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reach4entertainment enterprises plc ('r4e', 'the Company' or 'the Group')
Final results for the year ended 31 December 2014

r4e, the transatlantic media and entertainment company, today announces its results for the year ended 31 December 2014.

Highlights

	2014	2013	Change
Revenue	**£83.3m**	£75.8m	10%
Gross profit	**£20.1m**	£19.4m	4%
Adjusted EBITDA[1]	**£2.6m**	£1.9m	37%
Operating (loss)/profit	**£(4.3)m**[2]	£1.1m	(503)%
(Loss)/profit before tax	**£(5.1)m**[2]	£0.31m	(1,762)%

[1] Adjusted EBITDA is EBITDA before exceptional items and impairment of goodwill
[2] Operating (loss)/profit and (loss)/profit before tax is after impairment of goodwill

- 2014 saw r4e launch 19 new theatre shows on Broadway and 14 more off Broadway and support the continuing success of long running favourites in London, resulting in revenues increasing by 10% for the year.

- Spotco, our New York based theatre and live entertainment business, benefited from the positive US market and contributed strongly to the Group's Adjusted EBITDA[1] and profit before tax which increased by 37 per cent and 305 per cent respectively.

- As announced on 7 February and 11 May 2015, the Directors are in discussions with the Company's bank and third parties as to how best to restructure the current bank loan or replace it altogether. Whilst there can be no guarantee that these discussions will be successful or that an agreement will be reached with the Company's bankers, the Directors of r4e remain hopeful that a satisfactory resolution will be achieved. As part of these discussions, a review of the value of the goodwill relating to the Company's subsidiaries has been undertaken and as a result an impairment was required in the 2014 accounts resulting in an operating loss of £4.3m (2013: profit of 1.07m).

Looking ahead, the Company remains focused on supporting its first class teams across the business in continuing to deliver modern, market leading promotional strategies for theatre, live acts and film.

Commenting on the results, David Stoller, Executive Chairman, said, "The Group has performed well in 2014, with an increase in revenues and EBITDA, supported by a well-managed cost base. SpotCo in particular achieved record revenues in the first half of the year, although it should be noted that this was due to a number of significant one-off projects. Dewynters had a more challenging year due to a number of show closures in the West End, which was largely offset by a reduction in overheads. Looking ahead, the business remains well placed and we are continuing positive discussions with our main lender to create a future financial base which will support our ability to maintain and extend our position as market leaders in promoting theatre, film and live entertainment events."

31 December 2014 Full Report and Accounts

The Company will shortly post its report and accounts for the year ended 31 December 2014 to shareholders, along with notice of the annual general meeting to be held at 10.30a.m on 30 June 2015, and both documents will soon be available on its website, www.r4e.com.

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EXECUTIVE CHAIRMAN'S STATEMENT

2014 benefited from continuing efficiency drives

2014 saw r4e promote 78 shows in both London and New York theatres and support the launch of 70 international films, confirming our position as the leader in theatre and film promotion. Musicals continue to be the largest part of the theatre market and therefore a critical segment of which r4e continues to have a dominant share. Our experience in these markets runs deep, confirmed by our underlying solid trading performance.

The Group benefitted from a positive trading performance, particularly in New York, and the effects of the restructuring undertaken during 2013, which further reduced central overheads, have had a positive impact on the profitability of the business in 2014. Our market is highly competitive and we needed to refocus the business on our core skills, with an aligned cost-base that supports the future potential of the Company.

We have continued to enhance efficiencies during the twelve month period and it is our objective that we will keep all costs under continuous review.

Improved Trading performance

The Group delivered a significant improvement in revenue growth and adjusted EBITDA in the twelve months to 31 December 2014.

Group revenue increased by 10 per cent to £83.3 million (2013: £75.7 million), with trading more equally balanced between half year periods of the financial year due to SpotCo's strong start in the first six months.

Underlying profitability for r4e (Adjusted EBITDA*) improved by 37 per cent to £2.6 million (2013: £1.9 million), benefitting from a reduction in administrative expenses and head office costs. There were two exceptional items in the year: a net exceptional benefit of £0.264 million relating to landlord compensation on the Newmans property under the Landlord and Tenants Act 1954, (2013: £0.91 million); and exceptional costs of £0.243 million, which included £0.197 million relating to redundancy costs and £0.046 million of costs related to the Newmans property lease expiry (2013: £0.80 million in office move costs).

Result before tax reduced by £5.43 million to a loss of £5.1 million (2013: profit of £0.3 million) as a result of the impairment of goodwill in relation to the Dewynters Group as explained below.

Loss per share from total operations for the year is 8.03p (2013: earnings of 0.54p). The reduction in EPS is due, in the main, to the impairment of goodwill in Dewynters of £6.43m, but also to a tax charge in the year of £0.9m (2013: a credit of £0.01m), as SpotCo has utilised all brought-forward losses and is now in a tax-paying position for the first time since incorporation.

On 8 April 2014 the Company announced the completion of a successful bank refinancing agreement with AIB to restructure its existing £14.8 million revolving credit facility. The agreement, for which covenants have been agreed, establishes a six year term from 7 April 2014 and a new interest rate of 3 per cent over LIBOR. The new agreement replaces r4e's previous agreement with AIB which was due to expire in 2015 and had an interest rate of 4 per cent over LIBOR, rising to 5 per cent over LIBOR from 26 April 2014. As a result, an interest saving of £0.13m was realised in 2014 compared to the interest which would otherwise have been owed. The Group has a new set of quarterly financial covenants under the restructured AIB credit facility, and as at 31 December 2014, these covenants were met in full.

On 7 February and 11 May 2015, the Company announced that the Directors of r4e are in discussions with the Company's bank with regards to a restructuring of the Company's bank loan or to replace it altogether. Whilst there can be no guarantee that these discussions will be successful or that an agreement will be reached with the Company's bank, the Directors of r4e remain hopeful that a satisfactory resolution will be achieved.

* Adjusted EBITDA is EBITDA before exceptional items and impairment of goodwill

Market leading positions underpin continued trading success

The Group's operations consist of the London and New York based theatre and live entertainment marketing businesses of Dewynters and SpotCo respectively, together with the London based signage and fascia business, Newman Displays Ltd ('Newmans').

In London, Dewynters and Newmans, generated combined revenues of £31.2 million (2013: £36.0 million) and adjusted EBITDA of £0.7 million (2013: £1.3 million).

Dewynters' performance was affected by the unanticipated cancellation of a number of West End shows in the first six months of trading. It continues to grow its non-West End related work of theatrical and musical projects in Europe whilst the Touring Division, established two years ago to provide marketing services to touring productions of theatre and other live events, continues to expand in the UK and Europe.

Newmans had a challenging first six months, during which there was a decline in the number of film premieres in the UK market and a major central London cinema chose to digitalise its external advertising hoardings. Newmans did benefit from a busy lead up to Christmas for film premieres, as well as the build-up to the Oscars, in which the film industry invested heavily in promoting Oscar contenders.

The Group's New York operating company, SpotCo, continued to perform strongly in 2014, reporting a 31.2% per cent revenue increase to £51.8 million (2013: £39.4 million), and an improvement in Adjusted EBITDA[1] of 109 per cent to £2.3 million (2013: £1.1 million).

This improvement was achieved through a combination of buoyant market conditions on Broadway and the continued growth of its client base, supplemented through the delivery of a number of significant one-off projects. Additionally, a number of SpotCo's shows enjoyed success in award ceremonies, resulting in longer than expected runs. This exceptional performance is not expected to be repeated in 2015; management expect that SpotCo will experience solid, if more "normal" trading in the current year.

Dewynters Advertising Agency ("DAI"), now a much more modest contributor to turnover, also saw an improvement in performance from 2013 resulting from the restructuring of the business and a substantial reduction in operating costs. Therefore, although revenues were down on prior year by 22%, adjusted EBITDA in 2014 was £16,000 compared to an EBITDA loss of £30,000 in 2013.

Discussions on bank debt

While the business overall is in a good position, and management has reduced costs as much as practicable, the level of debt is too great for a Company of this size, and needs to be reduced, particularly if the Company is to have the ability to invest in its future potential in an evolving digital world, and maintain its market leading position. In addition, under the current facility agreement, the Company has a significant capital repayment to make in 2016. Currently, the Group has borrowings of £14.8 million and as at the date of these results the company's market capitalisation was £0.82 million.

Therefore, we have initiated discussions with our lenders, Allied Irish Bank, and third parties to restructure or replace the current loan. An announcement will be released to the market as soon as the outcome is known.

As part of these discussions, a review of the carrying value of the subsidiaries was undertaken and as a consequence there was an impairment of the goodwill held against the Company's subsidiaries in in the 2014 accounts. This goodwill was generated from amounts paid in consideration of the businesses based upon the acquisition price, and an impairment of £6.43 million has been required in the year in relation to the goodwill held in the Dewynters Group (see note 8 of the accounts for more detail).

2015 will be another year of development and progress

2014 clearly benefitted from some exceptional one-off revenue events in SpotCo which are unlikely to be repeated in 2015. That said, the actions we have taken across the group to focus the business on its core activities, and correspondingly reduce the cost base in line with our operating activities, have helped to both build on this profitability in the US, and reduce the impact of the declining performance in the 2014 UK theatre market.

Looking ahead, the Directors of r4e remain hopeful of a satisfactory resolution on discussions with AIB and that this will enable the Company to build a much stronger financial position which will allow the Group to expand, leveraging off the core competencies of the businesses. We anticipate another year of development and progress as we look to maintain our market leading positions in London and New York, whilst investing in and expanding new digital capacities and related markets.

David Stoller
Executive Chairman
26 May 2015

REVIEW OF PERFORMANCE BY COMPANY

Year ended 31 December 2014

	Dewynters £'000	Newmans £'000	**London Total £'000**	SpotCo £'000	DAI £'000	**New York Total £'000**	Head Office £'000	**Group Total £'000**
Revenue	27,600	3,570	**31,170**	51,827	285	**52,112**	-	**83,282**
Adjusted EBITDA*	458	223	**681**	2,286	16	**2,302**	(336)	**2,647**
Operating profit	(6,194)	322	**(5,872)**	1,897	16	**1,913**	(342)	**(4,301)**

Year ended 31 December 2013

	Dewynters £'000	Newmans £'000	**London Total £'000**	SpotCo £'000	DAI £'000	**New York Total £'000**	Head Office £'000	**Group Total £'000**
Revenue	32,299	3,704	**36,003**	39,380	366	**39,746**	-	**75,749**
Adjusted EBITDA*	787	466	**1,253**	1,123	(30)	**1,093**	(439)	**1,907**
Operating profit/(loss)	977	428	**1,405**	149	(30)	**119**	(456)	**1,068**

*Adjusted EBITDA is before exceptional items and goodwill impairment.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Revenue	1	83,282	75,749
Cost of sales	5	(63,170)	(56,348)
GROSS PROFIT		20,112	19,401
Administrative expenses	5	(24,413)	(18,333)
EBITDA before exceptional items		2,647	1,907
Exceptional administrative expenses	2	(243)	(790)
Exceptional administrative income	2	264	907
Impairment of goodwill	8	(6,430)	(181)
Depreciation		(344)	(313)
Amortisation of intangible assets	8	(195)	(462)
OPERATING (LOSS)/PROFIT		(4,301)	1,068
Finance income	3	60	121
Finance costs	4	(879)	(881)
(LOSS)/PROFIT BEFORE TAXATION		(5,120)	308
Taxation	6	(873)	93
(LOSS)/PROFIT FOR THE YEAR		(5,993)	401

The (loss)/profit is attributable to the equity holders of the parent

	Note	2014	2013
Basic and diluted (loss)/earnings per share	7	(8.03)	0.54

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 £'000	2013 £'000
(LOSS)/PROFIT FOR THE YEAR	(5,993)	401
Other comprehensive income:		
Items that will not be reclassified to profit and loss:		
Currency translation differences	245	(107)
Other comprehensive income for the year, net of tax	245	(107)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT	(5,748)	294

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 6.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
NON-CURRENT ASSETS			
Goodwill and intangible assets	8	10,859	17,158
Property, plant and equipment		2,448	2,496
Deferred tax asset		88	163
		13,395	19,817
CURRENT ASSETS			
Inventories		401	281
Trade and other receivables		12,240	10,343
Other current assets		473	445
Cash and cash equivalents		2,446	1,876
		15,560	12,945
TOTAL ASSETS		28,955	32,762
CURRENT LIABILITIES			
Trade and other payables		(15,840)	(13,848)
Borrowings	9	(1,896)	(634)
		(17,736)	(14,482)
NET CURRENT LIABILITIES		(2,176)	(1,537)
NON-CURRENT LIABILITIES			
Deferred taxation		(1,349)	(1,224)
Other payables	10	(1,460)	(1,250)
Borrowings	9	(14,155)	(15,803)
		(16,964)	(18,277)
TOTAL LIABILITIES		(34,700)	(32,759)
NET (LIABILITIES)/ASSETS		(5,745)	3
EQUITY			
Called up share capital		1,872	1,872
Share premium		13,501	13,501
Capital redemption reserve		15	15
Retained earnings		(20,836)	(14,843)
Own shares held		(259)	(259)
Foreign exchange reserve		(38)	(283)
TOTAL (DEFICIT)/EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		(5,745)	3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Share capital	Share premium	Capital Redemption reserve	Retained earnings	Own Shares held	Foreign Exchange reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
At 31 December 2012	**1,872**	**13,501**	**15**	**(15,244)**	**(259)**	**(176)**	**(291)**
Profit for the year	-	-	-	401	-	-	401
Other comprehensive income, net of tax:							
Currency translation differences	-	-	-	-	-	(107)	(107)
Total comprehensive income for the year	-	-	-	401	-	(107)	294
At 31 December 2013	**1,872**	**13,501**	**15**	**(14,843)**	**(259)**	**(283)**	**3**
(Loss) for the year	-	-	-	(5,993)	-	-	(5,993)
Other comprehensive income, net of tax:							
Currency translation differences	-	-	-	-	-	245	245
Total comprehensive income for the year	-	-	-	(5,993)	-	245	(5,748)
At 31 December 2014	**1,872**	**13,501**	**15**	**(20,836)**	**(259)**	**(38)**	**(5,745)**
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT **At 31 December 2014**	**1,872**	**13,501**	**15**	**(15,244)**	**(259)**	**(176)**	**(291)**
	-	-	-	401	-	-	401

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
Cash generated from operating activities	11	2,494	2,485
Income taxes paid		(723)	(136)
Net cash generated from operating activities		1,771	2,349
Investing activities			
Finance income		-	1
Purchases of property, plant and equipment		(194)	(2,444)
Proceeds from disposal of property, plant and equipment		3	1
Proceeds from landlord reimbursement towards property, plant and equipment	10	-	836
Proceeds from sale of investments		-	20
Payment of deferred consideration	9	(615)	(645)
Dividends received from associated undertaking	3	60	93
Net cash used in investing activities		(746)	(2,138)
Financing activities			
Repayments of borrowings		-	(15)
Proceeds from loan granted by Related Party	12	-	388
Repayment of loan granted by Related Party	12	-	(388)
Interest paid		(502)	(656)
Net cash used in financing activities		(502)	(671)
Net increase/(decrease) in cash and cash equivalents		523	(460)
Cash and cash equivalents at the beginning of the year		1,876	2,316
Effect of foreign exchange rate changes		47	20
Cash and cash equivalents at the end of the year		2,446	1,876

BASIS OF PRESENTATION

The above unaudited financial information does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The above figures for the year ended 31 December 2014 are an abridged version of the Company's accounts which have been reported on by the Company's auditor but have not been dispatched to the shareholders or filed with the Registrar of Companies. These accounts received an audit report which was unqualified and did not include a statement under section 498(2) or section 498(3) of the Companies Act 2006. The audit report included a reference to matters to which the auditors drew attention by way of emphasis without qualifying their report in relation to going concern, as follows:

EMPHASIS OF MATTER

In forming the opinion on the financial statements, which is not modified, the auditors have considered the adequacy of the disclosure set out below concerning the group's ability to continue as a going concern. The group had net current liabilities of £5.75 million as at 31 December 2014 and non-current borrowings of £14.16 million. There are quarterly financial covenants attached to the group's non-current bank borrowings of £14.8 million and quarterly repayments are due in relation to deferred consideration outstanding.

These conditions, along with the other matters explained in the disclosure below, indicate the existence of a material uncertainty which may cast significant doubt about the group and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

GOING CONCERN

As at 31 December 2014 the Group had net liabilities of £5.75 million (31 December 2013: net assets £0.003 million) and made an operating loss in the year then ended of £4.3 million (year ended 31 December 2013: profit of £1.07 million).

In 2012 the Group agreed a debt repayment schedule for the remaining deferred consideration in relation to the SpotCo acquisition in 2008. During the 2014 year £0.62 million was repaid against this debt (2013 year £0.65 million) and no outstanding payments were due as at 31 December 2014 (2013: Nil). The final cash payment of USD $1.0 million (£0.64 million) plus interest is repayable in 2015, leaving a further remaining balance at the end of October 2015 of USD $1.0 million (£0.64 million) which r4e has the right to require satisfaction of by the subscription of Ordinary Shares at the prevailing mid-market price (see note 9).

In April 2014 the Group agreed a debt repayment schedule in relation to the AIB Group bank debt of £14.8million. The facility matures in April 2020 and numerous capital repayments will be made over the term of the facility at amounts and dates specified in the facility agreement. Subsequent to year end, the first repayment of £0.2m has been paid in April 2015 and accelerated capital repayments follow thereafter. A new set of financial covenants were agreed with AIB Group in relation to this debt. The covenants are measured quarterly over the remaining term of the facility and all covenants were met during the year. The Directors have prepared and reviewed detailed forecasts going out until 2020, which indicate that there are material uncertainties over future significant repayments of the bank debt. This has led to the initiation of discussions with the Company's bankers AIB Group. The Board is confident that these discussions will be concluded in a manner which enables the going concern basis of accounting to be applicable.

Whilst the Directors believe that the going concern basis is appropriate, the above factors, the existence of the bank debt repayments, the need to meet quarterly bank covenants, the use of estimates in the forecasts, and the continuing challenge of the trading environment represents uncertainties which may cast doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to discharge its liabilities in the normal course of business.

After making enquiries and considering the uncertainties described above, the Directors have concluded that the Group has adequate resources to continuing trading for the foreseeable future and the discussions with AIB Group will result in a resolution over the uncertainty of significant future repayments. For these reasons, they continue to adopt the going concern basis of accounting in preparing the Group financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

SIGNIFICANT ACCOUNTING POLICIES

GOODWILL

Goodwill is reviewed for impairment at least annually and any impairment will be recognised in the income statement and is not subsequently reversed. As such it is stated at cost less provision for impairment in value. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF ASSETS (INTANGIBLE AND PROPERTY, PLANT AND EQUIPMENT)

Goodwill is not subject to amortisation but is tested annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which they have separately identifiable cash flows, known as cash generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period.

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

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

DEFERRED CONSIDERATION

Deferred consideration liability is recognised at present value. The difference between the present value and the total amount payable at a future date gives rise to a finance charge which will be charged to the income statement and credited to the liability over the period of the deferral.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

As part of the Capital Risk Management process the Group acknowledges the need to monitor, and meet in full, covenants held over the revolving credit facility with Allied AIB Group. More details on the bank debt will be included in the full audited report and accounts and also in the borrowings note 9 below. The covenants were met in full during the year and as at 31 December 2014.

NOTES

1. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments
For management purposes, the Group is currently organised into three operating segments – New York operations, London operations and Head Office. These divisions are the basis on which the Group reports its segment information.

Principal continuing activities are as follows:

New York (NY) – marketing, design, advertising, promotions, digital media services, publishing and merchandising.

London – marketing, design, advertising, promotions, digital media services, publishing and merchandising, signage and fascia displays.

Head Office – finance and administration services for the Group.

Segment information for continuing operations of the Group for the year ended 31 December 2014 is presented below.

	NY operations £'000	London operations £'000	Head Office £'000	Group £'000
Sale of goods	285	2,196	-	2,481
Provision of services	51,827	28,974	-	80,801
Revenue (all external customers)	52,112	31,170	-	83,282
Adjusted EBITDA*	2,302	681	(336)	2,647
Exceptional administrative expense	-	(243)	-	(243)
Exceptional administrative income	-	264	-	264
Depreciation	(194)	(144)	(6)	(344)
Amortisation and impairment	(195)	(6,430)	-	(6,625)
Operating profit/(loss)	1, 913	(5,872)	(342)	(4,301)
Finance income	-	60	-	60
Finance costs	-	(1)	(878)	(879)
Profit/(loss) before tax	1,913	(5,813)	(1,220)	(5,120)
Tax (charge)/credit	(716)	(753)	596	(873)
Profit/(loss) after tax	1,197	(6,566)	(624)	(5,993)

Management fees charged at an arm's-length basis between reportable segments are reflected in the figures above on the basis that this is a true reflection of the operating costs of each segment.

*Adjusted EBITDA is before exceptional items.

	NY operations £'000	London operations £'000	Head Office operations £'000	Group £'000
Capital additions:				
Property, plant and equipment	146	36	12	194
Balance sheet:				
Segment assets				
Non-current assets	7,285	6,076	34	13,395
Current assets	9,229	6,295	36	15,560
Total segment assets	16,514	12,371	70	28,995
Liabilities				
Total segment liabilities	(11,658)	(5,617)	(17,425)	(34,700)

Segment information for continuing operations of the Group for the year ended 31 December 2013 is presented below

	NY operations £'000	London operations £'000	Head Office £'000	Group £'000
Sale of goods	366	2,196	-	2,562
Provision of services	39,380	33,807	-	73,187
Revenue (all external customers)	39,746	36,003	-	75,749
Adjusted EBITDA*	1,093	1,253	(439)	1,907
Exceptional administrative expense	(393)	(393)	(4)	(790)
Exceptional administrative income	-	907	-	907
Depreciation	(180)	(120)	(13)	(313)
Amortisation and impairment	(401)	(242)	-	(643)
Operating profit/(loss)	119	1,405	(456)	1,068
Finance income	2	93	26	121
Finance costs	(4)	(4)	(873)	(881)
Profit/(loss) before tax	117	1,494	(1,303)	308
Tax credit/(charge)	107	(1,027)	1,013	93
Profit/(loss) after tax	224	467	(290)	401

Management fees charged at an arm's-length basis between reportable segments are reflected in the figures above on the basis that this is a true reflection of the operating costs of each segment.

*Adjusted EBITDA is before exceptional items.

	NY operations £'000	London operations £'000	Head Office operations £'000	Group £'000
Capital additions:				
Property, plant and equipment	1,690	749	5	2,444
Balance sheet:				
Segment assets				
Non-current assets	7, 144	12,649	24	19,817
Current assets	6,429	6,310	206	12,945
Total segment assets	13,573	25,959	230	32,762
Liabilities				
Total segment liabilities	(8,437)	(6,482)	(17,840)	(32,759)

2. EXCEPTIONAL ADMINISTRATIVE ITEMS

	2014 £'000	2013 £'000
Office move costs	(46)	(790)
Employee contract termination related costs	(197)	-
Exceptional administrative expenses	(243)	(790)
Landlord and Tenants Act reimbursement	264	907
Exceptional administrative income	21	117

In 2014 the Newmans' premises and Dewynters Warehouse, which are on the same site in London, were given notice by the Landlord to vacate by December 2014 in order that the land could be developed. The surrender of the leases resulted in compensation from the Landlord of £0.26m as the tenancy was within the scope of the Landlords and Tenants Act 1954. Subsequent to the commencement of the search process for new premises, the current Landlord agreed to a new lease on the premises due to the planned development being put on hold. To this end the companies remain at the original location but have received compensation due to the surrender of the old lease, which has been recognised as exceptional administrative income. The new lease does not fall under the Landlords and Tenants Act 1954. Exceptional expenses of £0.05 million relate to the search for new premises plus negotiation for the new leases with the current landlord.

Exceptional expenses of £0.2m for Dewynters employee contract termination costs are considered exceptional due to the level of redundancy required as a result of company performance in 2014.

Exceptional office move costs in the prior year ended 31 December 2013 relate to relocation of SpotCo offices in New York and the Dewynters offices in London. Costs include search fees, legal and removal costs, plus rent required to be paid on both new and old offices during the build-out of the moves. Operating profit for London was boosted by exceptional income from Dewynters of £0.91 million. This was compensation received as the lease was under the scope of the Landlords and Tenants Act 1954, resulting from the enforced move of Dewynters to enable redevelopment of the premises.

3. FINANCE INCOME

	2014	2013
	£'000	£'000
Bank interest received	-	1
Dividend income from associated undertaking	60	93
Foreign exchange gain on borrowings	-	2
Foreign exchange gain on deferred consideration (note 9)	-	25
	60	121

Dividend income received in the year ended 31 December 2014 of £59,824 (2013: £92,727) is from the associate undertaking Theatrenow Limited, in which Dewynters Limited has a 29.91% shareholding.

4. FINANCE COSTS

	2014	2013
	£'000	£'000
Bank interest	-	2
Interest on bank loans	563	644
Interest on related party loan (note 12)	-	10
Amortisation of arrangement fees for bank loan	87	4
Unwinding of discounting on deferred consideration (note 9)	154	220
Foreign exchange loss on trade	-	1
Foreign exchange loss on deferred consideration (note 9)	75	-
	879	881

5. EXPENSES BY NATURE

	2014	2013
	£'000	£'000
Media, marketing and promotional services	62,503	55,693
Staff costs	12,325	12,558
Depreciation, amortisation and impairment	6,969	956
Exceptional administrative income (note 2)	(21)	(117)
General office expenses	2,612	2,773
Operating lease payments:		
Land and buildings	1,324	1,334
Plant and machinery	247	337
Professional costs	1,042	707
Travelling	423	370
Other	159	70
Total cost of sales and administrative expenses	87,583	74,681

6. TAXATION

	2014 £'000	2013 £'000
Current tax:		
Overseas tax on profits/(losses) of the year	716	(3)
Total current tax charge/(credit)	716	(3)
Deferred tax:		
Deferred tax charge/(credit) for the year	147	(137)
Deferred tax rate change	-	(88)
Deferred tax – adjustment in respect of previous periods	10	135
Total deferred tax	157	(90)
Tax charge/(credit) on loss of ordinary activities	873	(93)

Factors affecting the tax charge/(credit) for the year:

	2014 £'000	2013 £'000
The tax assessed for the year differs from the effective average rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:		
(Loss)/profit on ordinary activities before tax	(5,120)	308
(Loss)/profit on ordinary activities multiplied by effective average rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(1,101)	72
Effects of:		
Expenses not deductible for tax purposes	1,413	175
Income not subject to tax	(14)	(232)
Depreciation on non-qualifying assets	5	5
Difference in tax rates on overseas earnings	364	3
UK losses not utilised	192	42
Overseas losses utilised	-	(104)
Newly recognised deferred tax	-	(104)
Change in corporation tax rates	2	(85)
Adjustment in respect of previous periods	12	135
Total tax charge/(credit) for the year	873	(93)

A deferred tax asset of approximately £0.87 million (2013: £0.69 million) has not been recognised due to uncertainty over future profitability. At 31 December 2014, the Group had losses carried forward of £4.3 million (2013: £3.5 million), available for offset against future profits.

Taxation is calculated at the rates prevailing in the respective jurisdictions. The standard tax rates in each jurisdiction are 40% in the United States (2013: 40%) and 21% in the United Kingdom (2013: 23%).

7. (LOSS)/EARNINGS PER SHARE

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

(Loss)/Profits attributable to equity holders of the company

	2014	2013
	£'000	£'000
For basic and diluted profit per share		
(Loss)/Profit for financial year	(5,993)	401
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	74,635,792	74,635,792
(Loss)/Earnings per share (pence) after tax		
Total operations after tax	(8.03)	0.54

8. GOODWILL AND INTANGIBLE ASSETS

	Brands £'000	Customer relationships £'000	Purchased goodwill £'000	Total £'000
Cost				
1 January 2013	4,086	4,154	13,478	21,718
Foreign exchange differences	(34)	(39)	(85)	(158)
31 December 2013	4,052	4,115	13,393	21,560
Foreign exchange differences	111	-	278	389
Write down	-	(1,508)	-	(1,508)
31 December 2014	4,163	2,607	13,671	20,441
Amortisation				
1 January 2013	773	3,059	-	3,832
Charged in the year	155	307	-	462
Impairment charge	-	-	181	181
Foreign exchange differences	(24)	(49)	-	(73)
31 December 2013	904	3,317	181	4,402
Charged in the year	134	61	-	195
Write down	-	(1,508)	-	(1,508)
Impairment charge	-	-	6,430	6,430
Foreign exchange differences	63	-	-	63
31 December 2014	1,101	1,870	6,611	9,582
Net book value				
31 December 2014	3,062	737	7,060	10,859
31 December 2013	3,148	798	13,212	17,158
31 December 2012	3,313	1,095	13,478	17,886

Goodwill relates to the anticipated profitability and future operating synergies arising on the acquisition of subsidiaries.

Write down of customer relationships relate to SpotCo intangible assets with zero net book value where the relationship with the client no longer exists.

All amortisation and impairment charges have been recognised as administrative expenses in the income statement.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operations as grouped upon acquisition. An operating level summary of the goodwill allocation is presented below:

	2014 £'000	2013 £'000
Dewynters Group (Dewynters, Newmans, DAI)	2,316	8,745
SpotCo	4,744	4,467
Total Goodwill	7,060	13,212

An impairment charge of £6.43 million was incurred in the year on the Dewynters Group (inclusive of Dewynters, Newman Displays and DAI) (2013: £0.18 million in DAI alone). As a result of discussions currently taking place with the Company's bank and third parties on how best to restructure the Company's bank loan or replace it altogether, an independent valuation was obtained which highlighted to Management the possible need for a further review of the valuations of its CGUs. Although the previous impairment reviews were deemed appropriate and were compliant with accounting standards, the process being undertaken with the Company's bank has resulted in further review of these values and resulted in the impairment to the goodwill in the Dewynters Group. The Company has reviewed its value-in-use calculations and identified that the goodwill held against the Dewynters Group of companies should be impaired resulting in a £6.43 million write down recognised in the 2014 year end accounts. As at 31 December 2014 the recoverable amount of the Dewynters Group is £6.08 million. No class of asset other than goodwill was deemed impaired.

The recoverable amount of CGUs has been determined based on value-in-use calculations which cover a period of 5 years plus a terminal value. These calculations use pre-tax cash flow projections based on financial budgets for the year ended 31 December 2015 as approved by management and cash flows beyond the one-year period are extrapolated using straight line growth rates stated below. Prudent assumptions have been used in the value-in-use calculations as detailed below.

The key assumptions used for the value-in-use calculations in 2014 are as follows:

	Dewynters Group	SpotCo
Revenue growth/(fall) – 1 year	0.52%	(12.2%)
Revenue growth per annum – years 2-5	1.5%	1.5%
Cost growth – employee costs from year 1	(3.18%)	5.1%
Cost growth per annum – employee costs from years 2-3	2%	2%
Cost growth per annum – employee costs years 4-5	1.5%	1.5%
Cost growth – overhead costs from year 1	1.5%	1.5%
Cost growth – overhead costs from years 2-5	1.5%	1.5%
Discount rate	12%	12%
Capitalisation rate	17.5%	17.5%

Management have determined budgeted gross margin, revenue growth and costs based on past performance and expectations of the market development for each CGU. The discount rates are pre-tax and reflect management's assessment of the risks relating to each CGU.

In line with the conservative approach adopted in valuing the CGUs, the discount rate applied in the value-in-use calculations has been adjusted to reflect long term rates.

Initial growth rates in year 1 are taken from the CGUs 2015 operational budgets, and so in some cases can show a difference to the straight line growth rates applied to subsequent years. Growth after year 1 has been determined on the basis of general industry market growth and so the rate reduces and remains consistent. The growth rates used are considered by management to be in line with general trends in which each CGU operates and deemed by management to be a reasonable expectation for the media CGU.

The following table reflects the level of movements required in revenue or costs which could result in a potential impairment per the value in use calculation. A percentage (fall)/increase in any one of these key assumptions could result in a removal of the headroom in the value-in-use calculations in 2014:

	Dewynters Group	SpotCo
Revenue (fall)– 1 year	(0.5%)	(4%)
Revenue (fall) - remainder	(0.2%)	(1.5%)
Cost growth – employee costs from year 1	1%	5%
Cost growth per annum – employee costs from years 2-3	0.5%	2%
Cost growth per annum – employee costs years 4-5	2.5%	4%
Cost growth – overhead costs from year 1	2%	20%
Cost growth – overhead costs from year 2-5	1%	8%
Discount rate increase	2%	8%
Capitalisation rate increase	2%	18.5%

Brands and customer relationships are all derived from acquisitions; there are no internally generated intangible assets. The brand allocated to the Dewynters Limited CGU totalling £2.26 million (2013: £2.26m) is determined to have an indefinite life. It is subject to an annual impairment review using the same assumptions as for goodwill. The brand value allocated to SpotCo CGU totalling £0.80 million (2013: £0.88m) is being amortised over 15 years and has 9 years remaining.

The useful economic life for customer relationships within Dewynters is 20 years of which 13 are remaining as at 31 December 2014. It has a carrying value of £0.74 million and £0.06 million was charged to amortisation in the year. Customer relationships within SpotCo were fully amortised in the prior year resulting in a carrying value of £nil at year end (2013: £0.0m).

Where there are any indications of impairment within these businesses the Group carries out impairment reviews on brands and customer relationships using the same assumptions as for goodwill.

9. BORROWINGS

	2014 £'000	2013 £'000
Current:		
Deferred consideration	1,266	634
Bank loans	630	-
	1,896	634
Non-current:		
Bank loans	14,155	14,785
Deferred consideration	-	1,018
Analysis of borrowings:		
On demand or within one year		
Deferred consideration	1,266	634
Bank loans	630	-
	1,896	634
In the second to fifth years inclusive		
Bank loan – revolving facility	14,155	14,785
Deferred consideration	-	1,018
	14,155	15,803
Amounts due for settlement	16,051	16,437
Less amounts due within one year	(1,896)	(634)
Amounts due for settlement after one year	14,155	15,803

Analysis of borrowings by currency:

	Sterling £'000	USD £'000	Total £'000
31 December 2014			
Bank loans	14,785	-	14,785
Deferred consideration	-	1,266	1,266
	14,785	1,266	16,051

	Sterling £'000	USD £'000	Total £'000
31 December 2013			
Bank loans	14,785	-	14,785
Deferred consideration	-	1,652	1,652
	14,785	1,652	16,437

The revolving credit facility (bank loan) with AIB Group has interest payable at a rate 3% over LIBOR (2013: 4% over LIBOR). On top of a fixed and floating charge over its assets, the Group has given AIB Group an unlimited guarantee in respect of these borrowings. The Group has a set of financial covenants with AIB Group in relation to loan which are measured quarterly and were met in full as at 31 December 2014.

DEFERRED CONSIDERATION

Deferred consideration results from the Group's acquisition of SpotCo in 2008. On 14 November 2012 a debt repayment agreement was entered into and the fixed outstanding debt was discounted at that date. Interest from this discounting is unwinding over the term of the repayment agreement. Details on the assumptions used in the discount rate used on deferred consideration are the same as those used to test goodwill for impairment and are disclosed in note 8.

Deferred consideration is payable as follows:

	2014	2013
	£'000	£'000
Within one year	1,266	634
Between one and two years	-	1,018
	1,266	1,652

Included within deferred consideration of £1.27 million is £0.64 million (USD$1 million) which can be converted to equity once all other amounts are paid in full. Once £0.63 million has been repaid in 2015, r4e has the right to require the remaining US$1 million deferred consideration due to be satisfied by the subscription of Ordinary Shares at the prevailing mid-market price. If the number of Ordinary Shares so issued would cause an obligation to make a mandatory offer for the entire issued share capital of r4e under Rule 9 of the City Code on Takeovers and Mergers, the vendor shall be obliged to subscribe only for such number of Ordinary Shares as would not trigger such obligation, and the balance of the debt due will be written off.

Movements on deferred consideration during the year are as follows:

	2014	2013
	£'000	£'000
Opening balance	1,652	2,103
Unwinding of discounting on deferred consideration (note 4)	154	220
Payments of deferred consideration – cash	(615)	(645)
Foreign exchange differences	75	(26)
Closing balance	1,266	1,652

Repayments which started on 1 January 2013, are being made in 12 quarterly cash instalments of US$0.25 million. As at 31 December 2014, 4 payments remain.

10. OTHER NON CURRENT PAYABLES

Landlord reimbursement accrual

Amounts in non-current other payables of £0.66 million (31 December 2013: £0.67 million) relate to the re-imbursement of leasehold improvement costs from SpotCo's landlord at the new New York office. As with many US leases SpotCo, as tenant, had to undertake a programme of complete refurbishment of the property and some of these expenses, related to the provision of basic utilities and services, were then refunded by the landlord. £0.84 million ($1.25 million USD) was received in cash from the Landlord in 2013. In line with SIC Interpretation 15 this reimbursement has been recognised as a liability and is being unwound to the income statement over the period of the lease, reducing rental costs. £0.06 million was unwound during the year (31 December 2013: £0.05 million). Amounts in current liabilities relating to the reimbursement total £0.06 million (31 December 2013: £0.05 million).

	2014	2013
	£'000	£'000
Within one year	55	55
Between two and five years	220	218
More than five years	435	454
	655	672

Rent holiday accrual

Other amounts in non-current other payables of £0.81 million (31 December 2013: £0.58 million) relate to an accrual for rental payments built up during a period of 'rent holiday' as provided for in the new leases for Dewynters and SpotCo's Offices. In line with SIC Interpretation 15 the accrual will be released to the income statement over the term of the lease thus reducing rent costs.

	2014	2013
	£'000	£'000
Within one year	38	36
Between two and five years	523	238
More than five years	282	340
	805	578
Total non-current payables	1,460	1,250

11. CASH GENERATED FROM OPERATIONS

	2014 £'000	2013 £'000
Reconciliation of net cash flows from operating activities		
(Loss)/profit before taxation	(5,120)	308
Adjustments:		
Finance costs	879	881
Finance income	(60)	(121)
Depreciation	344	313
Amortisation of intangibles	195	462
Impairment of goodwill	6,430	181
Profit on sale of investment	-	(20)
Operating cash flows before movements in working capital	2,668	2,004
(Increase) in inventories	(120)	(54)
(Increase) in trade and other receivables	(1,897)	(1,031)
Increase in trade and other payables	1,843	1,566
Cash generated from operating activities	2,494	2,485

12. RELATED PARTY DISCLOSURES

During the year ended 31 December 2014, transactions with Key Management Personnel are in relation to Directors of the Group and are presented in Directors Remuneration tables on page 18 and note 6 to the audited financial statements.

During the prior year ended 31 December 2013, SpotCo entered into a bridge loan facility agreement (the "Facility Agreement") with Stoller Family Partners LP to augment internal cash-flows to finance the up-front refurbishment costs of the office relocation in New York. A maximum of $0.6 million could be drawn down under the Facility Agreement which fell due for repayment within 90 days of SpotCo having been reimbursed by the landlord. Under the terms of the lease agreement entered into by SpotCo, the landlord had a contractual obligation to repay a maximum of $1.25 million of refurbishment costs incurred by SpotCo, once the works have been completed. The Facility had an arrangement fee of $5,000 and interest was charged on funds drawn down at a rate of 8 per cent per annum. As at 31 December 2013, the $0.6 million loan plus arrangement fee and £0.01 million of interest had been repaid to Stoller Family Partners LP leaving no outstanding balance as at 2013 year end.

Stoller Family Partners LP is classified as a related party of the Company by virtue of being an existing substantial shareholder in the Company and also due to David Stoller, Executive Chairman of the Company, being a General Partner and a substantial shareholder in Stoller Family Partners LP.

Dividend income received in the year ended 31 December 2014 of £59,824 (2013: £92,727) is from the associate undertaking Theatrenow Limited, in which Dewynters Limited has a 29.91% shareholding.

13. TRANSACTIONS WITH DIRECTORS

At 31 December 2014, the Group owed David Stoller £61 (2013: £1,026 repaid in 2014). The loan was non-interest bearing and no terms and conditions were attached.

14. SUBSEQUENT EVENTS

The Company is currently funded by a significant bank loan. Subsequent to year end, and as at the current date of these accounts, the Directors continue to be in discussions with the Company's bank and third parties on how best to restructure this bank loan or replace it altogether. Whilst there can be no guarantee that these discussions will be successful or that an agreement will be reached with the Company's bankers, the Directors of r4e remain hopeful that a satisfactory resolution will be achieved. The Company has, to date, made all the required repayments under the existing bank facility agreement and is not in breach of the financial covenants in the agreement. AIB Group continues to charge interest on the credit facility at LIBOR + 3.0% per annum.