

PROGRESSIVE DIGITAL MEDIA GROUP PLC
(formerly TMN Group plc)

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 30 APRIL 2009

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PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2009

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PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

OFFICERS AND ADVISERS

THE BOARD OF DIRECTORS

M Danson	Executive Chairman	appointed 6 October 2008
S Pyper	Chief Executive Officer	appointed 24 June 2009
K Appiah	Finance Director	appointed 24 June 2009
P Harkness	Non-Executive Director	
B Cragg	Non-Executive Director	appointed 20 July 2009
M Freebairn	Non-Executive Director	appointed 13 July 2009

COMPANY SECRETARY

K Appiah

REGISTERED OFFICE

John Carpenter House
John Carpenter Street
London EC4Y 0AN

REGISTERED NUMBER

3925319

AUDITORS

Grant Thornton UK LLP
Enterprise House
115 Edmund Street
Birmingham B3 2HJ

PRINCIPAL BANKERS

Barclays Bank plc
27 Soho Square
London BX3 2BB

SOLICITORS

Foot Anstey
Salt Quay House
Sutton Harbour
Plymouth PL4 0BN

NOMINATED ADVISOR AND BROKER

Investec Bank plc
2 Gresham Street
London EC2V 7QP

REGISTRARS

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)
CHIEF EXECUTIVE STATEMENT AND FINANCIAL AND OPERATING REVIEW
YEAR ENDED 30 APRIL 2009

Reporting basis

The Group and Company's financial statements for the year ended 30 April 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The results for the year ending 30 April 2009 are reported prior to the reverse takeover of Progressive Digital Media Limited, which transacted on the 5 June 2009.

These results should therefore be read in the context that they are for TMN Group only and do not include the results of Progressive Digital Media Limited. These accounts do however include such fair value adjustments, which have been made subsequent to the purchase of Progressive Digital Media Limited to conform to the enlarged Group's accounting policies and to deal with relevant valuation issues, these adjustments are detailed below. Whilst Progressive Digital Media Group plc (formerly TMN Group plc) is the acquiring entity in the transaction, under IFRS, Progressive Digital Media Limited is deemed to be the acquirer and the accounting for this transaction will be dealt with in the next set of results.

The Board will release interim results to October 2009 before the end of January 2010.

With regards to the integration of the enlarged Group, the Board is satisfied that progress is being made and is confident of the long-term prospects of the business.

Revenue

Including discontinued operations for the year ended 30 April 2009, revenues were £28.8m compared to 2008 revenues of £22.5m. On a proforma basis (which annualises the revenues of acquisitions made in 2008) and excluding the trading impact of discontinued activities, revenues decreased by 23% from £36.2m in 2008 to £27.9m in 2009.

Revenue analysis excluding impact of discontinued operations by product category and region was as follows:

	Reported £'m 2009	Reported £'m 2008	Proforma £'m 2008
Email marketing	8.6	13.1	15.9
Affiliate marketing	14.8	4.1	15.4
Research	2.6	2.7	2.7
Publishing	1.9	2.1	2.2
	<u>27.9</u>	<u>22.0</u>	<u>36.2</u>
United Kingdom	24.7	20.4	32.9
Netherlands	3.2	1.6	3.3
	<u>27.9</u>	<u>22.0</u>	<u>36.2</u>

On a proforma basis email marketing revenues showed a significant reduction compared to 2008 mainly as a result of the impact of the downturn in display advertising in the UK and Europe. Although the Group's mix of verticals has altered significantly over the last year, the downturn in financial services and automotive advertising has had a material impact on email marketing revenues. For the Group's three other product categories combined, there was a marginal 5% reduction in revenues year-on-year which should be seen in the context of the very severe downturn in the UK advertising market and challenging macro economic conditions in general.

Gross margin

Gross profit decreased by 19% to £8.5m (2008: £10.5m). The gross profit margin declined to 31% from 48% in 2008. Part of this is attributable to product mix, in particular, the full year impact of lower margin affiliate marketing. The Group has changed its accounting policy in relation to data acquisition costs which has resulted in a £1.2m reduction in gross profit in the current year. Data acquisition costs are now expensed as a cost of sale rather than being capitalised and amortised over two years as per the previous policy.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CHIEF EXECUTIVE STATEMENT AND FINANCIAL AND OPERATING REVIEW

(continued)

YEAR ENDED 30 APRIL 2009

Adjusted results and prior year restatement

The Group reported an operating loss of £18.6m for the year compared to an operating profit of £1.9m in 2008. To assist the understanding of underlying performance and remove the impact of non-cash and non-recurring items, adjusted EBITDA has been used as a basis for comparison:

	2009 £'m	2008 £'m
Operating (loss)/profit	(18.6)	1.9
Amortisation of intangibles	2.5	0.8
Depreciation	0.5	0.2
Exceptional costs	10.2	0.2
Adjusted EBITDA	(5.4)	3.1

Exceptional costs comprise of restructuring costs, principally those associated with headcount reduction and impairment of goodwill, acquired and other intangible assets as shown below:

	2009 £'m	2008 £'m
Legal and professional costs relating to rejected offers for the business	-	0.2
Restructuring and reorganisation costs	0.7	-
Impairment of goodwill	4.5	-
Impairment of other intangible assets	4.9	-
Impairment of investments	0.1	-
	10.2	0.2

Included within administration expenses there are dilapidations charges of £0.2m and onerous lease provisions of £0.6m this year relating to two of the Group's unoccupied properties. During the year the Group changed the accounting policy in relation to the treatment of database acquisition costs. The previous policy was to capitalise the acquisition cost and amortise over two years. The new policy is to expense acquisition costs as a cost of sale. The impact of this change in relation to the prior year is disclosed in note 2 to the Consolidated Financial Statements. The provision for impairment of trade receivables was £2.2m at the year end (2008: £0.2m). This reflects a more prudent approach in light of the current economic environment.

Loss before interest, tax and exceptional costs

Reported losses before tax, interest and exceptional costs were £8.4m (2008: profit of £2.1m).

Taxation

The total tax credit for the year was £2.2m (2008: £0.4m charge). This is lower than the standard corporation tax rate as applied to the loss before tax principally as a result of expenses not deductible for tax and deferred tax not provided on losses. In relation to unrelieved tax losses, no deferred tax asset has been recognised.

Balance sheet and net assets

Consolidated net assets reduced by £16.5m to £3.3m (2008: £19.8m). The majority of this reduction is attributable to the amortisation and impairment of intangible assets.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CHIEF EXECUTIVE STATEMENT AND FINANCIAL AND OPERATING REVIEW

(continued)

YEAR ENDED 30 APRIL 2009

Net debt, cash flow and risk

Consolidated net debt was £2.8m at the year end compared to £0.3m at 30 April 2008. Net cash used in operating activities was £0.3m (2008: generated £1.5m) comprising of operating cash flow of £0.7m less £1.0m of interest and tax paid.

Capital expenditure relating to computer hardware was £0.4m. The £0.3m cash outflow from acquisitions represents the final tranche of EDR deferred cash consideration.

The net cash inflow for the year was £0.6m (2008: outflow of £1.9m). The debt of £2.8m represents gross debt of £3.1m less cash of £0.3m held outside of the composite accounting arrangement with the Group's UK bankers. Gross debt consists of the amounts drawn down under a revolving credit facility. As a result of the completion of the acquisition of Progressive Digital Media Limited on 24 June 2009, £1.5m of the facility has been repaid.

The majority of the Group's trade is denominated in the currencies of the jurisdiction in which trade is conducted. As a result, the Group has currency risk with regard to approximately 11% of revenues. No currency hedging is entered into as exposure to fluctuations in foreign currencies is not considered significant to the Group. The Group now has minimal exposure to interest rate and liquidity risk as a result of the repayment of borrowings following the completion of the acquisition.

Prospects for the future

The Group's prospects for the future, following the acquisition of Progressive Digital Media Limited, were set out in the circular to shareholders in June 2009. We intend to update shareholders on progress when the enlarged Group's interim results are announced in January 2010.

Key performance indicators (KPIs)

The Group uses a number of KPIs to monitor the performance of business units as well as the individual product categories within those units. These include but are not limited to, the following:

- Quality of databases in terms of activity levels, responsiveness, email deliverability, size and coverage;
- Organic revenue growth compared to market and peer group growth rates;
- Gross and operating profit margins as well as cash contribution to the Group's central cost base; and
- Working capital and cash management in terms of adherence to forecast, borrowing headroom and levels of trade receivables and payables.

Individual KPIs are currently being re-evaluated in light of the Group's trading performance and the recent reverse acquisition of Progressive Digital Media Limited.



S Pyper
Chief Executive Officer

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2009

The directors have pleasure in presenting their report and the financial statements of the Group and parent Company for the year ended 30 April 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of specialised integrated digital marketing solutions. The principal activity of the Company was that of a holding company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A review of the Group's performance is set out in the Chief Executive's Statement and Financial and Operating Review on pages 2 to 4. This includes a summary of the key performance indicators of the Group.

After the end of the year the Group completed the acquisition of the entire share capital of Progressive Digital Media Limited through the issue of additional share capital. This constituted a reverse acquisition as defined by IFRS 3 Business Combinations.

RESULTS AND DIVIDENDS

The trading results for the year and the financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend (2008: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of the Board is to manage risk across the Group enabling the Group to achieve its business objectives.

Changes in key business objectives which may alter the risks faced by the operating or central divisions are monitored closely by the Board throughout the year to ensure that the necessary changes to internal controls or procedures are implemented.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk.

A detailed review of financial risk management is given in note 20.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces ongoing operational risk including the predominance of its business within the UK, potential loss or reduction in activity of key clients and potential loss of key personnel.

DIRECTORS

The directors who served the Company during the year were as follows:

M Danson	Appointed – 6 October 2008
M Smith	Resigned – 24 June 2009
V Smith	Resigned – 24 June 2009
C Dixon	Resigned – 24 June 2009
P Harkness	
B Fair	Resigned – 24 June 2009

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2009

SUBSTANTIAL SHAREHOLDINGS

As at 5 August 2009 the Company had been notified that the following were interested in 3% or more of the ordinary share capital of the Company:

	Ordinary Shares '000	%
M Danson	315,853	85.4

POLICY ON THE PAYMENT OF CREDITORS

The Group's policy is to abide by the terms of payment agreed with suppliers. At 30 April 2009, trade creditors of the Group and Company represented 73 days and 85 days outstanding respectively (2008: 64 days and 60 days outstanding respectively).

DIRECTORS' RESPONSIBILITIES FOR THE GROUP FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements of the Group in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs). The directors have elected for the parent Company to prepare its financial statements under IFRS.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and 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 Group and Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are 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 to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DONATIONS

During the year the Group made charitable donations amounting to £nil (2008: £3,580).

EMPLOYEE CONSULTATION

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

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2009

DISABLED EMPLOYEES

The Group is committed to ensuring that people with disabilities are supported and encouraged to apply for employment and to achieve progress through the Group. They are treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted. Every reasonable effort will be made to enable people with disabilities to be retained in the employment of the Group.

GOING CONCERN

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. This is based on an assessment of the enlarged Group following the reverse acquisition. For this reason the Directors have adopted the going concern basis in preparing the financial statements. This is discussed in more detail in the accounting policy note 2.

AUDITORS

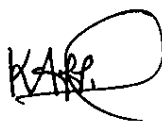
Grant Thornton UK LLP has expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27 November 2009 at 9am at 2 Gresham Street, London.

COMPANY NUMBER 3925319

Approved by the Board of Directors on 29 October 2009.



K Appiah
Company Secretary

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 APRIL 2009

The directors acknowledge the importance of good governance and are committed to apply such principals as appropriate to the Group given its size and nature.

The Board comprises the Executive Chairman, the Chief Executive, the Finance Director and three Non-Executive Directors.

During the year the Board consisted of the non-executive chairman, the Chief Executive, the Financial Director and two Non-Executive Directors. Since the year end the board policies and practices have been replaced by that of Progressive Digital Media Group and all major decisions affecting the Group are made at this level. Details of the Board Committee's of the enlarged group will be publicised along with the first financial report of Progressive Digital Media Group.

RELATIONS WITH SHAREHOLDERS

The Group values the views of its shareholders and recognises their interests in the Group's strategy and performance. The Annual General Meeting is used to communicate with shareholders and they are encouraged to participate. The directors will be available to answer questions at the Annual General Meeting. Separate resolutions are proposed on each issue in order that they can be given proper consideration and there is a resolution to approve the financial statements.

All shareholders can gain access to information about the Group through the website www.progressivedigitalmedia.com

THE ROLE OF THE BOARD

The Board is responsible for the management and successful development of the Group by:

- setting the strategic direction
- monitoring and guiding operational performance
- establishing policies and internal controls to safeguard the Group's assets

The composition of the Board provides a blend of skills and experience that ensures it operates as a balanced team.

The Board meets regularly, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy and when appropriate, reporting to shareholders. To enable the Board to discharge its duties, all directors receive appropriate and timely information.

INTERNAL CONTROL

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the Group's assets. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The directors are responsible for the Group's system of financial control and for reviewing its effectiveness. The key features of the systems of internal financial control are as follows:

- the Group is headed by an effective Board which leads and controls the Group. The final selection of any director is performed by the full Board and any appointment is approved by the Board
 - the Board receives and reviews on a timely basis financial and operating information appropriate to being able to discharge its duties
 - the Group's operating procedures include systems for reporting financial and non-financial information to the Board including:
 - preparation and review of annual plans and budgets
 - preparation and review of monthly management information reports
 - review of the business at each Board meeting, focusing on any new risks arising.
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PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CORPORATE GOVERNANCE REPORT *(continued)*

YEAR ENDED 30 APRIL 2009

INTERNAL CONTROL *(continued)*

The Board has concluded that an internal audit function is not required at this time but the ongoing requirement will be kept under review.

Following the reverse acquisition, Management is reviewing and implementing improved internal control policies and procedures that are in place for Progressive Digital Media Limited across the TMN Group. This includes adopting the accounting system used by Progressive Digital Media Limited.

AUDIT AND REMUNERATION COMMITTEES

Following the reverse acquisition, the Company intends to refresh its audit and remuneration committees, each with formally delegated responsibilities and formal terms of reference. Further details will be provided in future announcements.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PROGRESSIVE DIGITAL MEDIA GROUP PLC (FORMERLY TMN GROUP PLC)

YEAR ENDED 30 APRIL 2009

We have audited the financial statements of Progressive Digital Media Group plc (formerly TMN Group plc) for the year ended 30 April 2009 which comprise the consolidated income statement, the consolidated and parent company statements of changes in equity, the consolidated and parent company balance sheets, the consolidated and parent company cash flow statements, 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 Directors' Responsibilities Statement set out on page 6, 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 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 (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 APB's website at www.frc.org.uk/apb/scope/UKNP

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs

As explained in Note 2 to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the consolidated and parent company financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PROGRESSIVE
DIGITAL MEDIA GROUP PLC (FORMERLY TMN GROUP PLC) *(continued)***

YEAR ENDED 30 APRIL 2009

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 group or the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated or 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.



David P White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

29 October 2009

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 APRIL 2009

		2009			2008		Total
	Note	Pre- exceptional costs	Exceptional costs	Total	Pre- exceptional costs	Exceptional costs	As restated
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue	3	27,891	-	27,891	22,004	-	22,004
Cost of sales		(19,372)	-	(19,372)	(11,535)	-	(11,535)
Gross profit		8,519	-	8,519	10,469	-	10,469
Administrative expenses		(14,353)	(661)	(15,014)	(7,494)	(225)	(7,719)
Other administrative expenses							
- amortisation of intangibles	12	(2,519)	-	(2,519)	(847)	-	(847)
- impairments	4	-	(9,579)	(9,579)	-	-	-
Total administrative expenses		(16,872)	(10,240)	(27,112)	(8,341)	(225)	(8,566)
Operating (loss)/profit	4	(8,353)	(10,240)	(18,593)	2,128	(225)	1,903
Finance income	7			5			42
Finance costs	7			(204)			(51)
(Loss)/profit from continuing operations before taxation				(18,792)			1,894
Taxation credit/(charge)	8			2,230			(352)
(Loss)/profit from continuing operations after taxation				(16,562)			1,542
Profit on discontinued operations				167			37
(Loss)/profit for the year				(16,395)			1,579
(Loss)/profit attributable to the equity holders of the parent				(16,395)			1,579
(Loss)/earnings per share							
Basic (pence)	10			(21.5)p			2.8p
Diluted (pence)	10			(21.5)p			2.7p

The accompanying accounting policies and notes form an integral part of these financial statements.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 APRIL 2009

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Equity shares to be issued £'000	Share option reserve £'000	Trans- lation reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2007 as previously stated	105	5,809	-	687	426	121	2,618	9,766
Prior year restatement – change in accounting policy	-	-	-	-	-	-	(467)	(467)
At 1 May 2007 as restated	105	5,809	-	687	426	121	2,151	9,299
Foreign exchange adjustment	-	-	-	-	-	25	-	25
Profit for the financial year	-	-	-	-	-	-	1,579	1,579
Total recognised expense in the year	-	-	-	-	-	25	1,579	1,604
Issue of shares	3	1,864	7,174	(331)	-	-	-	8,710
Purchase of own shares	-	-	-	-	-	-	(109)	(109)
Share options exercised	-	75	-	-	-	-	-	75
Share options cancelled	-	-	-	-	(10)	-	10	-
Deferred tax on share options	-	-	-	-	-	-	165	165
Share-based payment	-	-	-	-	27	-	-	27
At 1 May 2008 as restated	108	7,748	7,174	356	443	146	3,796	19,771
Foreign exchange adjustment	-	-	-	-	-	59	-	59
Loss for the financial year	-	-	-	-	-	-	(16,395)	(16,395)
Total recognised expense in the year	-	-	-	-	-	59	(16,395)	(16,336)
Issue of shares	-	342	-	(356)	-	-	-	(14)
Share options exercised	-	-	-	-	(357)	-	357	-
Deferred tax on share options	-	-	-	-	-	-	(165)	(165)
At 30 April 2009	108	8,090	7,174	-	86	205	(12,407)	3,256

The accompanying accounting policies and notes form an integral part of these financial statements.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 APRIL 2009

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Equity shares to be issued £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
At 1 May 2007	105	5,809	-	687	426	3,501	10,528
Profit for the financial year	-	-	-	-	-	751	751
Total recognised income in the year	-	-	-	-	-	751	751
Issue of shares	3	1,864	7,174	(331)	-	-	8,710
Purchase of own shares	-	-	-	-	-	(109)	(109)
Share options exercised	-	75	-	-	-	-	75
Share options cancelled	-	-	-	-	(10)	10	-
Deferred tax on share options	-	-	-	-	-	165	165
Share based payment	-	-	-	-	27	-	27
At 1 May 2008	108	7,748	7,174	356	443	4,318	20,147
Foreign exchange adjustment	-	-	-	-	-	(1)	(1)
Loss for the financial year	-	-	-	-	-	(10,511)	(10,511)
Total recognised expense in the year	-	-	-	-	-	(10,512)	(10,512)
Issue of shares	-	342	-	(356)	-	-	(14)
Share options exercised	-	-	-	-	(357)	357	-
Deferred tax on share options	-	-	-	-	-	(165)	(165)
At 30 April 2009	108	8,090	7,174	-	86	(6,002)	9,456

The accompanying accounting policies and notes form an integral part of these financial statements.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CONSOLIDATED BALANCE SHEET

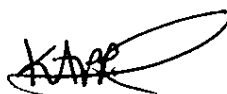
AS AT 30 APRIL 2009

	Note	2009 £'000	2008 As restated £'000
Non-current assets			
Goodwill	11	5,947	11,370
Other intangible assets	12	3,417	10,268
Property, plant and equipment	13	559	948
Investments	14	10	108
		<u>9,933</u>	<u>22,694</u>
Current assets			
Inventories	15	-	277
Trade and other receivables	16	4,768	9,449
Cash and cash equivalents		253	2,702
Current tax receivable		624	-
		<u>5,645</u>	<u>12,428</u>
Total assets		<u>15,578</u>	<u>35,122</u>
Current liabilities			
Borrowings	19	-	3,032
Trade and other payables	18	7,260	7,438
Current tax liabilities		-	924
Provisions for liabilities	21	292	1,408
		<u>7,552</u>	<u>12,802</u>
Non-current liabilities			
Provisions for liabilities	21	801	786
Borrowings	19	3,012	-
Deferred tax liabilities	17	957	1,763
		<u>4,770</u>	<u>2,549</u>
Total liabilities		<u>12,322</u>	<u>15,351</u>
Net assets		<u>3,256</u>	<u>19,771</u>
SHAREHOLDERS' FUNDS			
Share capital	24	108	108
Share premium account		8,090	7,748
Merger reserve		7,174	7,174
Equity shares to be issued		-	356
Share option reserve		86	443
Translation reserve		205	146
Retained earnings		(12,407)	3,796
Total equity		<u>3,256</u>	<u>19,771</u>

These financial statements were approved by the directors and authorised for issue on 29 October 2009 and signed on behalf of the Board by:



S Pyper
Director



K Appiah
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

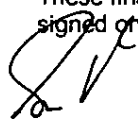
PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

COMPANY BALANCE SHEET


AS AT 30 APRIL 2009

	Note	2009 £'000	2008 £'000
Non-current assets			
Other intangible assets	12	-	328
Property, plant and equipment	13	306	279
Investments in subsidiaries	14	12,512	25,262
		<u>12,818</u>	<u>25,869</u>
Current assets			
Trade and other receivables	16	287	252
Cash and cash equivalents		-	25
Current tax receivable		375	-
Deferred tax asset	17	-	143
		<u>662</u>	<u>420</u>
Total assets		<u>13,480</u>	<u>26,289</u>
Current liabilities			
Borrowings	19	-	3,032
Trade and other payables	18	860	819
Current tax liabilities		-	239
Provisions for liabilities	21	143	1,266
		<u>1,003</u>	<u>5,356</u>
Non-current liabilities			
Provisions for liabilities	21	27	786
Borrowings	19	2,994	-
		<u>3,021</u>	<u>786</u>
Total liabilities		<u>4,024</u>	<u>6,142</u>
Net assets		<u>9,456</u>	<u>20,147</u>
SHAREHOLDERS' FUNDS			
Called up share capital	24	108	108
Share premium account		8,090	7,748
Merger reserve		7,174	7,174
Equity shares to be issued		-	356
Share option reserve		86	443
Retained earnings		(6,002)	4,318
Total equity		<u>9,456</u>	<u>20,147</u>

These financial statements were approved by the Board of Directors and authorised for issue on 29 October 2009 and signed on behalf of the Board by:



S Pyper
Director



K Appiah
Director

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2009

	2009	2008
	£'000	As restated £'000
Cash flows from operating activities		
Operating (loss)/profit	(18,593)	1,903
Adjustments for:		
Depreciation	455	182
Amortisation	2,519	847
Loss on disposal of fixed assets	316	-
Share based payments expense	-	27
Impairment of intangibles and investments	9,579	9
Foreign exchange	49	25
Decrease in inventories	277	32
Decrease/(increase) in receivables	4,682	(2,359)
(Decrease)/increase in payables	(178)	1,405
Increase/(decrease) in provisions	1,450	(105)
Discontinued operations		
Net cash inflow from operating activities from discontinued operations	167	37
Cash generated from operations	723	2,003
Interest paid	(204)	(51)
Income tax paid	(788)	(444)
Net cash (utilised by)/generated from operating activities	(269)	1,508
Investing activities		
Interest received	5	42
Purchases of plant, property and equipment	(372)	(384)
Purchases of intangible assets	(607)	(374)
Acquisition of subsidiaries	(300)	(2,539)
Adjustment to fair value of subsidiary	(872)	-
Net cash used in investing activities	(2,146)	(3,255)
Financing activities		
(Costs)/proceeds on issue of shares	(14)	75
Purchase of own shares	-	(109)
Loan note repaid	-	(100)
Loan finance	3,012	-
Net cash generated by/(utilised in) financing activities	2,998	(134)
Net increase/(decrease) in cash and cash equivalents	583	(1,881)
Cash and cash equivalents at the beginning of the year	(330)	1,551
Cash and cash equivalents at the end of the year	253	(330)

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

COMPANY CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2009

	2009 £'000	2008 £'000
Cash flows from operating activities		
Operating (loss)/profit	(10,455)	1,008
Adjustments for:		
Depreciation	186	46
Amortisation	195	46
Impairment of intangibles and investments	10,310	-
Share based payments expense	-	27
Foreign exchange	1	-
Increase in provisions	170	-
Increase in receivables	(35)	(249)
Increase in payables	42	819
Cash generated from operations	414	1,697
Interest paid	(192)	(62)
Income tax paid	(500)	(310)
Net cash (utilised by)/generated from operating activities	(278)	1,325
Investing activities		
Interest received	-	36
Purchases of plant, property and equipment	(213)	(325)
Purchases of intangible fixed assets	(569)	(374)
Acquisition of subsidiaries	(300)	(4,722)
Net cash used in investing activities	(1,082)	(5,385)
Financing activities		
(Costs)/proceeds on issue of shares	(14)	75
Purchase of own shares	-	(109)
Loan note repaid	-	(100)
Loan finance	2,994	-
Net inflow from inter-company loans	1,387	277
Net cash generated from financing activities	4,367	143
Net decrease in cash and cash equivalents	(3,007)	(3,917)
Cash and cash equivalents at the beginning of the year	(3,007)	910
Cash and cash equivalents at the end of the year	-	(3,007)

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

1. GENERAL INFORMATION

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

The financial statements for the year ended 30 April 2009 (including the comparatives for the year ended 30 April 2008) were approved by the Board of Directors on 29 October 2009. Amendments to the financial statements are not permitted after they have been approved.

2. ACCOUNTING POLICIES

Basis of preparation

The Group's financial statements have been prepared in accordance with applicable IFRS as adopted by the European Union and IFRS as issued by the International Accounting Standards Board.

In accordance with the exemptions permitted by s230 of the Companies Act 1985 the income statement of the Company has not been presented. The Company's loss for the financial year amounted to £10.5m (2008: profit: £0.8m).

Going concern

The directors have undertaken a detailed review of the Group's trading forecasts, cash flow forecasts and available financial facilities in order to ensure that the preparation of the financial statements on the going concern basis is appropriate. This is based on an assessment of the enlarged Group following the reverse acquisition.

The directors consider the forecasts to have been prepared on a reasonable basis representing management's best estimates of the Group's trading and cash flows. The directors further note that management information for the first five months of 2009 indicate that the Group is, to date, performing in line with forecast.

Based on their review of the forecasts, the directors have assessed that the Group has, with a reasonable degree of headroom, access to sufficient cash flow to enable it to continue trading and to meet its liabilities as they fall due for the foreseeable future. In addition, the directors take comfort from the ongoing support from a significant shareholder, should the Group require making use of this. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis, and have done so.

Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Prior year adjustments

During the year the Group changed its accounting policy in relation to the treatment of database acquisition costs. Previously the Group had capitalised the cost of acquiring email databases and amortised them over a two year period. The Board believes that a policy of expensing these costs as incurred represents the commercial reality of the transaction as the data concerned is not considered to have an enduring economic value. The directors are of the opinion that the cost of a database is a direct cost of servicing a particular client and that any enduring economic value is considered incidental.

The effect of the new policy on the Group for the year ended 30 April 2008 is set out in the table below. There is no affect on the Company's financial statements.

	2008	
	As originally stated £'000	As restated £'000
Brought forward retained earnings at 1 May 2007	2,618	2,151
Income statement extracts:		
Cost of sales (effect of expensing of additions in the year)	10,804	11,958
Administrative expenses (effect of reduction in amortisation charge)	7,489	6,881
Tax on profit	635	352
Profit for the year	1,842	1,579
Retained earnings at 30 April 2008	4,526	3,796
Balance sheet extracts:		
Intangible assets:		
Database acquisition costs	1,012	-
Domain names	166	166
	<u>1,178</u>	<u>166</u>
Deferred tax liability	<u>2,046</u>	<u>1,763</u>

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings up to 30 April 2009. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired in the year are included in the consolidated income statement from the date of acquisition.

Significant accounting estimates and judgements

Certain estimates and judgements need to be made by the directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required if, for example, as at the reporting date not all assets and liabilities have been settled and certain assets and liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

The major areas for estimation within the financial statements are as follows:

Revenue recognition

At each reporting period, the Group has a number of projects in progress. Management review each project's progress and reach a judgement as to the revenue that should be recognised in those business streams where revenue is recognised on a stage of completion basis. Management base this judgement on the best available project information.

Bad debt provision

At each reporting period, management review outstanding debts and determine appropriate provision levels. Needless to say, the recovery of certain debts is dependent on the individual circumstances of customers. As disclosed in note 16 there are a number of debts which remain outstanding past their due date, which management believe to be recoverable.

Provision for reward points

The provision for reward points represents the estimated future liabilities of unredeemed points where revenue attributable to the points issued has been recognised. The provision is calculated using a standard costing method making certain assumptions concerning redemption levels. In forming these judgements, the directors have assessed the anticipated future profile of points redemptions based on the Group's past experience of redemptions, the current run-rate of points accumulation and the age profile of the points in issue.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which intangible assets have been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The major areas of judgement within the financial statements are as follows:

Deferred consideration

On deferred consideration for acquisitions and where performance criteria exist, the likelihood of the performance criteria being achieved are assessed to determine the level of consideration that is appropriate to recognise.

Recoverability of deferred tax assets

There is uncertainty over the recoverability of deferred tax assets. Management review forecasts for a two year period to assess the recoverability of the deferred tax asset.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Standards and interpretations not yet applied by Progressive Digital Media Group plc

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in Progressive Digital Media Group's financial statements.

Standard or interpretation

IAS 1	Presentation of Financial Statements (revised 2007)
Amendment to IAS 1	Presentation of Financial Statements- Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 23	Borrowing Costs (revised 2007)
Amendment to IAS 32	Financial Instruments : Presentation
IAS 27	Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
Standards and IAS 27	Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
Amendment to IAS 39	Financial Instruments : Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
Amendment to IFRS 2	Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
Amendment to IFRS 7	Financial Instruments: Disclosures – Improving Disclosures About Financial Instruments (1 January 2009)
Embedded Derivatives	Amendments to IAS 39 and IFRIC 9 (effective for financial periods ending on or after 30 June 2009)
Improvements to IFRSs 2008	(effective 1 January 2009 other than certain amendments effective 1 July 2009)
Improvements to IFRSs 2009	(various effective dates, earliest of which is 1 July 2009, but mostly 2010)
IFRS 3	Business Combinations (Revised 2008) (effective 1 July 2009)
IFRS 8	Operating Segments (effective 1 January 2009)
IFRIC 13	Customer Loyalty Programmes (IASB effective date 1 July 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

Based on the Group's current business model and accounting policies, management does not expect a material impact on the Group financial statements when the standards and Interpretations become effective.

Revenue recognition

Revenue is recognised on services as set out below.

Email Marketing

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.

Affiliate Marketing

Revenue arises 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. On completion of performance criteria and any defined cancellation period, the relevant amount of commission is recognised.

Research and publishing

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.

Hosting

Revenue from hosting is recognised on a straight line basis over the term of the contract.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

Deferred consideration

On deferred consideration for acquisitions and where performance criteria exist, the likelihood of the performance criteria being achieved are assessed to determine the level of consideration that is appropriate to recognise.

Business combinations completed prior to date of transition to IFRSs

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRSs.

Accordingly, the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRSs, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRSs, unless IFRSs requires fair value measurement. Deferred tax and minority interests are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill, which is recognised as an asset, is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGU's expected to benefit from the synergies of the combination. CGU's to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment from that date.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Acquisition related and other intangible assets

An intangible asset acquired as part of a business combination is recognised outside goodwill, initially at its fair value, if the asset is separable or arises from contractual or other legal rights and its fair value can be reliably measured. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Internally developed software costs are capitalized where the product or process is technically and commercially feasible, the costs are separately identifiable and the Group has sufficient resources and an intention to complete the development and the correlation between development costs and future revenues has been established.

Other database acquisition costs such as email databases are expensed to the income statement as incurred as it is a direct cost of servicing a particular client and any enduring economic value is considered incidental.

Customer relationships, domain names and software are stated at cost, net of amortisation and any recognised impairment loss.

Amortisation is calculated so as to write off the cost of intangible assets, over their finite estimated useful lives, using the straight-line method as follows:

Customer relationships	6 years
Domain names	5 years
Computer software	2 years

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments

Other investments

In the Group financial statements, unlisted investments are stated at cost less any provision for diminution in value. Investments listed on a recognised stock exchange are valued at fair value at the balance sheet date.

Internet Business Group Limited has an Employee Benefit Trust (EBT). The investments controlled by the EBT are recorded at fair value at the balance sheet date and are consolidated into the balance sheet of the Group.

Group undertakings

In the Company financial statements, investments in subsidiaries are recorded at cost, less any provision for impairment. Investments in subsidiaries have been impaired where the Directors consider permanent diminutions in value to have occurred. An assessment was made of the net assets of the subsidiaries and the expected future cash flows. Where the investment in the subsidiary has been assessed as higher than the net assets or the expected future cash flows then an impairment was recognised in the income statement to the higher value of either the net assets or expected future cash flows.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any recognised impairment losses.

Depreciation is calculated so as to write off the cost of assets, over their estimated useful lives, using the straight-line method as follows:

Freehold buildings	20 years
Leasehold improvements	3 years
Computer equipment	3 years

The residual values and useful economic lives of each class of asset are reviewed annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are valued on a first in first out basis, after making allowance for obsolete and slow moving items.

Foreign currencies

These financial statements have been presented in Sterling which is the presentational currency of the Group. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and differences reflected in the income statement accordingly.

The results of overseas subsidiary undertakings are translated at the average exchange rates and the balance sheets of such undertakings are translated at the year end exchange rates. Exchange differences arising on the retranslation of opening net assets of overseas subsidiary undertakings are taken to the translation reserve. On disposal of a foreign operation the cumulative translation differences are transferred to the income statement as part of the gain or loss on disposal.

Pension costs

The Group does not operate any pension plans, but does administer a stakeholder pension scheme on behalf of any employees wishing to participate. Contributions payable to the schemes are charged to the profit and loss account in the year to which they relate. These contributions are invested separately from the Group's assets.

Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Taxation (*continued*)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Group/Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial assets

Financial assets are divided into loans and receivables and financial assets at fair value through the income statement. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement. Discounting, however, is omitted where the effect of discounting is immaterial.

Listed investments are held at fair value and any movements taken through the profit and loss account.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the assets's carrying amount and the present value of estimated future cash flows.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Financial instruments (*continued*)

Financial liabilities

The Group's financial liabilities consist of a revolving credit facility and trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the profit and loss account. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

The Group carries financial liabilities recorded at fair value then amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit and loss account. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the profit and loss account on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, bank overdrafts as well as short term highly liquid investments such as bank deposits.

Equity

Share capital is determined using the nominal value of shares that have been issued. Premiums received on the initial issuing of share capital are credited to share premium account. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings includes all current and prior period results as disclosed in the income statement.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking. Relief has been taken in respect of the shares issued relating to the acquisition of Internet Business Group Limited.

The translation reserve is used to record foreign exchange translation differences that occur as a result of the translation of overseas subsidiary undertaking's financial statements.

A share option reserve is utilised in relation to the equity entries as a result of share based payment charges.

Exceptional costs

Exceptional costs are those costs which are one-off in nature, not of a general recurring nature and arise infrequently in either the Group's or a subsidiary company's business cycle. These items by definition cannot be included within the ongoing administrative expenses shown in the income statement.

These costs generally arise from non-recurring events including restructuring and reorganisation following a change in the way a business or market operates. The costs themselves include redundancy costs, consultants' fees and impairment of redundant assets.

Impairment of goodwill, investments and intangible assets is included within exceptional items as such impairment is not expected to occur in the normal course of business.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

2. ACCOUNTING POLICIES (*continued*)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provision for reward points

Provision for the expected redemption cost of reward points is charged against profit. The provision represents the estimated future liabilities of unredeemed points where revenue attributable to the points issued has been recognised. The provision is calculated using a standard costing method making certain assumptions concerning redemption levels. In forming these judgements, the directors have assessed the anticipated future profile of points redemptions based on the Group's past experience of redemptions, the current run-rate of accumulation of points and the age profile of the points in issue.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership do not transfer to the lessee are charged against 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 and is matched with the corresponding payments made under the head lease.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group operates a number of equity-settled share-based payment schemes under which share options are issued to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

3. SEGMENTAL ANALYSIS

Year ended 30 April 2009	Email marketing £'000	Affiliate marketing £'000	Research £'000	Publishing & hosting £'000	Central/ unallocated £'000	Total £'000
Segment revenues – continuing operations	8,632	14,782	2,589	1,888	-	27,891
Operating loss before exceptional costs	(1,803)	(3,093)	(542)	(396)	(2,519)	(8,353)
Exceptional costs	(8,904)	(183)	(85)	(9)	(1,059)	(10,240)
Operating loss after exceptional costs	(10,707)	(3,276)	(627)	(405)	(3,578)	(18,593)
Net finance costs						(199)
Loss before taxation						(18,792)
Taxation						2,230
Discontinued operations						167
Loss after tax						(16,395)
Other segment information						
Capital expenditure	58	12	20	29	253	372
Depreciation & amortisation	1,069	1,456	27	33	389	2,974

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

3. SEGMENTAL ANALYSIS (continued)

Year ended 30 April 2008	Email marketing £'000	Affiliate marketing £'000	Research £'000	Publishing & hosting £'000	Central/ unallocated £'000	Total as restated £'000
Segment revenues – continuing operations	13,175	4,087	2,690	2,052	-	22,004
Operating profit before exceptional costs (as restated)	1,479	728	355	413	(847)	2,128
Exceptional costs	-	-	-	-	(225)	(225)
Operating profit after exceptional costs (as restated)	1,479	728	355	413	(1,072)	1,903
Net finance costs						(9)
Profit before tax						1,894
Taxation						(352)
Discontinued operations						37
Profit after tax						1,579
Other Segment information						
Capital expenditure	-	-	-	-	384	384
Depreciation & amortisation	178	-	91	352	408	1,029
Share based payment	-	-	-	-	27	27

As these business streams are integrated with each other it is not possible to separately identify the segmental assets and liabilities held individually.

The Group's revenue from external customers and its geographic allocation of net assets may be summarised as follows:

	Year ended 30 April 2009		Year ended 30 April 2008	
	Revenue £'000	Assets £'000	Revenue £'000	Assets £'000
United Kingdom	24,716	3,120	20,385	19,169
Netherlands	3,175	136	1,619	602
	<u>27,891</u>	<u>3,256</u>	<u>22,004</u>	<u>19,771</u>

	Acquisition of property, plant and equipment £'000	Acquisition of intangibles £'000	Acquisition of property, plant and equipment £'000	Acquisition of intangibles as restated £'000
	United Kingdom	356	607	384
Netherlands	16	-	-	-
	<u>372</u>	<u>607</u>	<u>384</u>	<u>374</u>

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2009	2008
	£'000	as restated £'000
Amortisation of intangibles	2,519	847
Foreign exchange	45	12
Depreciation of owned assets	455	182
Loss on disposal of fixed assets	316	-
Auditor's remuneration (see below)	257	114
Operating lease expense – land and buildings	493	212
Exceptional costs (see below)	10,240	225

Exceptional costs

	2009	2008
	£'000	£'000
Legal and professional costs relating to rejected offers for the business	-	225
Restructuring and reorganisation costs	661	-
Impairment of goodwill and intangible assets	9,579	-
	<u>10,240</u>	<u>225</u>

Auditors' remuneration

	2009	2008
	£'000	£'000
Fees payable to the Group's auditors for the audit of the Company's annual accounts	83	94
Other services (transactional and tax services)	150	20
Fees payable to the Company's auditors and their associates for other services to the Group	24	-
	<u>257</u>	<u>114</u>

In addition to the amounts shown above, the Group paid £15,042 (2008: £116,000) to the auditors in respect of costs relating to transaction support services which have been included within the cost of investments.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial year amounted to:

	Group		Company	
	2009 No	2008 No	2009 No	2008 No
Number of administrative and sales staff	<u>184</u>	<u>177</u>	<u>21</u>	<u>22</u>

The aggregate payroll costs of the above were:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Wages and salaries	7,404	4,467	1,399	632
Share-based payments	-	27	-	27
Social security costs	722	517	195	108
Other pension costs	-	8	-	-
	<u>8,126</u>	<u>5,019</u>	<u>1,594</u>	<u>767</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2009 £'000	2008 £'000
Emoluments receivable	465	415
Exercise of share options	-	188
	<u>465</u>	<u>603</u>
Emoluments of highest paid director:		
Total emoluments (including gains on share options)	<u>268</u>	<u>381</u>

Share options:

The directors during the year, and their beneficial interest in options to purchase ordinary shares in the Company, were as follows:

	Issue date	Exercise price pence	Held at 30 April 2008 No'000	Granted during year No'000	Exercised during year No'000	Expired, lapsed, cancelled No'000	Held at 30 April 2009 No'000
M Smith	06/04/04	19.50	490	-	-	-	490
	20/09/06	65.00	1,000	-	-	-	1,000
C Dixon	11/06/07	77.00	500	-	-	-	500

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

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7. NET FINANCE COST

	2009 £'000	2008 £'000
Interest receivable on bank deposits	(5)	(42)
Interest payable on bank borrowings	204	51
Net finance cost	<u>199</u>	<u>9</u>

8. TAXATION ON ORDINARY ACTIVITIES

The tax charge for the Group comprises:

	2009 £'000	Restated 2008 £'000
(a) Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008: 28%)	(563)	775
Overseas taxation	(139)	107
Adjustment in respect of prior years	(55)	-
Total current tax	<u>(757)</u>	<u>882</u>
Deferred tax:		
Net origination	(1,187)	(530)
Adjustment in respect of prior years	(286)	-
Total deferred tax	<u>(1,473)</u>	<u>(530)</u>
Tax on (loss)/profit on ordinary activities	<u>(2,230)</u>	<u>352</u>

(b) Reconciliation of tax (credit)/charge

	2009 £'000	Restated 2008 £'000
(Loss)/profit on ordinary activities before tax	<u>(18,792)</u>	<u>1,894</u>
Tax at the UK corporation tax rate of 28% (2008: 28%)	(5,262)	530
Effects of:		
Expenses not deductible for tax	1,401	267
Utilisation of tax losses	-	(152)
Difference in UK and overseas tax rate	105	-
Recognised losses	-	(211)
Unprovided deferred tax	2,081	-
Adjustment in respect of prior years	(625)	(130)
Profits taxed at 30%	(35)	-
Change in tax rates	105	48
Total current tax (note 8(a))	<u>(2,230)</u>	<u>352</u>

No tax charge has materialised in relation to the profit on sale of discontinued operations.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

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YEAR ENDED 30 APRIL 2009

9. DIVIDENDS

No dividend has been recommended for the year (2008: £nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share is based on the loss for the year of £16,395,000 (2008: profit £1,579,000) divided by the weighted average number of shares in issue during the year of 76,098,315 (2008: 56,111,000). As the effect of share options is anti dilutive no diluted loss per share figure has been produced in the year to April 2009.

An adjusted loss per share has also been calculated based on the loss for the year before amortisation of acquisition related intangible assets and exceptional costs amounting to a total of £10,240,000 (2008: £1,072,000). The adjusted loss per share is therefore based on the adjusted loss for the year of £6,155,000 (2008: profit £2,651,000) divided by the weighted average number of shares in issue during the year of 76,098,315 (2008: 56,111,000) which results in an adjusted loss per share of 8.1 pence (2008: 4.7 pence).

The calculation of earnings per share is based on the following (loss)/profits and number of shares:

	2009			2008		
	Loss £'000	Number of shares '000	Pence per share	Profit as restated £'000	Number of shares '000	Pence per share as restated
Basic (loss)/earnings per share	<u>(16,395)</u>	<u>76,098</u>	<u>(21.5)</u>	1,579	56,111	2.8
Dilutive effect of securities:						
Share options					1,789	
Deferred consideration to be settled in shares					1,176	
Diluted earnings per share				<u>1,579</u>	<u>59,076</u>	<u>2.7</u>

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. GOODWILL

	£'000
Cost	
At 30 April 2007	6,359
Additions	5,011
At 30 April 2008	11,370
Revision of provisional fair value on prior year additions	872
Deferred consideration not payable	(1,753)
At 30 April 2009	<u>10,489</u>
Impairment	
At 30 April 2009	4,542
Net book value	
At 30 April 2009	<u>5,947</u>
At 30 April 2008	<u>11,370</u>

Goodwill acquired through business combinations is allocated to groups of cash generating units for impairment as follows:

		2009 £'000	2008 £'000
Cash generating unit	Activity		
Electronic Data Resource Limited	On line direct marketing	2,176	4,817
iD Factor Limited	On line market research	1,542	1,542
Internet Business Group Limited	On line direct marketing/performance advertising	2,229	1,669
Tapps B.V.	Digital direct marketing	-	3,342
		<u>5,947</u>	<u>11,370</u>

The Group tests goodwill annually for impairment at a cash generating unit (CGU) level, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the management for the next 12 months which is based on past performance for prudence. Beyond this point, a steady long-term growth rate of 3% per annum has been assumed. The rate used to discount the forecast cash flows is 11.5%. The underlying assumptions used in the impairment reviews are the same across all CGU's.

The directors have tested all elements of goodwill for impairment and concluded that the elements relating to the acquisition of Electronic Data Resource Limited and TAPPS BV are impaired with impairment charges of £1,200,000 and £3,342,000 respectively. The Directors, in assessing the recoverable amount for these CGU's, have considered the expected future cash flows of the business. These calculations used pre-tax cash flow projections based on past run rates covering a 5 year period.

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2009

12. OTHER INTANGIBLE ASSETS

Group

	Domain names £'000	Managed lists £'000	Customer relationships £'000	Computer software £'000	Total £'000
Cost					
At 30 April 2007	-	200	773	135	1,108
Additions	-	-	-	374	374
Additions on acquisition	166	-	8,517	1,300	9,983
At 30 April 2008 (as restated)	166	200	9,290	1,809	11,465
Additions	-	-	-	607	607
At 30 April 2009	166	200	9,290	2,416	12,072
Amortisation/impairment					
At 30 April 2007	-	71	183	96	350
Charge for the year	-	50	550	247	847
At 30 April 2008 (as restated)	-	121	733	343	1,197
Charge for the year	21	50	1,549	899	2,519
Impairment	-	29	4,156	754	4,939
At 30 April 2009	21	200	6,438	1,996	8,655
Net book value					
At 30 April 2009	145	-	2,852	420	3,417
At 30 April 2008 (as restated)	166	79	8,557	1,466	10,268

Company

	Computer software £'000
Cost	
At 30 April 2007	-
Additions	374
At 30 April 2008	374
Additions	569
At 30 April 2009	943
Amortisation	
At 30 April 2007	-
Charge for the year	46
At 30 April 2008	46
Charge for the year	195
Impairment	702
At 30 April 2009	943
Net book value	
At 30 April 2009	-
At 30 April 2008	328

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. OTHER INTANGIBLE ASSETS (continued)

Impairment reviews of all categories of intangible assets have been undertaken resulting in the impairment charges shown above. Certain of the Groups software assets have not delivered the anticipated revenues and have therefore been impaired. The value of customer relationships has been reviewed based on past performance by reference to the anticipated future cash flows relating to these particular relationships which have been significantly reduced as a consequence of the current economic climate.

The directors consider the carried forward net book value of intangible assets to equate to the fair value less costs to resell in respect of computer software and managed lists, and value in use in respect of customer relationships. Value in use is based on financial forecasts using a discount rate of 11.5%.

The impairment charge for customer relationships relates to the Affiliate Marketing segment of the business whilst the managed lists and computer software charges relate to the Email Marketing segment.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Total £'000
Cost				
At 30 April 2007	-	-	415	415
Additions	-	-	384	384
Additions on acquisition	263	109	227	599
At 30 April 2008	263	109	1,026	1,398
Additions	-	-	372	372
Disposals	-	-	(572)	(572)
Transfer	(263)	(109)	372	-
Foreign exchange	-	-	19	19
At 30 April 2009	-	-	1,217	1,217
Depreciation				
At 30 April 2007	-	-	268	268
Charge for the year	1	8	173	182
At 30 April 2008	1	8	441	450
Charge for the year	-	-	455	455
Disposals	-	-	(256)	(256)
Transfer	(1)	(8)	9	-
Foreign exchange	-	-	9	9
At 30 April 2009	-	-	658	658
Net book value				
At 30 April 2009	-	-	559	559
At 30 April 2008	262	101	585	948

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Computer equipment £'000
Cost	
At 30 April 2007	-
Additions	325
At 30 April 2008	325
Additions	213
At 30 April 2009	538
Depreciation	
At 30 April 2007	-
Charge for the year	46
At 30 April 2008	46
Charge for the year	186
At 30 April 2009	232
Net book value	
At 30 April 2009	306
At 30 April 2008	279

14. INVESTMENTS

Group	Other investments £'000
Cost	
At 30 April 2008	108
Impairment	(98)
At 30 April 2009	10
Net book value	
At 30 April 2009	10
At 30 April 2008	108

Other investments

The interests of the Group in the shares of other companies are:

	Holding	%
SailSail.com Limited	Ordinary shares	10%
Mailweb Services Limited	Ordinary shares	24%
Ten Alps plc	Ordinary shares	0.2%
Casmir Limited	Ordinary shares	2%
MD Medic Limited	Ordinary shares	10%
Farex Limited	Ordinary shares	33%

Mailweb Services Limited and Farex Limited are treated as investments and are not accounted for as associates as no management influence is exerted over these entities. There would be no material impact on the financial statements if these entities were to be consolidated as associate undertakings.

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14. INVESTMENTS

Company	Group undertakings £'000	Loans £'000	Total £'000
At 30 April 2007	7,886	2,656	10,542
Additions	14,997	-	14,997
Repayment	-	(277)	(277)
At 30 April 2008	22,883	2,379	25,262
Reduction to deferred consideration	(1,755)	-	(1,755)
Impairment	(9,608)	-	(9,608)
Repayment	-	(1,387)	(1,387)
At 30 April 2009	<u>11,520</u>	<u>992</u>	<u>12,512</u>
Net book value			
At 30 April 2009	<u>11,520</u>	<u>992</u>	<u>12,512</u>
At 30 April 2008	<u>22,883</u>	<u>2,379</u>	<u>25,262</u>

Investments in the books for both the Group and Company have been impaired where the directors consider permanent diminutions in value to have occurred. The impairment reviews have been undertaken in accordance with the accounting policy set out in note 2.

Subsidiary undertakings	Country of registration	Holding	%	Principal activity
TMN Media Limited	England & Wales	Ordinary shares	100%	Online direct marketing
MutualPoints Limited	England & Wales	Ordinary shares	100%	Online direct marketing
Electronic Direct Response Limited	England & Wales	Ordinary shares	100%	Online direct marketing
iD Factor Limited	England & Wales	Ordinary shares	100%	Online market research
ICD Research Limited	England & Wales	Ordinary shares	100%	Online market research
Envoy Messenger Limited	England & Wales	Ordinary shares	100%	Online direct marketing
Internet Business Group Limited	England & Wales	Ordinary shares	100%	Holding company
IBG Subsid (UK) Limited (formerly Sweatband Limited)*	England & Wales	Ordinary shares	100%	Holding company
Mazware Limited*	England & Wales	Ordinary shares	100%	Computer software design
WebToolPro.com Limited*	England & Wales	Ordinary shares	99%	Dormant
Lighthouse New Media Limited*	England & Wales	Ordinary shares	90%	Dormant
RedKinetics.com Limited*	England & Wales	Ordinary shares	100%	Website hosting
AffiliateFuture Incorporated*	United States	Ordinary shares	100%	Performance advertising
Viajes Xiana*	Spain	Ordinary shares	100%	Media
The Educational Software Company Limited*	England & Wales	Ordinary shares	100%	Dormant
Tapps B.V.	Holland	Ordinary shares	100%	Digital direct marketing

*indirectly held

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

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15. INVENTORIES

	Group 2009 £'000	2008 £'000
Finished goods and goods for resale	-	277
	<u>-</u>	<u>277</u>

Inventories represented trading goods held as stock for resale by Sweatband.com Limited, a wholly owned subsidiary which was sold in September 2008.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade receivables	3,960	7,730	-	-
Other taxation and social security	-	59	-	58
Prepayments and accrued income	611	1,660	280	194
Other receivables	197	-	7	-
	<u>4,768</u>	<u>9,449</u>	<u>287</u>	<u>252</u>

The carrying values are considered to be a reasonable approximation of fair value. The effect of discounting trade and other receivables has been assessed and is deemed to be immaterial to the results.

All trade and other receivables have been reviewed for indicators of impairment. During the year certain trade receivables were found to be impaired and a provision of £2,177,153 (2008: £184,000) has been recorded accordingly.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of trade receivables past due but not impaired are as follows:

	Group	
	2009 £'000	2008 £'000
Not overdue	1,515	2,648
Not more than 3 months overdue	1,859	3,253
More than 3 months but not more than 1 year	586	1,707
More than 1 year overdue	-	122
	<u>3,960</u>	<u>7,730</u>

Movements in the Group trade receivables provision in the year are as follows:

	£'000
Balance brought forward at 1 May 2008	184
New provision made in the year	1,993
Balance carried forward at 30 April 2009	<u>2,177</u>

PROGRESSIVE DIGITAL MEDIA GROUP PLC (formerly TMN Group plc)

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YEAR ENDED 30 APRIL 2009

17. DEFERRED TAX

The movement in the Group's deferred taxation provision during the period was:

	Group		Company	
	2009	2008	2009	2008
	As restated			
	£'000	£'000	£'000	£'000
Balance brought forward	1,764	222	(143)	-
Income statement movement during the year	(1,187)	(530)	(22)	22
Income statement movement in relation to the prior year	(286)	-	-	-
Disposal of subsidiary	3	-	-	-
Recognised on acquisition - intangibles	498	2,400	-	-
Recognised on acquisition - IBG Group plc	-	(164)	-	-
Recognised in equity for share options	165	(165)	165	(165)
Balance carried forward	957	1,763	-	(143)

The movement of deferred tax in the income statement arises as follows:

Intangible assets purchased	(1,703)	(530)	-	-
Excess of tax allowances over depreciation on fixed assets	(4)	-	(22)	22
Short-term timing differences	10	-	-	-
Trading losses	510	-	-	-
	<u>(1,187)</u>	<u>(530)</u>	<u>(22)</u>	<u>22</u>

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

Intangible assets purchased	957	2,122	-	-
Excess of tax allowances over depreciation on fixed assets	-	(34)	-	22
Short-term timing differences	-	(8)	-	-
Trading losses	-	(152)	-	-
Share options	-	(165)	-	(165)
Balance carried forward	957	1,763	-	(143)

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade payables	4,636	4,005	393	456
Other taxation and social security	220	755	278	35
Accruals and deferred income	1,806	2,678	189	328
Other payables	598	-	-	-
	<u>7,260</u>	<u>7,438</u>	<u>860</u>	<u>819</u>

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 Group's results.

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19. BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Current:				
Bank overdraft	-	3,032	-	3,032
	<u>-</u>	<u>3,032</u>	<u>-</u>	<u>3,032</u>
Non-current:				
Loan	3,084	-	3,066	-
Capitalised borrowing costs	(72)	-	(72)	-
	<u>3,012</u>	<u>-</u>	<u>2,994</u>	<u>-</u>
	<u>3,012</u>	<u>3,032</u>	<u>2,994</u>	<u>3,032</u>

Borrowings consist of a revolving credit facility with Barclays Bank plc. The facility is repayable in full by 31 December 2011, with interest charged at 2.25% per annum above LIBOR.

At 30 April 2009, £3.1m of this facility had been drawn down. Loan arrangement fees amounting to £71,811 have been capitalised and deducted from the gross proceeds of the loan and are being amortised over the life of the facility. No fair value charges have been included in the income statement for the period as financial liabilities are carried at amortised cost in the balance sheet. After the balance sheet date the enlarged Group repaid £1.5m of this facility.

20. FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising bank borrowings and various items such as trade receivables and trade payables that arise directly from its operations.

Trade receivables and payables

The Group enters into day to day sales and purchase transactions resulting in trade payables and receivables. Such transactions are carried at the initial recognition amount until they reach maturity. Provision for impairment is made on a specific basis only and due to the short term nature of the transactions no subsequent remeasurement is undertaken.

Interest rate risk

The Group finances its operations through bank borrowings. The Group is not highly geared and therefore does not have a significant exposure to interest rate fluctuations on its borrowings. All borrowings are carried at a floating rate of interest. The floating rate borrowings bear interest at rates based on the prevailing bank rate. All borrowings are denominated in sterling.

No sensitivity modelling has been presented in this report as the Group's exposure to interest rate fluctuations is minimal.

Credit risk

The Group trades with only recognised creditworthy third parties. The carrying value of trade receivables is shown in note 16. It is Group policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis.

Due to the number of trading subsidiary entities in the Group, the credit risk exposure of the Group is not thought to be significant. Projects which lead to individually significant balances are subject to Board approval as part of the take-on process and are kept under regular scrutiny.

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20. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to short term loans that are denominated in currencies other than Sterling made to, or received from subsidiaries. No currency hedging is entered into.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. At the date of this report the overseas subsidiaries represent only a small proportion of Group activity and therefore exposure to fluctuations in foreign currencies is not considered significant to the Group.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group has a revolving credit facility of £5.0 million of which £3.1 million had been drawn down as at 30 April 2009.

Financial assets and liabilities

The IAS 39 categories of financial assets included in the balance are as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Loans and receivables held to maturity	4,213	10,432	-	25
Fair value through profit and loss account	10	108	-	-
	<u>4,223</u>	<u>10,540</u>	<u>-</u>	<u>25</u>

The IAS 39 categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Financial liabilities measured at amortised cost	<u>7,648</u>	<u>7,037</u>	<u>3,387</u>	<u>3,488</u>

The financial liabilities are included in the balance sheet in the following headings and are all expected to mature within one year with the exception of borrowings for which a more detailed analysis is provided in note 19:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current liabilities				
Financial liabilities - bank overdraft	-	3,032	-	3,032
Trade payables	4,636	4,005	393	456
Non-current liabilities				
Bank borrowings	3,012	-	2,994	-
	<u>7,648</u>	<u>7,037</u>	<u>3,387</u>	<u>3,488</u>

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21. PROVISIONS

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Current:				
Deferred cash consideration	-	753	-	753
Deferred share consideration	-	513	-	513
Other provisions	292	142	143	-
	<u>292</u>	<u>1,408</u>	<u>143</u>	<u>1,266</u>
Non current:				
Other payables:				
- deferred cash consideration payable 2010	-	344	-	344
- deferred share consideration payable 2010	-	442	-	442
Other provisions	801	-	27	-
	<u>801</u>	<u>786</u>	<u>27</u>	<u>786</u>
Total provisions	<u>1,093</u>	<u>2,194</u>	<u>170</u>	<u>2,052</u>

Deferred cash and share consideration related to the acquisition of subsidiaries. In accordance with the sale agreement no earn-out amount shall be paid if certain criteria are not met. Analysis of the subsidiary accounts indicate this criterion has not been met for the first earn-out year and an impairment review indicates the criteria will not be met for the subsequent earn-out year. On this basis, this deferred consideration is valued at £nil.

22. OTHER PROVISIONS

Group

	Reward points	Other	Dilapidations	Onerous lease	Total
	£'000	£'000	£'000	£'000	£'000
At 30 April 2007	247	-	-	-	247
Payments in the year	(714)	-	-	-	(714)
Increase in provision	609	-	-	-	609
At 30 April 2008	142	-	-	-	142
Payments in the year	(576)	-	-	-	(576)
Increase in provision	583	100	228	616	1,527
At 30 April 2009	<u>149</u>	<u>100</u>	<u>228</u>	<u>616</u>	<u>1,093</u>

The reward points provision relates to the expected redemption cost of reward points issued by the Group's shopping portal, mutualpoints.com and homeofresearch.com. The future outflow of this provision is expected to fall due within the next 12 months.

The other provision relates to tax and national insurance contributions due after a review of Group employment tax compliance. After the year end £48,000 had been paid and the remaining provision is expected to be utilised within the year.

Dilapidations relate to the office premises occupied by the Group and its subsidiaries. The provision has been discounted at a rate of 3%.

iD Factor Limited has an onerous lease contract in respect of offices no longer occupied. This lease is considered onerous as iD Factor Limited entered into an overriding lease which was taken out following the default of its assignee. The provision has been discounted at a rate of 3% and assumes that the property will remain vacant for two years.

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22. OTHER PROVISIONS (continued)

Internet Business Group Limited's lease on office premises is also considered to be onerous. The Group made redundancies as part of an operating cost reduction strategy in the latter part of 2008 which resulted in surplus office accommodation being held.

Company	Dilapidations £'000	Other £'000	Total £'000
At 30 April 2008	-	-	-
Increase in provision	70	100	170
At 30 April 2009	<u>70</u>	<u>100</u>	<u>170</u>

Dilapidations relate to the office premises occupied by the Group. The provision has been discounted at a rate of 3%.

The other provision relates to tax and national insurance contributions due after a review of the Group employment tax compliance. After the year end £48,000 had already paid and the remaining provision is expected to be utilised within the year.

23. OPERATING LEASE ARRANGEMENTS

Operating lease as lessee

Operating lease arrangements represent rental charges for office accommodation and motor vehicles.

At 30 April 2009 the Group had the following minimum outstanding commitments under non-cancellable operating leases which fall due:

	2009 £'000	2008 £'000
Within 1 year	272	404
Within 2 to 5 years	300	756
Over 5 years	-	-
	<u>572</u>	<u>1,160</u>

At 30 April 2009 the Company had the following minimum outstanding commitments under non-cancellable operating leases which fall due:

	2009 £'000	2008 £'000
Within 1 year	130	163
Within 2 to 5 years	98	228
Over 5 years	-	-
	<u>228</u>	<u>391</u>

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23. OPERATING LEASE ARRANGEMENTS (continued)

Operating lease as lessor

The Group is the leaseholder of office accommodation which it leases to a third party. The receivables due under this lease may be summarised as follows:

	2009 £'000	2008 £'000
Within 1 year	60	-
Within 2 to 5 years	91	-
Over 5 years	-	-
	<u>151</u>	<u>-</u>

24. CALLED UP SHARE CAPITAL

Authorised share capital:

	2009 £'000	2008 £'000
100,000,000 Ordinary shares of £0.0001 each	10	10
100,000 Deferred shares of £1.00 each	100	100
	<u>110</u>	<u>110</u>

Allotted, called up and fully paid:

	2009		2008	
	No'000	£'000	No'000	£'000
Ordinary shares of £0.0001 each	77,605	8	75,383	8
Deferred shares of £1.00 each	100	100	100	100
		<u>108</u>		<u>108</u>

During the year the Company allotted 1,045,785 ordinary shares on the exercise of share options.

Movements in ordinary share capital in the year:

	No'000
Shares at 1 May 2008	75,383
Acquisition of subsidiary	1,176
Options exercised	1,046
Shares at 30 April 2009	<u>77,605</u>

The movement in share capital during the year represents an aggregate nominal value of £222.

Deferred shares:

The rights and restrictions attached to and imposed on the deferred shares are as follows:

a) The deferred shares shall not confer upon the holders thereof as a class, the right to receive any dividend, distribution or other participation in the profits of the Company.

b) 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.

c) 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.

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25. SHARE-BASED PAYMENTS

Equity-based share options

The Group grants options to certain directors and employees. Details of the options in issue during the year are as follows:

Issue date	Exercise price (pence)	Held at 30 April 2008 No'000	Granted during year No'000	Exercised during year No'000	Expired, lapsed, cancelled No'000	Held at 30 April 2009 No'000	Remaining life Years
23/05/00	0.01	48	-	-	-	48	1
31/10/00	21.25	73	-	-	-	73	2
06/04/04	19.50	490	-	-	-	490	5
15/11/05	0.01	1,111	-	(1,046)	(65)	-	-
15/11/05	30.25	300	-	-	-	300	6
02/06/06	71.00	60	-	-	(60)	-	-
20/09/06	65.00	1,000	-	-	-	1,000	7
14/03/07	82.50	182	-	-	-	182	8
11/06/07	77.00	500	-	-	-	500	9
		<u>3,764</u>	<u>-</u>	<u>(1,046)</u>	<u>(125)</u>	<u>2,593</u>	
Exercisable at 30 April 2009						<u>1,669</u>	

As a result of the reverse takeover the potential exercise date of all share options in issue has been accelerated to 30 September 2009. No option holders exercised their options between the year end and 30 September and therefore all have lapsed post year end.

Option summary:	2009 No'000	Weighted average exercise price (pence)	2008 No'000	Weighted average exercise price (pence)
Balance at 1 May 2008	3,764	37.0	3,959	30.4
Granted during year	-	-	500	77.0
Exercised during year	(1,046)	0.01	(575)	13.1
Lapsed during year	(125)	34.0	(120)	71.0
Balance at 30 April 2009	<u>2,593</u>	53.5	<u>3,764</u>	37.9

The weighted average share price at the date of exercise for share options exercised during the year was £0.05 (2008: £0.77).

The fair values were calculated using the Black Scholes valuation method. The inputs to the model were as follows:

	2009	2008
Weighted average share price (pence)	77.0	77.00
Expected volatility	50%	50%
Expected life	3 years	3 years
Risk free rate (%)	5.0%	5.0%
Dividend yield (%)	-	-

The expected volatility is based on the historic volatility adjusted for any expected changes to future volatility.

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26. CAPITAL COMMITMENTS AND OFF BALANCE SHEET ARRANGEMENTS

The Group had no capital commitments at 30 April 2009 or 30 April 2008. The Group has not entered into any off balance sheet arrangements with the exception of the operating leases disclosed elsewhere within these financial statements.

27. CONTINGENT LIABILITIES

There are no other contingent liabilities at 30 April 2009 or 30 April 2008.

28. RELATED PARTY TRANSACTIONS

The following transactions were carried out by the Company with subsidiary undertakings:

	2009 £'000	2008 £'000
Sales of goods and services	<u>1,002</u>	<u>806</u>
Management charge	<u>4,015</u>	<u>3,107</u>

Sales and purchases to and from subsidiary undertakings were carried out on commercial terms and conditions at market prices.

The Company had the following balances with group undertakings at the year end:

	2009 £'000	2008 £'000
Amounts owed by group undertakings	<u>2,037</u>	<u>4,098</u>
Amounts owed to group undertakings	<u>1,045</u>	<u>1,719</u>

The remuneration of the directors who are the key management personnel of the Group is set out in note 6.

29. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group has adequate resources to support the plans of the business;
- to ensure the Group's ability to continue as a going concern, and;
- to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The management regards capital as total equity and reserves for capital management purposes.

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30. DISPOSALS

On 13 September 2008 the Group disposed of its 100% equity interest in its subsidiary, Sweatband.com Limited. Included within the Group results is a £25,995 trading loss for Sweatband.com to the date of disposal.

The results for Sweatband.com Limited were as follows:

Group	£'000
Revenue	886
Cost of sales	(706)
Gross profit	180
Administrative expenses	(206)
Loss from operations	(26)

The Group loss includes £193,597 profit on sale of Sweatband.com Limited. The profit on disposal of Sweatband.com Limited can be summarised as follows:

Group	£'000
Property, plant and equipment	258
Inventories	281
Trade and other receivables	19
Cash at bank and in hand	64
Trade and other payables	(764)
Net liabilities	(142)
Profit on disposal	193
Consideration	51
Satisfied by:	
Cash	78
Transaction costs settled in cash	(27)
	51

31. POST BALANCE SHEET EVENTS

On 24 June 2009 Progressive Digital Media Group plc completed the acquisition of the entire share capital of Progressive Digital Media Limited through the issue of 291,942,672 new ordinary shares to Michael Danson, Progressive Digital Media Limited's sole shareholder and non-executive director of Progressive Digital Media Group plc. This represents 79% of enlarged Group's share capital following the readmission which together with his existing holding in TMN resulted in him holding 84.87% of the enlarged Group's share capital. The consideration shares rank pari passu in all respects with the existing ordinary shares including the right to receive dividends and other distributions declared following re-admission.

Under IFRS, the acquisition constitutes a reverse takeover.