Parallel Media Group plc

Annual report for the year ended 31 December 2014

Registered Number 00630968

Parallel Media Group Plc

Annual report for the year ended 31 December 2014

A LEADING SPORTS AND ENTERTAINMENT AGENCY

Who We Are

PMG is a leading Communications Agency specialising in Sports, Entertainment and Media. Founded in 1987 by Chairman, David Ciclitira and listed on the London Stock Exchange's AIM since August 2001, Parallel Media Group connects lifestyle brands to opportunities in Asian markets.

What We Do

In Sport

PMG specialises in golf and has worked in the industry for over 25 years, promoting tournaments on the European tour. In 2014 PMG successfully moved the Ballantine's Championship in Korea to Singapore. Promoted and managed the second Prudential Causeway Trophy, a Ryder Cup style tournament between Singapore and Malaysia.

In Music

PMG created AIA K-Pop, a collaboration between one of Asia's biggest financial brands, AIA and Korea's best exports, K-Pop. PMG also owns the Blue & White Festival promoting the region of PyeongChang in the run up to the 2018 Winter Olympics and beyond and continues to expand launching the AIA Real Life: NOW Festival in 2014 and negotiated sponsorship of Taylor Swift in Malaysia.

Why We Succeed

Our greatest asset is our people. We have great ideas and the ability to execute them. We are driven by passion and creativity and believe that you are only limited by your imagination.

Parallel Media Group plc

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DIRECTORS AND ADVISERS

Directors	David Ciclitira (Chairman) Serenella Ciclitira Ranjit Murugason Timothy Sturm
Public Limited Company No	00630968 - incorporated in England and Wales
Secretary and Registered Office	Matthew Ellis 82 Berwick Street London, W1F 8TP
Nominated Adviser and Broker	Sanlam Securities UK Ltd 10 King William Street London, EC4N 7TW
Auditor	Kingston Smith LLP 141 Wardour Street London, W1F 0UT
Solicitors	Druces LLP Salisbury House London, EC2M 5PS
Bankers	Lloyds Bank Plc 2nd Floor, 25 St George Street London, W1S 1FS National Westminster Bank Plc 2nd floor, 65 Piccadilly London, W1A 2PP
Registrars	Capita IRG Plc Beckenham, Kent, BR3 4TU

I have pleasure in presenting the Company's Annual Report, Strategic Report and Financial Statements for the year ended 31 December 2014. Over the past year PMG has successfully restructured and has strengthened its music business to focus on the Company's extensive sponsorship knowledge of the Asian marketplace. This, combined with the consolidation of its core golf events business, reviewing its asset base and reducing its annual overheads, means that the Company will have a diversified and balanced base upon which to continue to build, and we look forward to capitalising on this improved position for shareholders.

During the period under review PMG has:

- Consolidated its golf events business by moving the Ballantine's Championship in Korea to Singapore, where it was renamed the Championship Singapore. The event took place very successfully in January 2014 at Laguna Golf Club, and as a result secured the event in the European Tour calendar for the future. A new subsidiary company has been created, Championship (Singapore) Pte Ltd, to administer the event and has already attracted outside investment. Additionally, the Prudential Causeway Trophy took place in June 2014 which saw Singapore take home the trophy in an exciting finish against a strong team of Malaysia's leading golfers.

- Negotiated AIA's sponsorship of Taylor Swift's tour of Malaysia, as well as creating a new festival in Korea, the *AIA Real Life: NOW Festival*, featuring headline artists Lady Gaga and The YG Family, which includes global K-Pop sensation Psy alongside 2NE1, Big Bang and Winner.

- Continued to review its asset base and is working towards further reducing annual overheads. As part of the Company's review, the smart media application which sits on the Company's balance sheet as an intangible asset was subject to an impairment review at the end of the year. As the asset has generated no revenues and the technology is now obsolete, it was deemed prudent to write down the value of the asset at this time. A review of the carrying value of other balance sheet assets was also conducted and certain loans to related companies and joint ventures were also deemed to be irrecoverable.

Post balance sheet events/Related party transaction

As set out in the Company circular to Shareholders dated 3 December 2013, the Company entered into a service agreement between the Company, PCM, Luna Trading Limited ("Luna"), and David Ciclitira (the "PCM Agreement").

Pursuant to the PCM Agreement, the Company provides the services of David Ciclitira and certain other services to PCM (the "Services") in consideration for the payment by PCM to the Company of most of the revenue which PCM will receive (whether by way of dividends or otherwise) as a result of PCM being a 45%

shareholder in a joint venture company. PCM has entered into a joint venture agreement with a major US media conglomerate, pursuant to which the parties formed a Hong Kong incorporated company to provide live music based marketing solutions for international and local brands across Asia. The effect of this arrangement with PCM is that the Company receives PCM's economic benefit of the joint venture arrangement. PCM does not own any assets other than its shareholding in the joint venture company. The Company agreed post year end to alter the PCM Agreement, which has been retrospectively applied such that it has effect from 1 January 2015. The amendments comprise, inter alia:

1. that the Company is no longer responsible for the provision of the Services and that the Services and the cost of providing them shall be borne by PCM directly;

2. that PCM will pay 50% of David Ciclitira's consultancy fees, in accordance with the service agreement between the Company and Luna. For the year ended December 2015 David Ciclitira has waived his consultancy fees for this financial year, as have fellow board directors Tim Sturm and Serenella Ciclitira;

3. that the consideration received by the Company (the "Net Revenue") will be all of the revenue which PCM will receive (whether by way of dividends or otherwise) as a result of PCM being a 45% shareholder in a joint venture company after deduction of certain approved operating costs and any VAT.

The effect of these amendments is that the Company continues to receive the economic benefit of PCM's joint venture, while the costs associated with the joint venture arrangement will now be met by PCM rather than PMG. PMG's operating costs will be significantly reduced as a result as the bulk, and potentially all, of its music-related activities will be carried out by PCM. The Company will have the right to nominate a person to serve as a director of PCM and to approve PCM's annual budget and the costs to be included in the Net Revenue calculation. The remainder of the PCM Agreement is unchanged.

Due to the fact that Luna is the sole shareholder of PCM and David Ciclitira is the ultimate beneficial owner of Luna, and that each are a substantial shareholder under the AIM Rules, the amendment to the PCM Agreement constitutes a related party transaction as defined by the AIM Rules. The Independent Directors, being Ranjit Murugason and Tim Sturm, having consulted with Sanlam Securities UK Limited, the Company's nominated adviser, consider that the terms of the amendment to the PCM Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

Outlook

With a much cleaner balance sheet, and a reduced cost base in lieu of a new net revenue arrangement with PCM, PMG can now look clearly to the future to focus on its two primary sources of revenue – the golf division and the music business. The board feels positive about the growth potential of the Company and, wishing to further demonstrate support of PMG, David Ciclitira has decided to waive his consultancy fees in 2015 to allow the Company the chance to return to profit, as have his fellow directors Tim Sturm and Serenella Ciclitira.

I would like to take this opportunity to thank my fellow board members, as well as all of our hard working staff around the world.

David Ciclitira
Chairman
30 June 2015

Strategic Report

The Directors of the Company and its subsidiary undertakings, which together comprise Parallel Media Group, present their Strategic Report for the year ended 31 December 2014.

The Strategic Report is a new statutory requirement under the Companies Act 2006 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

Principal Activities

The principal activities of the Group during the year ended 31 December 2014 continued to be the promotion of sport and music events and associated media activities.

Organisation Review

PMG is a leading Communications Agency and has expertise in guiding some of the world's leading brands in the Asian markets. Founded in 1987 by Chairman, David Ciclitira and listed on the London Stock Exchange's AIM since August 2001 the operations of PMG are run from three main offices in London, Singapore and Seoul.

The Board of Directors comprises the Chairman and three non-executive directors. Their profiles can be found on the Company's website www.parallelmediagroup.com

Strategy and Business Plan

PMG focuses on two distinct business areas, Sport and Entertainment, and retains an interest in developing opportunities in its Media business.

In Sport it specialises in golf and has been responsible for promoting tournaments such as the Championship (formerly the Ballantine's Championship), the 2013 event having taken place in Korea and the 2014 event having been held in Singapore at Laguna National in January 2014, and the Prudential Causeway Trophy in June 2014, a Ryder Cup style competition between professional golfers from Singapore and Malaysia.

In entertainment PMG specialises in connecting international brands with music solutions in the Asian markets.

Recent projects include the promoting of a Justin Bieber concert in Korea, a Taylor Swift concert in Malaysia, both for AIA, the "Real Life Company" which is the largest independent publicly listed pan-Asian life insurance group with operations in 17 markets in the Asia-Pacific region. In addition PMG has created the AIA Real Life: NOW Festival in Korea, a global event where the music and culture of the East and West will come together. The first such event took place in August 2014 with Lady Gaga as the headline act.

PMG's Media activities were conducted through its 50:50 joint venture with Pico Global services to form Pico TV. However the joint venture has now been dissolved with no financial impact on the group. The media business is currently under review by the Company's management.

Financial and Performance Review

During the year the PMG board of Directors revalued the loans with related and joint venture companies on the Company's balance sheet. This resulted in a number of one-off write downs that will ultimately clean the Company's balance sheet. The carrying value of the intangible assets was subject to an end of year impairment review. The review was triggered by the fact that no revenue had been derived from the Pico TV smart media application, as expected, and that the Company did not have the resources to enable opportunities to be fully explored, and resulted in intangible asset and goodwill value being reduced to zero.

The consolidated income statement is set out below. The Company has generated revenue of £0.7m against £7.8m for 2013. This reduction was due to a number of factors. The Singapore Championship, formerly the Ballantine's Championship, was moved from Korea to Singapore at a very late stage which resulted in no title sponsor and a considerable reduction in secondary sponsorship. There was also a change in revenue recognition arrangements whereby in 2013 the event's prize fund of £1.9 million was included as both a revenue and cost of sales item, while in 2014 the prize fund money was not included as a revenue or cost item due to the fact that the European Tour were responsible for paying the prize fund in totality directly. Other events that were not staged in 2014 included Premier League Golf as well as the forecasted AIA sponsored concerts. .

The reduced revenue corresponded with a reduction in Cost of Sales, as events were either reduced in scope or not held. This had a positive impact as Cost of Sales reduced from £5.7m (2013) to £0.44m (2014). The net result was a Gross Profit of £0.25m against a Gross Profit in 2013 of £2.16m.

The Company continues its cost cutting exercise which has yielded significant savings. Administration costs for 2014 were £0.98m compared with £1.99m in 2013.

The statement of financial position of the Group is set out below and shows the impact of the impairment write-offs, with net liabilities falling to £1.65 million against net assets of £2.87 million in 2013 (adjusted in 2014). PMG is in current discussions with creditors concerning non-current debts of approximately £2.0m that are no longer deemed payable which should allow for a considerable balance sheet improvement in the future.

Operating Review

During 2014 PMG has made progress and successfully promoted a series of events.

Sport

- Staged the Championship, the renamed golf tournament which will be held annually in Singapore.
- The Prudential Causeway Trophy had its second outing of a successful Ryder cup style event between professional golfers from Malaysia and Singapore.

Entertainment

- August 15 & 16 saw the inaugural AIA Real Life: NOW festival held at the Jamsil Sports Complex Main Stadium, Seoul. Sponsored by AIA, the Festival was the largest music event undertaken by the Company since the inception of its music division. Promoted by the world's leading live entertainment company, Live Nation, in association with Korea's top artist management firm, YG Entertainment, the festival featured some of the world's biggest selling artists, including headline acts, Lady Gaga, Psy and the YG Family.

Media

- Under review by the management of the Company.

Risk and Uncertainties

Revenue risk:
PMG derives the majority of revenues from events and business in Asia, with both events promotion and sponsorship sales in the region. Sponsorship sales rely on international brands seeking to expand their presence in the Asian markets. A downturn in Asian sponsorship could negatively impact PMG results. PMG is working to mitigate this risk through the development of long-term sponsorship contracts.

Cost risk:
A considerable portion of PMG's cost of sales is derived from business in Asia for the delivery of events in the region. Increases in local supplier costs may negatively impact PMG results. PMG works to mitigate this risk by working with internationally recognised suppliers and renegotiates supply contracts on an event by event basis.

Event cancellation risk:
A large proportion of PMG revenues and costs are derived from the staging of international golf events in the Asia region. To mitigate the impact of event cancellation, PMG insures against this risk.

New product risks:
PMG carries out market research on new products and expects all new products to generate revenues.

Financial Instruments

Although PMG is headquartered in the UK, a considerable portion of revenue and costs are denominated in US dollars, Euros and Korean Won. As a result, the Group's consolidated financial statements (presented in Sterling) can be affected by adverse currency movements. The Group's financial risk management objective is to minimise the exposure to such foreign currency risks. PMG's policy is to match US dollar, Euro and Korean Won revenue and costs as closely as is practicable.

The Group is exposed to interest rate risk from movements in the bank base rate. The Company's £0.4 million debt facility with Lloyds is charged interest at 4% above base.

The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The Group's customers are predominantly comprised of large multi-national luxury brands. The sponsorship & consulting revenues are secured by contracts for the provision of services. Title sponsors pay contracted stage payments in regular intervals throughout the year. Secondary sponsors pay contracted sponsorship fees usually 60 days prior to the event. The Group aims to ensure that the majority of sponsorship is paid prior to the provision of the service or event.

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits. The Group plans to continue to meet operating and other commitments as they fall due. Liquidity risk is managed through cash flow forecasts and regular planning.

Internal Controls and Risk Management

The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to bring reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Board reviews capital investment, additional borrowing facilities, guarantees and insurance arrangements.

Forward Looking Statement

PMG will continue to focus on its golf and expanding music businesses over the forthcoming 12 months.

Having secured a strong long term host venue agreement with Laguna Golf and Country Club, PMG is in active discussion with various potential title sponsors of the Singapore Championship, which is scheduled to take place during Q1 of 2016. After a year of absence from the European Tour, the Company aims to announce a new title sponsor for the Singapore Championship during Q4 of 2015 and we look forward to once again promoting a first class event on the European Tour.

As announced on 15 May 2015, PMG is currently negotiating the opportunity for the Causeway Trophy to be held during the same week as The Singapore Championship and to be moved to Malaysia, having previously been held in Singapore. These developments would mark an exciting step forward for the event.

Having launched the AIA Real Life Music Now Festival in 2014, PMG has had a strong start in 2015 for its on-going music business.

The joint venture arrangement, entered into through PCM, gives the Group the economic benefit on a net revenue basis of a joint venture agreement with a major US media conglomerate. Through the PCM Agreement the parties have formed a Hong Kong incorporated company to provide live music based marketing solutions for international and local brands across Asia. The joint venture has gained significant traction since the period end, having advised on the securing of 'Presenting Sponsor' arrangement for a US chart topping indie rock band with an international insurance company, and a licensing and booking agreement for a dance music event in Japan. The fees and commission associated with these arrangements are payable to the joint venture, however, pursuant to the terms of the PCM Agreement all quarterly revenues less approved costs are payable to the Group. The Board expects that the aggregate financial impact of these arrangements on the Group will be revenue in the region of £100,000 for 2015.

In addition the joint venture is negotiating multiple other agreements which, if concluded, will have a significant impact on PMG with announcements will be made in due course. Accordingly, the Board feel very positive about the growth and potential success of the music business over the forthcoming 12 months.

The Company remains committed to continuing and expanding the reduction in its overheads, which in the first six months of 2015 have been successfully reduced by 70% compared to the same period in 2014.

Corporate Governance

Companies whose shares are traded on AIM are not required to make annual statements to shareholders regarding compliance with the UK Corporate Governance Code. However the company is committed to high standards of corporate governance. The non-executive director Timothy Sturm heads the Audit Committee, while Ranjit Murugason continues his role as a non-executive director and member of the Audit Committee.

Role of the Board

The Board's role is to agree PMG's long-term direction and strategy and monitor achievement of its objectives. The board aims to meet six times a year for these purposes and hold additional meetings where necessary. The Board receives reports on all significant strategic and operational matters.

Shareholders

The Board seeks to protect shareholders' interests by following where appropriate the guidelines in the UK Corporate Governance Code. The annual general meeting provides the Board with an opportunity to informally meet and communicate with investors.

Suppliers and Contractors

It is Group policy that appropriate terms and conditions for its transactions be agreed with its suppliers and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them. The Group does not follow any code or standard on payment practice.

This strategic report was approved by the Board of Directors on 30/06/2015 and signed on its behalf.

David Ciclitira
Chairman
30 June 2015

BASIS OF PREPARATION, FORECASTS AND ASSUMPTIONS

The financial statements have been prepared on a going concern basis as per note 1.1 which assumes that the Group will continue in operational existence for the foreseeable future. The directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2016.

Branches in the EU

The group has no branches in the EU whilst the Joint Venture, Parallel Media Italia s.r.l., a company incorporated in Italy has not traded.

DIVIDEND

No dividend is recommended in respect of the year ended 31 December 2014 (2013 - £Nil).

DIRECTORS

The Directors during the year were:

Director	Period of office:
David Ciclitira	Director for the full year ended 31 December 2014
Serenella Ciclitira	Non- Executive Director for the full year ended 31 December 2014
Ranjit Murugason	Non- Executive Director for the full year ended 31 December 2014
Timothy Sturm	Non- Executive Director for the full year ended 31 December 2014

Directors' interests in shares and options:

The beneficial interests in the ordinary share capital of the Company of the directors in office at 31 December 2014 were as follows:

	31 December 2014 Ordinary shares of 52.8p		31 December 2013 Ordinary shares of 52.8p	
Director	**Fully Paid**	**Options**	**Fully Paid**	**Options**
David Ciclitira	1,014,321	1,872	1,014,321	1,872
Leonard Fine	-	496	-	496
Serenella Ciclitira	6,423	-	6,423	-
Ranjit Murugason	180,649	-	180,649	-
Tim Sturm	7,083	-	7,083	-

The shares or beneficial interest in the shares held by David Ciclitira are as follows:

Holder	**No. of 52.8p shares 31 December 2014**	**No. of 52.8p shares 31 December 2013**	**Reference**
D Ciclitira	688,747	688,747	Held by D Ciclitira directly
Walbrook Trustees (Jersey) Ltd	206,532	206,532	A discretionary trust, of which D Ciclitira is a potential beneficiary
Luna Trading Ltd	116,434	116,434	A company held by a discretionary trust, of which D Ciclitira is a potential beneficiary
S Ciclitira	6,423	6,423	Held by S Ciclitira directly
Lynchwood Nominees	2,604	2,604	
	1,020,740	**1,020,740**	

The above table constitutes the David Ciclitira Concert Party

SUBSTANTIAL SHAREHOLDINGS

The following investors notified the directors that they hold or are beneficially interested in 3% or more of the Company's ordinary share capital.

	No	%
David Ciclitira Concert Party	1,020,740	33.92%
Harwood Capital LLP	849,530	28.23%
BNY (OCS) Nominees Limited	189,881	6.31%
Ranjit Murugason	183,846	6.11%

DIRECTORS' LIABILITY INSURANCE

During the year, directors' and officers' liability insurance was maintained for directors and other officers of the Company as permitted by the Companies Act 2006.

AIM COMPLIANCE

In accordance with AIM Rule 31, the company is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules. In order to ensure that these obligations are met, matters of compliance are managed through regular Board meetings and advice is sought from the Group's nominated adviser (Nomad). The Directors are satisfied that the company's obligations under AIM Rule 31 have been met during the period under review.

PROVISION OF INFORMATION TO AUDITOR

In the case of each of the directors who are directors of the company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of the information.

AUDITOR

Parallel Media Group appointed Kingston Smith LLP as its auditors for the company and its subsidiaries for the financial year 2014. There were no circumstances connected with the appointment and subsequent resignation of Grant Thornton UK LLP. We would like to thank Grant Thornton UK LLP for their help in 2013. The appointment was agreed by the board. A resolution to re-appoint Kingston Smith LLP for the 2015 audit will be put to the shareholders at the next Annual General Meeting.

POST BALANCE SHEET EVENTS

The Company agreed post year end to amend the PCM Agreement, which has been retrospectively applied such that it has effect from 1 January 2015. This has been outlined in the Chairman's statement.

The effect of these amendments for 2014 is no financial change to the 2014 financial statements.

PRIOR YEAR ADJUSTMENT

Under IFRS when acquisitions not resulting in a change of control occur the following accounting treatment should be followed.

- No gain or loss is recognised
- Goodwill is not re-measured
- The difference between the fair value of the consideration paid and the change in the non controlling interest is recognised directly in equity attributable to the owners of the parent.

The company purchased 25% of PMGA in 2013 for a consideration of £54k (Note 16) the prior year adjustment will reduce reserves and remove investment in subsidiary by £54k upon consolidation.

The Directors report has not included principal activities, organisation review, financial performance review and risks and uncertainties as these are shown in the Strategic Report instead under S414C(11).

On behalf of the Board

D Ciclitira

Chairman

30 June 2015

Parallel Media Group plc
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, the directors have prepared the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARALLEL MEDIA GROUP PLC

We have audited the financial statements of Parallel Media Group plc for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 16 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Strategic and Directors' reports to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kingston Smith LLP

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30 June 2015

Peter Smithson (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

141 Wardour Street

London

W1F 0UT

Parallel Media Group plc

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Revenue	4	692	7,817
Cost of sales	5	(442)	(5,660)
Gross profit		250	2,157
Administration expenses			
Foreign exchange		(106)	96
Depreciation and amortisation of non financial assets		(187)	(181)
Other administrative expenses		(984)	(1,989)
Total admin expenses		(1,277)	(2,074)
Operating (loss)/profit	6	(1,027)	83
Exceptional items	7	(3,648)	-
Operating (loss)/profit after exceptional Items		(4,675)	83
Finance costs	10	(65)	(188)
Share of post acquisition profit/(loss) of Joint Venture		129	(81)
Loss before tax	4	(4,611)	(186)
Tax expense	12	-	-
Loss for the year		(4,611)	(186)
Attributable to:			
Non-controlling interests		-	-
Equity holders of the parent		(4,611)	(186)
		(4,611)	(186)
Earnings loss per share			
-basic	13	(153.2p)	(6.2p)
-diluted	13	(153.2p)	(6.2p)

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

Parallel Media Group plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014

	2014	2013
	£'000	£'000
Loss for the year	(4,611)	(186)
Items that will be subsequently reclassified to profit and loss		
Exchange difference on translation of foreign operations	(69)	60
Total comprehensive income (expense) for the year	(4,680)	(126)
Total comprehensive income (expense) attributable to:		
Equity holders of the parent	(4,680)	(126)
Non - controlling interest	-	-
	(4,680)	(126)

Parallel Media Group plc Company Number 00630968

STATEMENTS OF FINANCIAL POSITION as at 31 December 2014

		Group		Company	
			Restated		
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
Non current assets					
Property, plant and equipment	14	6	3	-	-
Intangible assets - Tournament rights	15	1,594	1,730	1,594	1,730
Intangible assets - Development costs	15	-	2,923	-	140
Investment in Joint Venture	17	-	-	-	31
Goodwill	18	-	200	-	-
Investments	16	-	2	58	2,365
Total non current assets		1,600	4,858	1,652	4,266
Current assets					
Inventory		-	8	-	8
Trade and other receivables	19	72	2,329	549	3,262
Cash and cash equivalents	20	3	24	(1)	16
Total current assets		75	2,361	548	3,286
Current liabilities					
Financial liabilities - Borrowings	21	85	162	85	162
Trade and other payables	22	2,927	3,097	3,603	5,033
Total current liabilities		3,012	3,259	3,688	5,195
Net current liabilities		(2,937)	(898)	(3,140)	(1,909)
Non current liabilities					
Financial liabilities - Borrowings	23	317	379	317	379
Deferred tax	25	-	708	-	-
		317	1,087	317	379
Net assets/(liabilities)		(1,654)	2,873	(1,805)	1,978

Parallel Media Group plc Company Number 00630968

STATEMENTS OF FINANCIAL POSITION as at 31 December 2014

		Group		Company	
			Restated		
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
STATEMENT OF FINANCIAL POSITION- Contd					
Equity					
Share capital	26	4,612	4,612	4,612	4,612
Share premium		8,741	8,741	8,741	8,741
Other reserves		503	503	557	557
Capital redemption reserve		5,034	5,034	5,034	5,034
Foreign exchange reserve		(116)	13	-	-
Retained earnings		(20,581)	(16,030)	(20,749)	(16,966)
Equity attributable to equity holders of the parent		(1,807)	2,873	(1,805)	1,978
Non-controlling interests		153	-	-	-
		(1,654)	2,873	(1,805)	1,978

The financial statements were approved and authorised for issue by the Board of directors on 30/06/2015 and were signed on its behalf by:

David Ciclitira

Chairman

Parallel Media Group plc

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2014

	Ordinary Share Capital	Share Premium	Other Reserves	Capital Redemption	Forex Reserve	Retained Earnings	Subtotal	Non controlling Interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group									
As at 31 December 2013	4,612	8,741	503	5,034	13	(16,030)	2,873	-	2,873
Loss for the year	-	-	-	-	-	(4,611)	(4,611)	-	(4,611)
Foreign exchange*	-	-	-	-	(129)	60	(69)	-	(69)
Total comprehensive income	-	-	-	-	-	(20,581)	(1,807)	-	(1,807)
Issued share capital	-	-	-	-	-	-	-	153	153
At 31 December 2014	4,612	8,741	503	5,034	(116)	(20,581)	(1,807)	153	(1,654)
Company									
At 31 December 2013	4,612	8,741	557	5,034	-	(16,966)	1,978	-	1,978
Loss for the year	-	-	-	-	-	(3,783)	(3,783)	-	(3,783)
At 31 December 2014	4,612	8,741	557	5,034	-	(20,749)	(1,805)	-	(1,805)

	Ordinary Share Capital	Share Premium	Other Reserves Restated	Capital Redemption	Forex Reserve	Retained Earnings	Subtotal	Non controlling Interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group									
As at 31 December 2012	3,527	7,288	557	5,034	13	(15,844)	575	-	575
Loss for the year	-	-	-	-	-	(186)	(186)	-	(246)
Total comprehensive income	-	-	-	-	-	(186)	(186)	-	(186)
Issued share capital	1,085	1,779	-	-	-	-	2,864	-	2,864
Prior year adjustment			(54)				(54)		(54)
Share issue costs	-	(326)	-	-	-	-	(326)	-	(326)
At 31 December 2013	4,612	8,741	503	5,034	13	(16,030)	2,873	-	2,873
Company									
At 31 December 2012	3,527	7,288	557	5,034	-	(16,949)	(543)	-	(543)
Loss for the year	-	-	-	-	-	(17)	(17)	-	(17)
Issued share capital	1,085	1,779	-	-	-	-	2,864	-	2,864
Share issue costs	-	(326)	-	-	-	-	(326)	-	(326)
At 31 December 2013	4,612	8,741	557	5,034	-	(16,966)	1,978	-	1,978

*The Foreign Exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries that do not have a sterling functional currency. A reclassification amounting to £60k has been made in 2014 to correct a prior year balance in the foreign exchange reserve. The Capital Redemption reserve comprises amounts transferred from share capital on redemption of issued shares.

Parallel Media Group plc

STATEMENTS OF CASH FLOWS for the year ended 31 December 2014

	Group		Company	
		Restated		
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Cash flows from operating activity				
Operating (loss)/profit	(4,675)	83	(3,783)	172
(Decrease)/Increase in translation reserve	(69)	-	-	-
Depreciation	6	4	-	1
Amortisation of intangibles-Tournament rights	136	136	136	136
Amortisation of intangibles-Development costs	45	41	45	41
Share based payments	-	325	-	325
Loss on disposal of Intangible asset	2,370	-	95	-
Loss on disposal of Investments	2	-	2,307	-
Decrease/(increase) in inventory	8	5	8	5
Decrease/(increase) in receivables	2,386	137	2,713	(492)
(Decrease)/increase in payables	(170)	(2,558)	(1,430)	(2,013)
Cash generated from/(used in) operations	39	(1,827)	91	(1,825)
Cash flow from investing activities				
Acquisition of development costs	-	(4)	-	(4)
Acquisition of property, plant and equipment	(9)	-	-	-
Investments in subsidiaries*	-	-	-	(54)
Investments in joint ventures	-	(28)	31	(28)
Payment to NCI to increase shareholding	-	(54)	-	-
Net cash (used in) investing activities	(9)	(86)	31	(86)
Cash flow from financing activities				
Shares issued to non-controlling interests	153	-	-	-
Cash proceeds from issue of new shares	-	2,538	-	2,538
Loans repaid	(139)	(445)	(139)	(445)
Interest paid	(65)	(188)	-	(188)
Net cash (used in)/generated from financing activities	(51)	1,905	(139)	1,905
Cash and cash equivalents at beginning of the year	24	32	16	22
Net (decrease)/(decrease) in cash and cash equivalents	(21)	(8)	(17)	(6)
Cash and cash equivalents at end of the year	3	(24)	(1)	16

*Adjustment due to prior year restatement as per note 16.

1. Basis of preparation

These financial statements have been prepared on the historical cost basis or the fair value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 31 December 2014.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3.

A separate income statement for the parent company has not been presented as permitted by section 408 of the Companies Act 2006. The parent company loss for the year was £3.78m (2013 £0.02m)

1.1 Going concern

The directors have prepared trading and cash flow forecasts for the group for the period to 31 December 2015. The forecasts incorporate trading assumptions, including increased sponsorship from existing tournaments, new sponsorship revenues, and revenues from new products. The forecasts show that the group has sufficient cash to meet liabilities as they fall due.

In addition, the Directors have received confirmation that financial support will be provided to the PMG Group of companies sufficient to enable the group to continue to trade and meet its financial obligations as they fall due or the foreseeable future from the date that the Parallel Media Group plc financial statements for the year ended 31 December 2014 are approved and signed

The directors believe these forecasts to be realistic, and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

1.2 Adoption of standards effective in 2014

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU in force at the reporting date.

a) New and amended standards adopted by the group.

IFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. It also provides additional guidance to assist in the determination of control where this is difficult to assess;

IFRS 11 'Joint arrangements' gives a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are now only two types of joint arrangements: joint operations and joint ventures;

IFRS 12 'Disclosures of interests in other entities, includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and structured entities;

IAS 32 (Amended) 'Financial instruments: Presentation' clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet; and

IAS 36 (Amended) 'Impairment of assets' removed certain disclosures of the recoverable amount of cash generating units which had been included by the issue of IFRS 13

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted.

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these financial statements as they are not as yet effective. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

• IFRS 9, 'Financial instruments', effective date 1 January 2018 (not yet adopted by the EU)
• IFRS 15, 'Revenue from Contracts with Customers', effective date 1 January 2017 (not yet adopted by the EU)

Both of these standards are yet to be subject to a detailed review. IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these financial statements.

As far as can be determined at this stage, the Directors anticipate that the adoption of these will not have material impact on the Group.

2. Accounting policies

2.1 Consolidation and investments

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2014 using the purchase method of accounting. Under the purchase method the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal. Inter-company balances, transactions, and unrealised gains/losses are eliminated on consolidation.

2.2 Intangible assets – Tournament rights

The rights to promote European Tour golf events were acquired in September 2006 and included in the statement of financial position as intangible assets in the audited financial statements for the year ended 31 December 2006. These assets are amortised on a straight line basis over their expected life of 20 years. Intangible assets acquired are held at cost less amortisation and are reviewed on an annual basis for impairment.

2.2.1 Intangible assets - Development costs

Development costs are included in the statement of financial position at cost less any impairment provision. Development costs are only recognised where it can be demonstrated that the project is technically feasible; where there is a clear intention to complete the project; that there is ability to use or sell the asset; that there is a high probability of future economic benefits and expenditure can be measured reliably.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset this is between 2 and 11 years based on the asset unless such lives are indefinite. These changes are included in administrative expenses per the income statement.

2.3 Investment in joint ventures

A joint venture is an entity over which the group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognised at cost and adjusted for the group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the group's share of losses of a joint venture exceeds its interest in the joint venture, the group discontinues recognising its share of further losses.

2.4 Property, plant & equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation is provided on office equipment and fixtures & fittings at 20% on a straight line basis.
Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

2.5 Impairment of assets

The carrying amounts of the Group's assets, other than inventories, are reviewed at each statement of financial position date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.6 Financial instruments

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument.

2.7 Trade receivables

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

2.8 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 Trade payables

Trade payables are stated at their amortised cost.

2.10 Interest-bearing borrowings (other than compound financial instruments)

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

2.11 Share based payments

Options are measured at fair value at grant date using the Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Cash settled share based payment transactions results in the recognition of a liability at its current fair value.

2.12 Revenue recognition

Revenue includes sponsorship, management fees, sales & consulting fees, and income from sales of broadcasting rights. Revenue is recognised when the Group has earned the right to receive consideration for its performance, measured on the following basis:

(i) Management fees and other fees earned – on rendering of services to third parties.
(ii) Income from sale of sponsorship and commercial rights – on a straight line basis in accordance with the terms of the agreement.
(iii) Income from sale of broadcasting rights – on delivery of the programmes to broadcasters in accordance with the terms of the agreement.

2.13 Barter transactions

When services are rendered in exchange for dissimilar goods or services, the revenue generated for the services rendered is measured at the fair value of the goods or services received, adjusted for the amount of any cash or cash equivalents transferred.

2.14 Leases

Rentals under operating leases are charged to the Income Statement on a straight line basis over the lease term.

2.15 Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

The group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future.

2.15 Deferred tax – cont'd

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

2.16 Segmental reporting

The Group has three operating segments: the Sports, Entertainment and Media segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services (see note 4).

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments, such as share-based payment expenses.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's headquarters.

2.17 Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences on exchange arising on translation of subsidiaries are charged directly to other comprehensive income. All other exchange differences have been charged to the Income Statement

2.18 Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling interests, which do not result in de recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with the acquisition are recognised in profit or loss as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the Group's previously held equity interest in the acquiree is re-measured to fair-value as at the acquisition date through the profit and loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of nets assets of the subsidiary acquired, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Goodwill arising from business combinations is assessed for impairment annually.
The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

2.19 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is based on purchase price and net realisable value is based on estimated selling price less disposal costs.

2.20 Exceptional items

Exceptional costs are those costs incurred in the group which are considered by the directors to be material in size and are unusual and infrequent in occurrence which require separate disclosure within the financial statements.

3. Accounting estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Intangible assets

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006. These assets are carried at cost less amortisation. Amortisation is calculated to write-off the assets over their expected useful life of 20 years. Tournament rights have a carrying value of £1.59m (2013 £1.73m)

3.2 Development costs

Development costs are incurred in the creation of new media assets and propositions, the benefits of which are expected to be derived in future years. Development costs are written-off over the expected useful life of the asset. The development assets are assessed for impairment annually. Development costs have a carrying value of £Nil (2013 £2.92m)

3.3 Assets and liabilities acquired in business combinations:

The Group makes estimates to the fair value of assets and liabilities acquired in business combinations at the date of acquisition. The primary asset acquired relates to the previous joint venture Parallel Smart Media. This has a carrying value of £Nil (2013 £Nil).

4. Segment reporting

Operating segments

The group now operates under three segments, Sports, Entertainment and Media.

Parallel Sports

Parallel Sports operates professional golf tournaments around the world sanctioned by The European Tour, The Asian Tour and The Korean LPGA with a focus in Asia.

Parallel Media

The media segment had focused on smart media using the technology developed by PSM (developed apps include the Hong Kong Eye iPad and iPhone app, available through the appstore). This is currently being reviewed by the Directors of the company.

Parallel Entertainment

The entertainment division has been developed throughout 2014 and is currently focusing on continuing to build on our relationships with AIA and promoting new music related events.

4. Segment reporting (continued)

Segment results for the year

Operating segments	**Sports**		**Entertainment**		**Media**		**Consolidated**	
	£'000		**£'000**		**£'000**		**£'000**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue	531	6,487	161	1,210	-	120	692	7,817
Joint ventures	(15)	7	29	(28)	115	(60)	129	(81)
Segment result	202	1,893	63	123	115	60	380	2,076
Unallocated corporate expenses							(1,277)	(2,074)
Operating profit/(loss)							(898)	2
Exceptional Items							(3,648)	-
Finance costs							(65)	(188)
Loss for the year							**(4,611)**	**(186)**

Revenue by major customer

Operating Segments	**Sports**		**Entertainment**		**Media**		**Consolidated**	
	£'000		**£'000**		**£'000**		**£'000**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Client 1	-	4,131	-	-	-	-	-	4,131
Other Clients	531	2,356	161	1,210	-	120	692	3,686
Total by client and segment	**531**	**6,487**	**161**	**1,210**	**-**	**120**	**692**	**7,817**

4. Segment reporting (continued)

Geographical analysis

Operating segments	**Revenues**		**Non-current Assets**	
	£'000		**£'000**	
	2014	**2013**	**2014**	**2013**
South Korea	161	5,245	292	3,437
Hong Kong	12	758	1,120	1,220
Singapore	537	1,053	60	57
Europe	(40)	282	-	-
UK	22	27	182	198
Malaysia	-	452	-	-
Total by geography	**692**	**7,817**	**1,654**	**4,912**

Segment assets and liabilities

Operating segments	Sports		Entertainment		Media		Consolidated	
-	£'000		£'000		£'000		£'000	
	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets*	1,661	2,892	-	253	-	3,269	1,661	6,414
Unallocated corporate assets							14	805
Consolidated total assets							**1,675**	**7,219**
Segment liabilities	(1,570)	(1,890)	(78)	-	(5)	(793)	(1,653)	(2,683)
Unallocated corporate liabilities							(1,676)	(1,663)
Consolidated total liabilities							**(3,329)**	**(4,346)**
Net (liabilities)/assets							**(1,654)**	**2,873**

***Amended for prior year adjustment as detailed in Note 16**

Other segment information for the year

Operating segments	Sports		Entertainment		Media		Consolidated	
	£'000		£'000		£'000		£'000	
	2014	2013	2014	2013	2014	2013	2014	2013
Depreciation of tangible assets	(6)	(3)	-	-	-	-	(6)	(4)
Capital expenditure	9	-	-	-	-	4	9	4
Amortisation of intangible assets	(141)	(136)	-	-	(40)	(41)	(181)	(177)

5. Cost of sales

The Group's cost of sales comprises:

	2014 £'000	2013 £'000
Prize purse and sanction fees*	-	1,913
Commissions payable	35	80
Direct delivery costs	407	3,667
Other	-	-
Cost of Sales	**442**	**5,660**

*The prize fund in 2014 was the responsibility of and paid for by the European Tour, therefore it does not pass through PMG's books.

6. Operating loss on ordinary activities before tax

	2014 £'000	2013 £'000
This is stated after charging: Depreciation	6	4
Amortisation	181	177
Exceptional items	3,648	-
Operating lease rentals – land & buildings	25	25
Loss/(gain) on foreign exchange	175	(96)
Share-based payment transactions	-	325

7. Exceptional Items

The exceptional items within the 2014 Income Statement relate to the revaluation and treatment of intercompany loans and related party balances, the write down of goodwill is in relation to the intangible asset.

Intercompany/related party write offs	£'000
Parallel Media Korea	785
Parallel Smart Media Alpha Entertainment	253
Parallel Media Italia	240
Intangible impairment	
Development costs (see note 15)	2,878
Parallel Smart Media – Goodwill (see note 17)	200
Parallel Smart Media – Deferred tax write back	(708)
Exceptional items total	**3,648**

8. Auditor's remuneration

	2014	2013
	£'000	**£'000**
Fees payable to the auditor (Grant Thornton UK LLP 2013) and Kingston Smith LLP 2014 for the audit of the annual accounts of the group, the company and the group subsidiaries.	32	41
Fees paid to the auditor (BDO) for the audit of the annual accounts of the group, the company and the group subsidiaries relating to 2012.	-	57
Services relating to taxation	5	-
	37	**98**

9. E	2014	2013
up		
The average number of employees (including directors) during the year was:	(No.)	(No.)
Administration	**8**	**16**

	2014	2013
	£'000	**£'000**
The aggregate payroll costs including directors were:		
Wages, salaries and fees	428	837
Social security costs	22	28
	450	**865**

10. Finance costs

	2014	2013
	£'000	£'000
On bank loans	37	43
On loan guarantee from related parties	28	45
On conversion of debt to equity	-	100
Finance costs	**65**	**188**

11. Remuneration of directors

The Directors are the key management personnel of the Group. Directors' remuneration, including non executive directors, during the year was as follows:

	2014	2013
Group & Company	**£'000**	**£'000**
David Ciclitira (Chairman)	221	221
Leonard Fine (Non – Executive) to July 2013	-	25
Serenella Ciclitira (Non – Executive)	15	25
Ranjit Murugason (Non – Executive)	15	100
Tim Sturm (Non – Executive)	15	4
Total Emoluments	**266**	**375**

There are no other benefits for Directors other than Emoluments.

12. Tax

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
UK Corporation tax in respect of current year:	-	-
Current taxation	-	-
Total tax charge for the year	-	-

Loss on ordinary activities before tax	(4,611)	(186)
Loss on ordinary activities at the standard rate of corporation tax of 2014 21% (2013 – 23.25%)	-	-
Effect of:		
Revenue expenditure capitalised	9	4
Tax losses carried forward – deferred tax not recognised	(9)	(4)
Total tax charge for the year	-	-

13. Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue during the year. In calculating the diluted earnings per share, outstanding share options, warrants and convertible loans are taken into account where the impact of these is dilutive.

	2014	**2013**
(i) Basic		
Loss for the financial year after tax (£'000)	(4,611)	(186)
Weighted average number of shares in issue	3,009,233	3,009,233
Loss per share	(153.2p)	(6.2p)
Weighted average number of shares in issue	3,009,233	3,009,233
Fully diluted loss per share*	(153.2p)	(6.2p)

*The fully diluted loss per share is the same as the basic loss per share as the effects of potential shares are anti-dilutive.

14. Property, plant & equipment

The useful lives of each class of property, plant and equipment are reviewed annually to assess impairment. Where the asset is found to be impaired an appropriate charge is taken to the Income Statement.

	Group		Company	
	Office Equipment 2014 £'000	Office Equipment 2013 £'000	Office Equipment 2014 £'000	Office Equipment 2013 £'000
Cost				
Cost at start of year	255	255	45	45
Additions for year	9	-	-	-
Cost at end of year	**264**	**255**	**45**	**45**
Depreciation				
Cumulative depreciation at start of year	252	248	45	44
Charge for year	6	4	-	1
Cumulative depreciation at end of year	**258**	**252**	**45**	**45**
Net book value at end of year	**6**	**3**	-	-
Net book value at start of year	3	7	-	-

15. Intangible assets

Tournament rights

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006. These assets are carried at cost less amortisation. Amortisation is calculated to write-off the assets over their expected useful life of 20 years.

	2014	2013
Group and Company	**£'000**	**£'000**
Cost		
Cost at start of year	2,713	2,713
Additions in the year	-	-
Cost at end of year	2,713	2,713
Amortisation		
Cumulative amortisation at start of year	983	847
Amortisation for the year	136	136
Cumulative amortisation at end of year	**1,119**	**983**
Net book value at start of year	**1,730**	**1,866**
Net book value at end of year	**1,594**	**1,730**

The next tournament is expected in the first half of 2016 therefore after reviewing the value of the tournament rights, they have not been impaired.

Intangible assets (continued)

Development costs

Development costs are incurred in the creation of new media assets and propositions, the benefits of which are expected to be derived in future years. Development costs are written-off over the expected useful life of the asset. The development assets are assessed for impairment when indicators of impairment occur. As no revenue was derived from the asset as expected in 2014 this triggered an impairment review.

As a result of the impairment review it was deemed that the asset had no commercial value at this stage and a charge to the 2014 income statement was recognised.

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Cost				
Cost at start of year	3,222	3,218	439	435
Additions for year	-	4	-	4
Cost at end of year	**3,222**	**3,222**	**439**	**439**
Depreciation				
Cumulative depreciation at start of year	299	258	299	258
Charge for year	45	41	45	41
Impairment review	2,878	-	95	-
Cumulative charges at end of year	**3,222**	**299**	**439**	**299**
Net book value at end of year	**-**	**2,923**	**-**	**140**
Net book value at start of year	2,923	2,960	140	177

All research costs are expensed as incurred. Similarly, sales and marketing costs of exploiting assets are expensed through the Income statement as incurred.

16. Investments (as restated)

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Investment in subsidiaries*	-	-	58	2,365
Investment in joint venture	-	-	-	31
Other investments-available for sale	-	2	-	-
	-	2	58	2,396

The investment in subsidiaries relates to the 25% equity purchase of Parallel Media Group Asia PTE Ltd in 2013. The consideration paid to Urban Strategic PTE Ltd a company controlled by the non executive director R Murugason was 1,074,283 shares in the group at 5p £53,714.

*The consideration paid should have been recognised as a reserve movement as a transaction with a non controlling interest on consolidation. The prior year adjustment is to remove the £54k from Investment in subsidiaries and decrease reserves. Under IFRS this is the correct treatment as the amount was deemed material, the adjustment was recognised in the prior year. A list of subsidiary companies is included in Note 26.

17. Investment in joint venture

	Group 2014 £'000	Group 2013 £'000
Balance brought forward	-	4
Share of losses in joint venture	-	(31)
Transfer to subsidiaries upon acquisition	-	-
Investment in PMI	-	-
Investment in Pico	-	27
	-	-

Investments (continued)

Parallel Media Group Asia has a 50% interest in Parallel Smart Media Asia Alpha Entertainments Private Limited, a company incorporated in Singapore. Parallel Media Group has a joint venture with Parallel Media Italia s.r.l, Causeway Trophy PTE Ltd and Pico TV Pte Ltd.

The aggregate results of joint ventures owned during the year are:

	2014	2013
	£'000	£'000
Turnover	538	776
Profit/(loss) before tax	209	(336)
Taxation	-	-
Profit/(loss) after tax	209	(336)
Fixed assets	-	-
Current assets	10	83
Liabilities due within one year	(24)	(75)
Liabilities due after one year	-	(240)

Other investments

Other investments available for sale	£'000
At 1 January 2014	2
Disposals in year	2
At 31 December 2014	-

18. Goodwill

	Group
	£'000
Opening cost at 1 January 2014	200
Impairment review write off in 2014	(200)
Closing cost at 31 December 2014	-

After revaluation at year end the recoverable amount of the goodwill became £Nil. This amount has been written off to the income statement in 2014. This was as a result of the impairment review as detailed in Financial and performance review.

19. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade receivables	38	120	-	260
Amounts owed by subsidiaries	-	-	540	908
Amounts owed by joint ventures	-	493	-	519
Other receivables	32	1,538	7	1,479
Prepayments and accrued income	2	178	2	96
	72	**2,329**	**549**	**3,262**

At 31 December 2014 all amounts included under trade receivables are due within one year. Company trade receivables include £nil respectively due from related parties (2013: £0.26m). An offset between Parallel Media Korea and Luna Trading for monies owed to Parallel Media Group Plc by Parallel Media Korea had the effect of reducing the Financial Liabilities of PMG by reducing the amount owed to Luna Trading by £226k.

20. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Sterling bank accounts	-	19	-	16
Euro bank accounts	-	-	-	-
Dollar bank accounts	-	-	-	-
Singapore dollar bank accounts	4	5	-	-
Cash at bank	**4**	**24**	**-**	**16**
Bank overdrafts	(1)	-	(1)	-
Total cash and cash equivalents	**3**	**24**	**(1)**	**16**

21. Current financial liabilities – Borrowings

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank facility	85	162	85	162
	85	**162**	**85**	**162**

The bank facility at 31 December 2014 totalling £0.4 million is secured by a personal guarantee provided by David Ciclitira at a monthly cost in 2014 of £2,326 (2013 £3,750).

22. Trade and other payables and deferred income

	Group		Company	
	2014	2013*	2014	2013*
	£'000	£'000	£'000	£'000
Trade payables	2,186	2,446*	890	878*
Amounts owed to subsidiary entities	-	-	2,081	3,521
Other payables	258	221*	238	209*
Other tax and social security	311	372	311	372
Accruals	172	58*	83	53
Trade and other payables	**2,927**	**3,097**	**3,603**	**5,033**

*The group and company allocation of payables for 2013 has been amended to remain consistent for comparability. The amounts in Other Payables and Accruals have been reclassified. The total figure for Trade and Other Payables remains the same.

	Group		Company	
	2014	2013	2014	2013
Deferred income	-	-	-	-

Deferred income is income received in advance as at 31 December which will be recognised as revenue in the following year when services are rendered.

23. Non-current liabilities

Financial borrowings

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank facility	317	379	317	379
	317	**379**	**317**	**379**

At the 31 December 2014, amounts payable to Lloyds Bank totalled £402k (of which £85k is included in current liabilities and £317k is included in non-current liabilities above). The loan was restructured in August 2013 and is now repayable in 48 consecutive monthly instalments representing principal and interest. The loan carries interest payable at 4% over base rate. The loan may be repaid early at the discretion of the Group. The loan is secured by a personal guarantee provided by David Ciclitira.

24. Financial instruments

The Group and Company operations expose them to a number of financial risks. The directors aim to protect the Group and Company against the potential adverse effects of these financial risks.

Financial assets

Financial assets include cash and trade and other receivables (excluding prepayments) which are classified as "loans and receivables"; and equity investments which are classified as "available for sale" (excluding investments in subsidiaries and joint ventures). These amounts have been shown separately on the face of the statement of financial position. Funds not immediately required for the Group and Company's operations are invested in bank deposits. It is the directors' opinion that the carrying values of cash, trade receivables and investments approximate to their fair values.

Financial liabilities

Financial Liabilities include current and non-current borrowings, convertible loans and trade and other payables (excl. tax & social security, and deferred income). All amounts are carried at amortised cost. These amounts have been disclosed in the notes to the financial statements. It is the directors' opinion that the carrying values of financial liabilities approximate to their fair value.

24. Financial instruments (continued)

Liquidity risk

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits. The Group and Company plans to continue to meet operating and other loan commitments as they fall due. Liquidity risk is managed through cash flow forecasts and regular planning.

Remaining contractual maturities year ended 31 December 2014

Group	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	21	64	317	402
Trade & other payables (excluding tax and deferred income)	2,444	-	-	2,444
	2,465	**64**	**317**	**2,846**

Company	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying
Bank loans & borrowings	21	64	317	402
Trade & other payables (excluding tax and deferred income)	3,209	-	-	3,209
	3,230	**64**	**317**	**3,611**

Liquidity risk (continued)

Set out below are Liquidity risk comparative tables as at 31 December 2013

Remaining Contractual Maturities Year ended 31 December 2013

Group	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	41	121	379	**541**
Trade & other payables (excluding tax and deferred income)*	2,667	-	-	**2,667**
	2,708	**121**	**379**	**3,208**

Company	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	41	121	379	**541**
Trade & other payables (excluding tax and deferred income)*	4,608	-	-	**4,608**
	4,649	**121**	**379**	**5,149**

*Amended due to classification change in note 21

24. Financial instruments (continued)

Credit risk

Financial assets past due but not impaired as at 31 December 2014:

	Not impaired (£'000)	Not impaired but past due by the following amounts			
		>30 days	>60 days	>90 days	>120 days
Group: Trade & other receivables (excluding prepayments)	70	-	38	-	-
Company: Trade & other receivables (excluding prepayments)	547	-	-	-	-

Financial assets past due but not impaired as at 31 December 2013:

	Not impaired (£'000)	Not impaired but past due by the following amounts			
		>30 days	>60 days	>90 days	>120 days
Group: Trade & other receivables (excluding prepayments)	2,154	18	-	-	137
Company: Trade & other receivables (excluding prepayments)	3,166	18	-	-	-

Group trade and other receivables excluding prepayments as at 31 December 2014 were £70k. Assets not impaired but past due were £38k. PMG have contra supply arrangements which are expected to enable the recovery of the unimpaired but past due amounts and/or consider these collectable. Impaired trade receivables for the year ended 31 December 2014 represent specifically identified amounts which are past due and for which collection is deemed unlikely. All remaining trade and other receivables as at 31 December 2014 are collected and/or collectable and are therefore considered of low credit risk. All bank deposits are maintained in the UK and are considered to be low credit risk.

Allowance for credit losses (Group and Company)

	2014	2013
	£'000	£'000
Allowances at start of year	-	86
Amounts written back during the year	-	(86)
Additions charged to Income Statement in year	-	-
	-	-

Market risk

(a) Interest rate risk

Bank loans totalling £0.4 million are at variable interest rates and are therefore exposed to interest rate fluctuations. Sensitivity: For each +/- 1% change in the bank rate, the Profit for the year will be positively or negatively impacted by £4,024 (2013: £5,410).

(b) Foreign currency risk

Although the Company is based in the UK, a significant part of the Group's and Company's operations are overseas, primarily in Asia, and the operating or functional currency of a large part of the Asian business is in US Dollars or Euros. As a result, the Company's consolidated Sterling accounts can be affected by movements in the US Dollar/Sterling and the Euro/Sterling exchange rates.

The foreign assets and liabilities of the Group and Company are closely matched as at 31 December 2014. The table below sets out the carrying amounts of assets and liabilities for the Group in their presentational currency (i.e. Sterling) and a total impact for each 10% fluctuation in exchange rates. Based on the carrying amounts of foreign assets and liabilities as at 31 December 2014, for each 10% fluctuation in exchange rates, net assets are expected to be impacted by +/- £135k (2013: £53k).

(b) *Foreign currency risk (continued)*

Year ended 31 December 2014

	Carrying Amount (Sterling Equiv.)					Carrying Amount	Forex Risk	
	£	$	€	HK$	SGD		(-10%)	10%
	'000	'000	'000	'000	'000	£'000	£'000	£'000
Financial Assets								
Cash	(1)	-	-	-	4	3	-	-
Trade receivables	-	-	-	-	38	38	4	(4)
Other receivables	8	-	-	-	24	32	2	(2)
Total financial assets	7	0	0	0	66	73	6	(6)
Financial Liabilities								
Borrowings<1 year	85	-	-	-	-	85	-	-
Trade payables	762	1,350	16	34	24	2,186	(142)	142
Other payables	247	-	-	-	11	258	1	(1)
Non current borrowings	317	-	-	-	-	317	-	-
Total financial liabilities	1,411	1,350	16	34	35	2,846	(141)	141
Net Impact							(135)	135

Year ended 31 December 2013

	Carrying Amount (Sterling Equiv.)						Carrying Amount	Forex Risk (-10%)	10%
	£ '000	$ '000	€ '000	HK$ '000	KRW '000	SGD '000	£'000	£'000	£'000
Financial Assets									
Cash	19	-	-	-	-	5	24	1	(1)
Trade receivables	100	20	-	-	-	-	120	2	(2)
Investments held for sale	2	-	-	-	-	-	2	-	-
Other debtors	925	809	-	-	-	296	2,030	111	(111)
Total financial assets	1,046	829	-	-	-	301	2,176	114	(114)
Financial Liabilities									
Borrowings<1 year	162	-	-	-	-	-	162	-	-
Trade payables	424	1,332	338	1	-	-	2,095	(167)	167
Other payables	799	-	2	-	-	-	801	-	-
Non current borrowings	379	-	-	-	-	-	379	-	-
Total financial liabilities	1,764	1,332	340	1	-	-	3,437	(167)	167
Net Impact								(53)	53

25. Deferred taxation

The actual and potential liability to deferred tax is £Nil. Due to the availability of UK tax losses, subject to agreement with the HM Revenue and Customs, there is an estimated deferred tax asset of £5,297k (2013: £5,964k)

There were no deductible temporary differences or unused tax credits at either 31 December 2013 or 31 December 2014. There were no amounts of deferred tax recognised in the income statement for either the year ended 31 December 2014 or for the year ended 31 December 2013.

	Group	
	2014	**2013**
	£'000	**£'000**
Balance brought forward from investment in joint venture	(708)	(708)
Less write off of tax asset due to Investment impairment	708	-
	-	(708)

26. Called up share capital

The authorised share capital is set out in the table below:

	2014	2013
	£'000	£'000
Authorised share capital		
3,009,233 ordinary shares of £0.528p	1,589	1,589
199,831,545 deferred shares of £0.005p each	999	999
103,260 deferred B shares of £19.60	2,024	2,024
	4,612	**4,612**

Share capital (continued)

The issued Share capital is set out in the table below:

	2014	2013
	£'000	£'000
Issued and fully paid		
3,009,233 ordinary shares of £0.528p	1,589	1,589
199,831,545 deferred ordinary shares of £0.005p each	999	999
103,260 deferred B shares of £19.60	2,024	2,024
	4,612	**4,612**

Reconciliation of the number of shares outstanding is:		
	2014	**2013**
	(number)	**(number)**
Ordinary shares		
Ordinary shares of 2.2p	-	22,912,346
Ordinary shares of 2.2p each issued during the period	-	26,228,223
Ordinary shares of 2.2p at 30th December 2013	**-**	**49,140,569**
Consolidation of ordinary shares 24 to 1	-	2,047,523
Ordinary shares of 52.8p each issued during the period	-	961,710
Ordinary shares of 52.8p each in issue at end of year	**3,009,233**	**3,009,233**
Issued and fully paid deferred shares	(number)	(number)
Deferred shares of 0.5p each in issue	199,831,545	199,831,545
Deferred B shares of £19.60	103,260	103,260

(i) Deferred B shares

The deferred shares do not entitle their holders to receive any dividend or other distribution, they do not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company, and they do not entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred Shares and only after repayment of the capital paid up on each Ordinary Share in the capital of the Company and the payment of a further £100,000 on each such Ordinary Share (£1,000,000 in the case of each deferred B share).

(ii) Shares issued to non controlling interest

The Championship attracted significant attention in Singapore and as a result PMG board made the decision to involve local interested investors who understand the long term value in Singapore. We have decided to sell up to 40% of The Championship (Singapore) PTE Ltd. To date 5% of the equity has been sold for £153k valuing the company at approx £3.0m.

27. Share based payments

Share options outstanding at the year ended 31 December 2014 had a weighted average exercise price of 55p (2013 36p) and a weighted average remaining contract life of 1.8 years (2013 1.5 years). No options were exercised during the year. There were no warrants outstanding.

	2014		2013	
	Number of options & warrants **('000s)**	Weighted average exercise price **(Pence)**	Number of options & warrants **('000s)**	Weighted average exercise price **(Pence)**
Outstanding at start of year	46	36p	357	45p
Adjustment to opening balance as incorrect in 2012 accounts.	-		(196)	-
Share options & warrants granted during the year	-	-	-	-
Share options & warrants expiring during the year	8	14.5p	(115)	40p
Outstanding at the end of the year	**38**	**55p**	**46**	**36p**
Exercisable at the end of the year	-	-	**8**	**14.5p**

The weighted average vesting period is estimated at 1.8 years. There is no charge to the Income Statement for the twelve months to 31 December 2014 (2013 £325k) for share based payment as reported under IFRS2 as no share based payments were made in 2014.

Share based payments (continued)

Share option scheme

The Group operates approved and unapproved share option schemes. No new share options were issued during the year. The following share options were outstanding at 31 December 2014.

Scheme	Latest exercise date:	Exercise price (pence)	Options as at 31 December 2013	Options as at 31 December 2014
Approved	October 2016	55p	33,806	33,806
Unapproved	October 2016	55p	35,113	35,113
Approved	April 2014	14.5p	57,281	-
			126,200	**68,919**

Options granted to directors and not exercised at 31 December 2014 (included above) were as follows:

Name	Latest exercise dates	Approved Scheme		Unapproved Scheme	
		price	Number	price	Number
D Ciclitira	October 2016	55 pence	11,818	55p	33,117
L Fine	October 2016	55 pence	10,909	55p	998
			22,727		**34,115**

Share based payments (continued)

Share warrants

No new warrants grants were entered into during the year. There we no warrants outstanding at 31 December 2014.

Share based payments measured directly

During the year ended 31 December 2014, no share based payments were actioned.

28. Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group has net liabilities of £1.65m. The Group's capital management strategy is to retain sufficient working capital for day to day operating requirements and to ensure sufficient funding is available to meet commitments as they fall due and to support growth.

	31 December 2014	**31 December 2013**
Bank facility	402	541
Total Debt	**402**	**541**
Cash	(3)	(24)
Net Debt	**399**	**517**

In order to maintain or adjust the capital structure the Group may issue new shares or sell assets to reduce debt.

29. Related parties

At 31 December 2014 director Serenella Ciclitira was owed £35,953 (£23,556 2013), Ranjit Murugason £15,000 (£Nil 2013), Tim Sturm £15,000 (£Nil 2013) in unpaid director fees. These will be settled in 2016.

Luna Trading

Loan balances and conversions:

Luna Trading Ltd is a company under the control of David Ciclitira. The movements in the payable balances due by PMG in 2014 were as follows:

	2014
	£'000
At 31 December 2012 – Total loan amounts outstanding to Luna Trading	**416**
Less 2012 Intercompany offset of the PCA balance owed to PMG	(274)
Expenses incurred	426
Payments made	(191)
Loan guarantee interest paid	45
Short term facility agreed at August 2013 fundraise	103
Less new loan converted for equity in August 2013 fundraise	(281)
Less debt converted to equity in 2nd submission for short term facility	(47)
At 31 December 2013 – Total loan amounts outstanding to Luna Trading	**197**
Expenses incurred	62
Payments made	(125)
Loan guarantee interest paid	28
D Ciclitira consultancy and business services	221
Less 2014 intercompany offset of the remaining PMK balance owed to PMG	(226)
Total Owed to Luna Trading at 31 December 2014	**157**

The Parallel Media Korea offset is against amounts owed to DC/Luna and reduces the amount of monies owed by PMG to Luna Trading. Luna Trading Ltd is the company through which PMG contracts with D Ciclitira for consulting and business services. During the year ended 31 December 2014, Luna Trading Ltd charged PMG for Consultancy fees of £221,000 these fees remain unpaid. (2013 - £221,000), remote office costs of £29,250 (2013 - £39,027) and Medical Insurance and life cover of £Nil (2013 £45,000).These will be repaid in 2016. The balance at year end for D Ciclitira is £162k (2013 £179k)

Parallel Media Korea Limited:

The shareholding for Parallel Media Korea Limited is held by D Ciclitira. During 2014 the re classification of amounts owed to PMG were written back to the income statement. The balance owed to Parallel Media Group Plc at year end is £16k (PMGA) (2013 £810k)

Parallel Contemporary Art Limited:

During the year PMG incurred costs in the staging and management of Art Projects owned by Parallel Contemporary Arts Limited, a company under the control of David Ciclitira. Amounts owed by PMG to PCA at 31 December 2014 are £298k (2013 £29k)

Parallel Smart Media Limited:

The company owns 75% of PSM at year end. PSM was charged £Nil by PMG in 2014 (2013 £Nil) for the licence fee PSM owed Nil at year end (2013 £312k)

Parallel Smart Media Asia Alpha Entertainments Private Limited:

During the year 2012 PMG provided funding of £329k to PSMA Alpha Entertainments Private Limited. PSMA Alpha Entertainments Private Limited is a Joint Venture between Parallel Media Group Asia Limited and HW Alpha Private Limited and is incorporated in Singapore. At 31 December 2014 Nil (2013 £274k) was due to Parallel Media Group.

Parallel Media Italia s.r.l

During the year, Parallel Media Group provided services to Parallel Media Italia amounting to £Nil at 31 December 2014 £Nil was outstanding (2013 £240k).

30. Operating Leases

The amounts payable in respect of operating leases are shown below. All of the operating lease amounts relate to the rental of premises. The future minimum lease payments under non-cancellable operating leases are £25k. Lease payments recognised in the profits for the period amounted to £25k (2013 £25k).

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£'000	£'000	£'000	£'000
Lease commitments payable within 1 year	25	25	-	25
Lease commitments payable 1-2 years	25	50	-	50

31. Subsidiaries

The following were subsidiaries at the end of the year and have all been included in the consolidated financial statements.

	Country of Incorporation	PMG % of ordinary shares	Nature of Business
Holding companies:			
Held Directly			
Parallel Media (Jersey) Ltd	Jersey	100%	Holding company
Held Indirectly			
Parallel Media Group International Ltd	Jersey	100%	Holding company
Parallel Media (Americas) Ltd	BVI	100%	Holding company
Trading subsidiaries:			
Held directly:			
Parallel Media Hong Kong Ltd	HK	100%	Dormant
Parallel Media Group (Championships) Ltd	UK	100%	Management of sports events
Parallel Media Korea (New Media) Ltd	UK	100%	Smart media
Classic Car Worldwide Ltd	UK	100%	Closed
Parallel Media Group Asia	Singapore	100%	Management of events
The Championship (Singapore) PTE LTD	Singapore	95%	Management of sports events
Held Indirectly			
Parallel Media Europe Ltd	UK	100%	Marketing of sports events
Parallel Smart Media UK Ltd	UK	100%	Marketing of sports events