

REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 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

Database management and lead generation have become very competitive since the new GDPR Regulations, with many customers choosing to reduce their marketing activities whilst they ensured compliance with the new regulations. Our database division had 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 and are already experiencing positive signs in both the market and in our trading.

Turnover has decreased by 36% to £6,509k (2017: £10,207k) and the operating loss this year, excluding losses on disposal and goodwill impairment, has increased to a loss of £1,768k (2017: loss £527k).

Our investment activities in UK equities have again been very successful generating dividend income of £80k and recognisable capital value gains of £110k in the year. The success of our equity investments is the main reason why the group's net 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 decreased to a combined total of £3,532k (2017: £4,715k). Pre-tax profit, excluding losses on disposal and goodwill impairment, has deteriorated from a profit of £608k to a loss of £1,593k.

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 September 2019