000s
Trade payables	6,593	7,623
Other taxation and social security	2,489	2,635
Accruals and deferred income	17,681	15,016
	26,763	**25,274**

18. Borrowings

	31 December 2013 £'000s	31 December 2012 £'000s
Current		
Long-term loans due within one year	-	500
	-	**500**
Non-current		
Long-term loan	**5,851**	**5,767**

Current
The Group currently has a £3.0 million overdraft facility, which was not drawn down upon at 31 December 2013. Interest is charged on the overdraft at 2.5% over the London Interbank Offered Rate.

Non-current
£12 million loan provided by The Royal Bank of Scotland

In October 2011, the Group refinanced its debt position. A £6.0 million term loan and a £6.0 million revolving capital facility were issued by The Royal Bank of Scotland.

As at 1 January 2013, £0.5m of the term loan was outstanding. This was fully repaid on 15 October 2013 in accordance with the original repayment terms.

As at 31 December 2013, the £6.0 million revolving capital facility (RCF) was outstanding and is repayable in 2015. Interest is charged on the outstanding loan at a rate of 2.75% over the London Interbank Offered Rate.

Non-current borrowings can be reconciled as follows

	31 December 2013 £'000s	31 December 2012 £'000s
RCF issued by The Royal Bank of Scotland	6,000	6,000
Capitalised fees, net of amortised amount	(149)	(233)
	5,851	**5,767**

19. Financial assets and liabilities

The Group is exposed to foreign currency, interest rate, liquidity, credit and market 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 2013	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
Current assets				
Cash	-	14,178	-	**14,178**
Short-term derivative assets	6	-	-	**6**
Trade receivables	-	19,845	-	**19,845**
Other receivables	-	1,674	-	**1,674**
Related party receivables	-	1,398	-	**1,398**
	6	**37,095**	**-**	**37,101**
Current liabilities				
Trade accounts payable	-	-	(6,593)	**(6,593)**
Accruals	-	-	(3,391)	**(3,391)**
	-	**-**	**(9,984)**	**(9,984)**
Non-current liabilities				
Long-term debt	-	-	(5,851)	**(5,851)**
	-	**-**	**(5,851)**	**(5,851)**

31 December 2012	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
Current assets				
Cash	-	12,497	-	**12,497**
Trade receivables	-	13,396	-	**13,396**
Other receivables	-	1,620	-	**1,620**
Related party receivables	-	774	-	**774**
	-	**28,287**	**-**	**28,287**
Current Liabilities				
Trade accounts payable	-	-	(7,623)	**(7,623)**
Short-term derivative liabilities	(18)	-	-	**(18)**
Short-term debt	-	-	(500)	**(500)**
Accruals	-	-	(2,888)	**(2,888)**
	(18)	**-**	**(11,011)**	**(11,029)**
Non-current liabilities				
Long-term debt	-	-	(5,767)	**(5,767)**
	-	**-**	**(5,767)**	**(5,767)**

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 overleaf is inclusive of the projected interest payments in accordance with IFRS 7 (interest on long-term debt £343,908).

	Less than 1 month £'000s	1 to 3 months £'000s	3 months to 1 year £'000s	1 to 5 years £'000s	Total £'000s
Current liabilities					
Trade accounts payable	(2,190)	(4,403)	-	-	**(6,593)**
Accruals	-	(3,391)	-	-	**(3,391)**
Non-current liabilities					
Long-term debt	-	-	-	(6,344)	**(6,344)**
	(2,190)	**(7,794)**	**-**	**(6,344)**	**(16,328)**

Reclassifications
There have been no reclassifications between financial instrument categories during the years ended 31 December 2013 and 31 December 2012.

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 2013. 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 2013, 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:

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

31 December 2012	USD £'000s	EUR £'000s	Other £'000s	Total £'000s
Exposures				
Cash	223	363	137	**723**
Trade receivables	3,271	2,264	-	**5,535**
Trade accounts payable	(180)	(14)	-	**(194)**
Short-term derivative liabilities	3	(21)	-	**(18)**
Net balance sheet exposure	**3,317**	**2,592**	**137**	**6,046**

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

As at 31 December 2013 a movement of 10% in Sterling would impact the income statement as detailed in the table below:

	10% decrease		10% increase	
	2013 £'000s	**2012 £'000s**	**2013 £'000s**	**2012 £'000s**
Impact on Net earnings before income tax:				
USD	(854)	(434)	505	207
EUR	(388)	(278)	447	237
	(1,242)	**(712)**	**952**	**444**

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 floating rate overdraft and the £6 million in 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	
	2013 £'000s	**2012 £'000s**	**2013 £'000s**	**2012 £'000s**
Impact on:				
Net earnings before income tax	60	65	(60)	(65)

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 £3 million overdraft facility; none of which was utilised at 31 December 2013 (2012: £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 2013, the Group has a revolving credit facility of £6 million outstanding with the Royal Bank of Scotland which is repayable in 2015.

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.

£37.1 million of the Group's assets are subject to credit risk (31 December 2012: £28.3 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.

Capital risk management

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.

20. Provisions

The movement in the provisions is as follows:

	Onerous leases £'000s	Dilapidations £'000s	Other £'000s	Total £'000s
At 1 January 2012	1,361	393	224	**1,978**
Increase in provision	34	57	211	**302**
Utilised	(482)	4	(201)	**(679)**
Release of unutilised provision	(257)	-	-	**(257)**
At 31 December 2012	**656**	**454**	**234**	**1,344**
Increase in provision	29	48	100	**177**
Utilised	(300)	(43)	(121)	**(464)**
Release of unutilised provision	(208)	(90)	(57)	**(355)**
At 31 December 2013	**177**	**369**	**156**	**702**
Current:	177	311	156	**644**
Non-current:	-	58	-	**58**

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 2013 the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fell due as follows:

	31 December 2013 £'000s	31 December 2012 £'000s
Land and buildings		
Within 1 year	2,436	2,527
Within 2 to 5 years	7,108	7,601
Over 5 years	23,649	24,801
	33,193	**34,929**
Other		
Within 1 year	44	39
Within 2 to 5 years	47	80
	91	**119**

The Group sub-lets certain areas of its property portfolio. As at 31 December 2013, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	31 December 2013 £'000s	31 December 2012 £'000s
Land and buildings		
Within 1 year	616	735
Within 2 to 5 years	641	1,014
Over 5 years	347	641
	1,604	**2,390**

22. Equity

Share capital

At the Annual General Meeting on 24 April 2013, shareholders approved the consolidation and sub-division of the Group's ordinary shares, which took effect on 25 April 2013.

Ordinary shares were consolidated on the basis of 1 consolidated ordinary share of 10 pence for every 1,000 existing ordinary shares of 0.01 pence each, immediately followed by a sub-division of the consolidated ordinary shares on the basis of 140 new ordinary shares for each consolidated ordinary share. The overall result of the consolidation and sub-division was that every 1,000 existing ordinary shares of 0.01 pence were consolidated and sub-divided into 140 new ordinary shares of 1/14th pence.

Following the consolidation and sub-division of shares, the number of share options and their comparatives have been restated accordingly in note 23.

Allotted, called up and fully paid:	**31 December 2013**		**31 December 2012**	
	No '000s	**£'000s**	**No '000s**	**£'000s**
Ordinary shares at 1 January (£0.0001)	532,048	**53**	376,492	**107**
Issued in the year	-	**-**	155,556	**15**
Transfer to share premium	-	**-**	-	**(69)**
Sub-division of ordinary share capital	(532,048)	**(53)**	-	**-**
Ordinary shares c/f 31 December (£0.0001)	-	**-**	532,048	**53**
Ordinary shares at 1 January (1/14th pence)	-	**-**	-	**-**
Sub-division of ordinary share capital	74,487	**53**	-	**-**
Ordinary shares c/f 31 December (1/14th pence)	74,487	**53**	-	**-**
Deferred shares of £1.00 each	100	**100**	100	**100**
	74,587	**153**	**532,148**	**153**

Capital management

The capital structure of the Group consists of equity attributable to the equity holders of the parent, comprising issued share capital, share premium, retained earnings and cash and borrowings.

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.

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 objective of the CAP Share Incentive Scheme is to encourage employee share ownership and to link employees' remuneration to the performance of the company. It is not designed as a means of managing capital.

In respect of cash and borrowings the Board regularly monitors the ratio of net debt to Adjusted EBITDA, the working capital requirements and forecasted cash flows, however no minimum or maximum ratios are set.

Based on this analysis, the Board determines the appropriate return to equity holders whilst ensuring sufficient capital is retained within the Group to meet its strategic objectives, including but not limited to, acquisition opportunities.

These capital management policies have remained unchanged from the prior year.

The below table shows the capital reduction transactions in the parent company:

	Share capital £'000s	Share premium £'000s	Other reserve £'000s	Share based payments £'000s	Retained loss £'000s	Special reserve £'000s	Total equity £'000s
Balance at 1 January 2013	**153**	**71,393**	**7,174**	**1,986**	**(22,971)**	**-**	**57,735**
Capital reduction	-	(71,393)	-	-	22,971	48,422	-
Loss to 31 December 2013	-	-	-	-	(634)	-	(634)
Share based payments charge	-	-	-	1,127	-	-	1,127
Balance at 31 December 2013	**153**	**-**	**7,174**	**3,113**	**(634)**	**48,422**	**58,228**

Details of employee share schemes are set out in note 23. Only share options have been issued under the share scheme and no share rights are attached to those options until the option has been exercised and converted into an ordinary share.

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 Acts 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 reserve

The other reserve consists 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 Black-Scholes model and take into account factors specific to the share option scheme, such as the vesting period.

Following the consolidation and sub-division of shares, as discussed in note 22, the number of share options and their comparatives have been restated.

The following assumptions were used in the valuation:

Award tranche	**Award 1**	**Award 2**	**Award 3**
Grant date	1 January 2011	1 August 2011	1 May 2012
Fair value of share price at date of grant	£1.09	£1.32	£1.87
Volatility	15%	0%	15%
Weighted average of remaining contractual life	1.67	1.67	1.67

The volatility 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.

The total charge recognised for the scheme during the twelve months to 31 December 2013 was £1,127,000 (2012: £828,907). The awards of the scheme are settled with ordinary shares of the Company. No options were exercised during the twelve months to 31 December 2013.

Information regarding options granted under the share option scheme is as follows:

	Option price (pence)	Number of options
31 December 2012	1/14th	4,931,150
Granted	1/14th	-
Forfeited	1/14th	(156,100)
31 December 2013	**1/14th**	**4,775,050**

The following table summarises the Group's share options outstanding at 31 December 2013:

Period granted	Options outstanding	Option price (pence)	Remaining life (years)
1 January 2011 – 31 December 2011	5,004,300	1/14th	3.7
1 January 2012 – 31 December 2012	4,931,150	1/14th	4.3
1 January 2013 – 31 December 2013	4,775,050	1/14th	3.3

Subject to Remuneration Committee approval, the first tranche of share options will vest during 2014.

24. Capital commitments

There were no capital commitments at 31 December 2013 (2012: £nil).

25. Discontinued operations

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

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

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Discontinued operations		
Revenue	(294)	(566)
Cost of sales	(1)	(675)
Gross loss	**(295)**	**(1,241)**
Administrative costs	(280)	(737)
Other income/ (expenses)	77	(125)
Operating loss from discontinued operations	**(498)**	**(2,103)**
Finance costs	-	(6)
Loss before tax from discontinued operations	**(498)**	**(2,109)**
Income tax credit	-	295
Loss for the year from discontinued operations	**(498)**	**(1,814)**

b) Loss before tax

This is arrived after charging:	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Depreciation	-	14
Amortisation of acquired intangibles	-	25
Impairment of intangible asset	-	100

c) Cash flows from discontinued operations

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Cash flows from operating activities	(498)	(1,306)
Cash outflows from discontinued operations	**(498)**	**(1,306)**

26. Post balance sheet events

Acquisition of 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 Information and Communications Technology (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
Intellectual property	-	239	239
Customer relationships	-	758	758
Net assets acquired	47	-	47
Fair value of net assets acquired	**47**	**1,048**	**1,095**

Cash consideration	2,006
Less net assets acquired	(1,095)
Goodwill	**911**

Due to the proximity of the acquisition to the year end, in line with the provisions of IFRS 3, further fair value adjustments may be required within the year ended 31 December 2014. Any further fair value adjustments will result in an adjustment to the goodwill balance reported above.

In 2013 Pyramid Research had revenues of £2.7m and a contribution of £0.2m.

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.

27. Related party transactions

Mike Danson, Progressive Digital Media Group's Chairman, owns 67.72% of the Company's ordinary shares as at 24 February 2014. Mike Danson owns a number of businesses that interact with Progressive Digital Media Group. The principal transactions 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). During 2012, the rental expense charged by Estel Property Investments included costs in relation to related party companies. This element (£391,700) was recharged based upon the proportional occupancy of the buildings. During 2013, the rental expense charged by Estel Property Investments related solely to Progressive Digital Media Group companies therefore no recharge was required. The total rental expense in relation to the buildings owned by Estel Property Investments for the year ended 31 December 2013 was £1,696,300 (2012: £2,251,600, excluding a recharge of £391,700 to the other companies occupying the buildings).

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 ended 31 December 2013 was £785,900 (2012: £1,284,400).

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 2013 is £0.2 million (2012: £0.4 million).

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 2013 £'000s	**31 December 2012 £'000s**
Global Data Ltd	(78)	(99)
Global Data Publications Inc	67	28
World Marketing Intelligence Ltd	1,139	2,250
New Statesman Ltd	2,541	2,337
Progressive Media International Ltd	674	490
Estel Property Investments Ltd	(4,462)	(4,789)
Estel Property Investments No.2 Ltd	291	291
Estel Property Investments No.3 Ltd	(832)	(911)
Elite Luxury Publishing Inc	975	522
Spears Ltd	285	276
Progressive Media Publishing Ltd	2	2
Progressive Innovations Ltd	(3)	(3)
Progressive Global Media Ltd	13	13
Progressive Customer Publishing Ltd	709	367
Progressive Media International Middle East FZ LLC	66	-
Financial News Publishing Ltd	(5)	-
Progressive Global Markets Korea Ltd	13	-
Knowledge Pool Ltd	3	-
	1,398	**774**

The company has right of set off over these amounts.

Subsidiary undertakings

Subsidiary undertaking	Country of registration	Holding	%	Principal activity
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 (formerly ID Factor 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%	Holding company
AffiliateFuture Incorporated*	United States	Ordinary shares	100%	Performance advertising
Viajes Xiana SL*	Spain	Ordinary shares	100%	Performance advertising
Progressive Media Group Limited*	England & Wales	Ordinary shares	100%	Business Information
Dewberry Redpoint Limited*	England & Wales	Ordinary shares	100%	Business Information
Office Solutions Media Limited*	England & Wales	Ordinary shares	75%	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
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 (formerly Net Resources International Ltd)*	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 2013 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 18, 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/apb/scope/private.cfm.

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 2013;
- 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 2013.

Nicholas Page
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
24 February 2014

Company Statement of Financial Position

	Notes	31 December 2013 £'000s	31 December 2012 £'000s
Non-current assets			
Property, plant and equipment	5	351	381
Intangible assets	4	284	298
Investments	6	50,580	49,453
		51,215	**50,132**
Current assets			
Trade and other receivables	7	18,382	26,096
Short-term derivatives	8	6	-
Cash and cash equivalents		9,516	8,710
		27,904	**34,806**
Total assets		**79,119**	**84,938**
Current liabilities			
Trade and other payables	9	(14,982)	(20,862)
Short-term derivatives	8	-	(18)
Short-term borrowings	11	-	(500)
		(14,982)	**(21,380)**
Non-current liabilities			
Long-term provisions	10	(58)	(56)
Long-term borrowings	11	(5,851)	(5,767)
		(5,909)	**(5,823)**
Total liabilities		**(20,891)**	**(27,203)**
Net assets		**58,228**	**57,735**
Equity			
Share capital		153	153
Share premium account		-	71,393
Other reserve		7,174	7,174
Special reserve		48,422	-
Share based payments reserve		3,113	1,986
Retained loss		(634)	(22,971)
Equity attributable to equity holders		**58,228**	**57,735**

These financial statements were approved by the board of directors on 24 February 2014 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 Statement of Changes in Equity

	Share capital	Share premium account	Other reserve	Share based payment reserve	Special reserve	Retained loss	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2012	**207**	**44,282**	**7,174**	**1,157**	**-**	**(27,835)**	**24,985**
Profit for the year	-	-	-	-	-	4,864	4,864
Transactions with owners:							
Issue of share capital	15	27,042	-	-	-	-	27,057
Share based payments charge	-	-	-	829	-	-	829
Transfer between reserves	(69)	69	-	-	-	-	-
Balance at 31 December 2012	**153**	**71,393**	**7,174**	**1,986**	**-**	**(22,971)**	**57,735**
Loss for the year	-	-	-	-	-	(634)	(634)
Transactions with owners:							
Capital reduction	-	(71,393)	-	-	48,422	22,971	-
Share based payments charge	-	-	-	1,127	-	-	1,127
Balance at 31 December 2013	**153**	**-**	**7,174**	**3,113**	**48,422**	**(634)**	**58,228**

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

Company Statement of Cash Flows

	Year ended 31 December 2013 £'000s	Year ended 31 December 2012 £'000s
Cash flows from operating activities		
(Loss)/ profit after taxation	(634)	4,864
Adjustments for:		
Depreciation	171	159
Amortisation	159	191
Finance expense	305	468
Taxation recognised in profit or loss	-	(4)
Movement in provision	(2)	-
Revaluation of derivatives	(24)	(36)
(Increase)/ decrease in trade and other receivables	(274)	1,382
Increase/ (decrease) in trade and other payables	1,277	(9)
Cash generated by operations	**978**	**7,015**
Interest paid	(214)	(313)
Net cash from operating activities	**764**	**6,702**
Cash flows from investing activities		
Purchase of property, plant and equipment	(141)	(64)
Purchase of intangible assets	(145)	(245)
Net cash used in investing activities	**(286)**	**(309)**
Cash flows from financing activities		
Proceeds from capitalisation of subsidiary loans	-	8,000
Proceeds from share placing	-	19,057
Repayment of long-term borrowings	-	(7,500)
Repayment of short-term borrowings	(500)	-
Net inflow/ (outflow) from inter-company loans	828	(16,337)
Net cash from financing activities	**328**	**3,220**
Net increase in cash and cash equivalents	**806**	**9,613**
Cash and cash equivalents at beginning of year	8,710	(903)
Cash and cash equivalents at end of year	**9,516**	**8,710**

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.

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 2013 is £0.6 million (year ended 31 December 2012: profit £4.9 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 2013 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

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 and websites

Non-integral computer software purchases are capitalised at cost as 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 balance sheet 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 balance sheet 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 Pounds Sterling which is the functional currency of the Company.

Foreign currency transactions are expressed in 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 balance sheet 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.

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. Subsequent to initial recognition financial instruments are measured as described below.

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 balance sheet 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) in Progressive Digital Media Group Plc (the Company). 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 2012: £nil).

4. Intangible assets

	Computer software £'000s
Cost	
As at 1 January 2012	727
Additions	245
As at 31 December 2012	972
Additions	145
As at 31 December 2013	**1,117**
Amortisation	
As at 1 January 2012	(483)
Charge for the year	(191)
As at 31 December 2012	(674)
Charge for the year	(159)
As at 31 December 2013	**(833)**
Net book value	
As at 31 December 2013	**284**
As at 31 December 2012	298

5. Property, plant and equipment

	Computer equipment £'000s
Cost	
As at 1 January 2012	1,010
Additions	64
As at 31 December 2012	1,074
Additions	141
As at 31 December 2013	**1,215**
Depreciation	
As at 1 January 2012	(534)
Charge for the year	(159)
As at 31 December 2012	(693)
Charge for the year	(171)
As at 31 December 2013	**(864)**
Net book value	
As at 31 December 2013	**351**
As at 31 December 2012	381

6. Investments

	Group undertakings £'000s
Cost	
As at 1 January 2012	58,901
Share based payments to employees of subsidiaries	829
As at 31 December 2012	59,730
Share based payments to employees of subsidiaries	1,127
As at 31 December 2013	**60,857**
Depreciation	
As at 31 December 2012 and 2013	**(10,277)**
Net book value	
As at 31 December 2013	**50,580**
As at 31 December 2012	49,453

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.

7. Trade and other receivables

	31 December 2013 £'000s	31 December 2012 £'000s
Prepayments and accrued income	1,168	997
Other receivables	147	65
Amounts owed by group undertakings	15,989	23,978
Amounts owed by related parties	1,064	1,056
Other taxation and social security	14	-
	18,382	**26,096**

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

8. Derivative assets and liabilities

	31 December 2013 £'000s	31 December 2012 £'000s
Short-term derivative assets/ (liabilities)	6	(18)
	6	**(18)**

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 £24,000 (2012: £36,000).

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:	Indian Rupee INR'000
31 December 2014	175,500

9. Trade and other payables

	31 December 2013 £'000s	31 December 2012 £'000s
Trade payables	470	374
Other taxation and social security	-	73
Accruals and deferred income	378	283
Amounts owed to group undertakings	11,546	18,707
Amounts owed to related parties	2,588	1,425
	14,982	**20,862**

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 2013	56
Increase in provision	2
At 31 December 2013	**58**
Current:	-
Non-current:	58

11. Borrowings

	31 December 2013 £'000s	31 December 2012 £'000s
Current		
Loan due within one year	-	500
	-	**500**
Non current		
Long-term loan	**5,851**	**5,767**

Current
The Company is currently part of the £3.0 million Group overdraft facility, which was not drawn down upon at 31 December 2013. Interest is charged on the overdraft at 2.5% over the London Interbank Offered Rate.

Non-current
£12 million loan provided by The Royal Bank of Scotland

In October 2011, the Company refinanced its debt position. A £6.0 million term loan and a £6.0 million revolving capital facility were issued by The Royal Bank of Scotland.

As at 1 January 2013, £0.5m of the term loan was outstanding. This was fully repaid on 15 October 2013 in accordance with the original repayment terms.

As at 31 December 2013, the £6.0 million revolving capital facility was outstanding and is repayable in 2015. Interest is charged on the outstanding loan at a rate of 2.75% over the London Interbank Offered Rate.

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
31 December 2013				
Current assets	-			
Cash	-	9,516	-	**9,516**
Short-term derivatives	6	-	-	**6**
Other receivables	-	147	-	**147**
Amounts owed by group undertakings	-	15,989	-	**15,989**
Amounts owed by related parties	-	1,064	-	**1,064**
	6	**26,716**	**-**	**26,722**
Current liabilities				
Trade accounts payable	-	-	(470)	**(470)**
Accruals	-	-	(378)	**(378)**
Amounts owed to group undertakings	-	-	(11,546)	**(11,546)**
Amounts owed to related parties	-	-	(2,588)	**(2,588)**
	-	**-**	**(14,982)**	**(14,982)**
Non-current liabilities				
Borrowings	**-**	**-**	**(5,851)**	**(5,851)**

	Fair value (through profit or loss) £'000s	Loans and receivables £'000s	Amortised cost £'000s	Total £'000s
31 December 2012				
Current assets				
Cash	-	8,710	-	8,710
Other receivables	-	65	-	65
Amounts owed by group undertakings	-	23,978	-	23,978
Amounts owed by related parties	-	1,056	-	1,056
	-	**33,809**	**-**	**33,809**
Current liabilities				
Trade accounts payable	-	-	(374)	(374)
Accruals	-	-	(283)	(283)
Amounts owed to group undertakings	-	-	(18,707)	(18,707)
Amounts owed to related parties	-	-	(1,425)	(1,425)
Short-term derivatives	(18)	-	-	(18)
Borrowings	-	-	(500)	(500)
	(18)	**-**	**(21,289)**	**(21,307)**
Non-current liabilities				
Borrowings	**-**	**-**	**(5,767)**	**(5,767)**

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 overleaf is inclusive of the projected interest payments in accordance with IFRS 7 (interest on long-term debt £343,908).

	Less than 1 month £'000s	1-3 months £'000s	3 months to 1 year £'000s	1 to 5 years £'000s	Total £'000s
Current liabilities					
Trade accounts payable	-	(470)	-	-	**(470)**
Accruals	-	(378)	-	-	**(378)**
Amount owed to group undertakings	-	-	-	(11,546)	**(11,546)**
Amounts owed to related parties	-	-	(2,588)	-	**(2,588)**
Non-current liabilities					
Long-term debt	-	-	-	(6,344)	**(6,344)**
	-	**(848)**	**(2,588)**	**(17,890)**	**(21,326)**

Reclassifications
There have been no reclassifications between financial instrument categories during the year ended 31 December 2013 and year ended 31 December 2012.

The Company is part of a cross-guarantee arrangement in relation to the Group's £3.0 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 who are the key management personnel of the Group and Company is set out on page 16 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 2013 was £785,900 (2012: £1,284,400).

Amounts outstanding to and from related parties

The amounts outstanding for related parties and group undertakings were:

	31 December 2013 £'000s	31 December 2012 £'000s
Amounts owed by group undertakings:		
Envoy Limited	-	49
Kable Business Intelligence Limited (formerly ID Factor Limited)	2,577	3,496
Progressive Media Group Limited	10,328	16,589
Progressive Digital Media Limited	2,988	3,830
Affiliate Futures Inc	78	-
Progressive Digital Media Inc	5	6
Progressive Digital Media Pty Limited	13	8
	15,989	**23,978**
Amounts owed by related parties:		
New Statesman Limited	592	593
Progressive Media International Limited	334	329
Estel Properties Investments No. 2 Limited	75	75
Progressive Customer Publishing Limited	3	-
Spears Publishing Limited	60	59
	1,064	**1,056**
Amounts owed to group undertakings:		
Internet Business Group Limited	(2,014)	(2,338)
Office Solutions Media Limited	(553)	(443)
Dewberry Redpoint Limited	(1,241)	(1,094)
TMN Media Limited	(5,948)	(5,970)
ICD Research Limited	-	(1,232)
Electronic Direct Response Limited	(648)	(642)
MutualPoints Limited	(761)	(811)
SPG Media Group Limited	-	(4,210)
TAPPS BV	-	(3)
Canadean Limited	-	(1,476)
Progressive Digital Media PVT Limited	(381)	(488)
	(11,546)	**(18,707)**
Amounts owed to related parties:		
Estel Property Investments Limited	(115)	(116)
Estel Property Investments No. 3 Limited	(252)	(252)
GlobalData Limited	(34)	(38)
World Market Intelligence Limited	(2,142)	(972)
Elite Luxury Publishing Inc	(45)	(47)
	(2,588)	**(1,425)**

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