

REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 BY ADRIAN WILLIAMS (CHAIRMAN)

Principal activities

The principal activities of the group during the year were database management, lead generation and investment in UK equities.

Business review and future developments

Turnover has decreased by 2.3% to £10,207k (2016: £10,449k) and the operating loss this year, excluding losses on disposal and goodwill impairment, has increased to a loss of £508k (2016: loss £437k).

Our investment activities in UK equities have again been very successful generating dividend income of £50k and recognisable capital value gains of £1.1M in the year. The success of our equity investments is the main reason why the group's net cash position has increased by 41% to a £4,715k surplus.

The group's cash position remains strong. The net cash surplus, after deducting any bank debt from the group's total cash, plus realisable financial investments held at fair value increased to a combined total of £4,715k (2016: £3,353k). Pre-tax profit, excluding losses on disposal and goodwill impairment, has improved from a loss of £101k to a profit of £723k.

Database management and lead generation have become very competitive in the lead up to the new GDPR Regulations on 25th May, with many customers choosing to reduce their marketing activities whilst they ensured compliance with the new regulations. Our database division made all the changes necessary to its operations and informed all of our customers and suppliers well in advance of the deadline. In the medium term our group is well placed to deal with the increased focus on compliance and has already signed large contracts with Blue Chip companies to supply their data and lead generation needs. We expect to make further market share gains in future.

Risks and uncertainties

Business risk arises from legislative changes, especially the new GDPR regulations. Our group has already made the required changes to ensure it was GDPR compliant prior to the deadline, this situation is constantly under review.

Other major risks include leakage of database details and cyberattacks. The group has this risk constantly under review and has all the latest versions of all relevant protections in place.

Liquidity, interest rate and cash flow risk

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

The company places any surplus cash on short term deposits or in publicly traded investments.

KPIs

The price and volume of data and lead generation products are the key drivers for gross profit in the database division. The markets were particularly competitive in 2017 and early 2018, and we expect this situation to improve post the implementation of GDPR.

Liquidity, interest rate and cash flow risk

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

Adrian Williams
Chairman

25th June 2018