28 July 2014

For Release

Progressive Digital Media Group Plc
Unaudited Interim Report For The Six Months Ended 30 June 2014

"Good progress, improved synergies and continued investment"

Progressive Digital Media Group Plc ('the Group') enables organisations to gain competitive advantage by providing unique, high quality business information and services across multiple platforms.

Highlights

Good progress, continued investment and the acquisition of both Pyramid Research and Current Analysis Inc.

Key achievements in the six months

- Business Intelligence continues to grow
- Revenue and earnings growth across multiple channels
- Pyramid Research (completed 1 January 2014), integrated and build-out on schedule
- Agreement to acquire Current Analysis Inc (7 July 2014)
- New banking facilities agreed to support future growth

Financial performances

- Adjusted EBITDA (1) increased by 7.0% to £5.9m (June 2013: £5.5m)
- Adjusted EBITDA Margin (1) improved to 19.5% (June 2013: 19.2%)
- Investment in Pyramid and adverse exchange movements impacted EBITDA (2) by (£0.8m)
- EBITDA (2) inclusive of share based payment charge of £3.0m decreased by 66.6% to £1.6m (June 2013: £4.9m)
- Group revenue increased by 8.1% to £30.7m (June 2013: £28.4m)
- Deferred Revenue increased by £2.8m to £16.2m (June 2013: £13.4m)

Our business

- Premium business information services
- A strong and scalable asset base
- Significant contracted and visible revenue streams
- Globally exploitable business model
- High gross margin product

Mike Danson, Chairman of Progressive Digital Media Group Plc, commented:

"Our first half results reflect the continuing investment in our products, our platforms and our sales infrastructure. Moreover, we have accelerated our investment in Pyramid Research which impacted upon the Group's reported first half earnings. However, as disclosed at the time of the acquisition, we do expect Pyramid to normalise into the second half of this year and be profit accretive."

Note 1: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, impairment, share based payment charge, adjusted for the results of the acquisition of Pyramid Research, costs associated with derivatives, acquisition, integration and restructure of the Group. Adjusted EBITDA margin is defined as: Adjusted EBITDA as a percentage of revenue, adjusted for the acquisition of Pyramid Research.

Note 2: EBITDA: Earnings before interest, tax, depreciation, amortisation and includes a share based payment charge of £3.0m (June 2013: £0.4m).

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CHAIRMAN'S STATEMENT

Our first half results reflect the continuing investment in our products, our platforms and our sales infrastructure. Moreover, we have accelerated our investment in Pyramid Research which impacted upon the Group's reported first half earnings. However, as disclosed at the time of the acquisition, we do expect Pyramid to normalise into the second half of this year and be profit accretive.

The acquisition of both Pyramid Research and Current Analysis (expected to complete on or before 31 July) coupled with our existing offering means that the Group is well positioned to become a leading provider of premium, subscription based business information to the Information and Communication Technology (ICT) industry. Additionally, the combination of Current Analysis and Pyramid's proposition and positioning should complement each other and present significant opportunities for product synergies and growth.

I am optimistic that Current Analysis, along with our other businesses, will significantly advance our position in the Global ICT vertical. Furthermore, the acquisition of Current Analysis brings with it critical management and operational infrastructure in the key U.S. market, which should in time facilitate further growth.

Our consumer proposition, led by Canadean, continues to make progress; securing new client wins both domestically and abroad. Outside of the European and North American markets, renewals and new business wins do tend to be biased towards the second half of the year matching the budgetary cycle of our clients. Looking ahead, we will continue to invest in content, content delivery and analyst coverage and will be making further improvements to our offering (via additional sectors) during the remainder of the year and into 2015.

The recent acquisitions will also increase the Group's exposure to exchange rate movements as the mix of US dollar denominated revenues increases by circa 10% to 35%. Thus far, growth has largely compensated for unfavourable exchange rate movements, although when adjusting on a constant currency basis our first half earnings (EBITDA) would have been circa £0.8m higher than those reported. Looking ahead, if exchange rates remain as they are, we should expect a similar impact to second half earnings.

Group performance

Group revenues from continuing operations increased by 8.1% to £30.7m (June 2013: £28.4m).

Business Intelligence which is focused on the Consumer and ICT markets, accounts for 57.9% of Group revenues and grew by 9.1% in the first half. On an annualised basis the acquisition of Pyramid and Current Analysis should increase the Group's mix of Business Intelligence revenues by circa 7%.

Adjusted EBITDA, which includes £0.2m of exchange losses, grew 7.0% to £5.9m (June 2013: £5.5m), with Adjusted EBITDA margin increasing by 0.3% to 19.5% (June 2013: 19.2%).

Profit before tax decreased by £3.4m to £0.2m (June 2013: £3.6m), which is after a £3.0m non-cash charge for share based payments following the award of additional share options under the long term inventive plan ("LTIP") for senior management first introduced in January 2011 (June 2013: £0.4m).

Financial review

Deferred revenue rose by 21.3% to £16.2m (June 2013: £13.4m).

Adjusted EBITDA margin rose 0.3% to 19.5%. Investment in Pyramid Research reduced the Group's reported first half earnings in line with expectations. Pyramid is expected to be profit accretive in the second half.

The Group has recognised an income tax credit of £0.7m in its consolidated income statement for the six months to 30 June 2014 (June 2013: £1.1m expense). The credit has primarily arisen due to the recognition of deferred tax as a result of the increase in the number of share options in issue as at 30 June 2014 (refer to note 8) and also reflects the incremental market value of our shares. The deferred tax balance represents the future allowable deduction upon the vesting of options.

The acquisition of Pyramid Research and ERC (announced 31 March 2014) coupled with working capital movements saw Group cash decline by £3.1m to £11.1m during the first half of 2014 (December 2013: £14.2m). Working capital movements driven by strong sales towards the end of the period, particularly in Dollar or Latin American denominated currencies, together with the phasing of creditor payments, reduced cash generated from continuing operations to £0.5m (June 2013: £0.8m). Net cash at 30 June 2014 was £5.2m, being cash and cash equivalents less short and long-term borrowings (June 2013: £6.7m).

We recently announced that the Group had negotiated new banking facilities with The Royal Bank of Scotland. The new five year, £30 million multi-currency facility provides sufficient liquidity for both general working capital requirements and where appropriate, the financing of further acquisitions.

Our employees

It is important that our senior employees are aligned to, and rewarded for, the long term success of the Group. One key incentive and retention mechanism is our Long Term Incentive Plan ("LTIP").

As disclosed in our 2013 annual report, the first award of shares granted to employees as part of the Group's LTIP vested in March 2014. Given the recent acquisitions and the number of employees who have joined the Group since the scheme's inception (January 2011), the Board has agreed to allocate a further 3.4 million share options. As a result of the significant improvement in share price since the scheme first launched and the increase in options granted, the 2014 non-cash share based payment charge for the full year is expected to increase by £3.2m.

Outlook and prospects

The fundamentals of the business remain positive and we are confident that our focus on building premium Consumer and Technology Business Information services will provide the basis for continued long-term profitable growth.

Our first half results, although adversely impacted by currency movements and investment in Pyramid, provide a solid base for the remainder of the year. As previously disclosed, whilst we integrate and invest in our recent acquisitions, we do not expect any earnings benefit from them for the current financial year, though growth is expected from 2015 onwards.

Mike Danson
Chairman
28 July 2014

Independent review report to the members of Progressive Digital Media Group Plc

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Progressive Digital Media Group Plc for the six months ended 30 June 2014 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows. We have read the other information contained in the half yearly financial report which comprises the Chairman’s statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company’s members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

GRANT THORNTON UK LLP
AUDITOR
London
28 July 2014

Consolidated income statement

	Notes	6 months to 30 June 2014 *Unaudited* £000s	6 months to 30 June 2013 *Unaudited* £000s	Year to 31 December 2013 *Audited* £000s
Continuing operations				
Revenue	3	30,744	28,435	57,067
Cost of sales		(18,931)	(16,727)	(33,936)
Gross profit		**11,813**	**11,708**	**23,131**
Distribution costs		(461)	(478)	(878)
Administrative costs		(6,690)	(6,525)	(12,080)
Other expenses	4	(4,338)	(972)	(2,469)
Operating profit		**324**	**3,733**	**7,704**
Analysed as:				
Adjusted EBITDA[1]		**5,856**	**5,474**	**11,697**
Results of acquisition (Pyramid Research)		(527)	-	-
Items associated with acquisitions, restructure of the group and share based payments	4	(3,769)	(562)	(1,730)
Other adjusting items	4	85	18	24
EBITDA[2]		**1,645**	**4,930**	**9,991**
Amortisation		(1,050)	(900)	(1,725)
Depreciation		(271)	(297)	(562)
Operating profit		**324**	**3,733**	**7,704**
Finance costs		(111)	(132)	(311)
Profit before tax		**213**	**3,601**	**7,393**
Income tax credit/ (expense)		734	(1,091)	(2,146)
Profit for the period from continuing operations		**947**	**2,510**	**5,247**
Loss for the period from discontinued operations	9	(252)	(156)	(743)
Profit for the period		**695**	**2,354**	**4,504**
Attributable to:				
Equity holders of the parent		688	2,342	4,487
Non-controlling interest		7	12	17
Earnings per share attributable to equity holders from continuing operations:	7			
Basic earnings per share (pence)		1.24	3.35	7.02
Diluted earnings per share (pence)		1.15	3.15	6.60
Loss per share attributable to equity holders from discontinued operations:				
Basic loss per share (pence)		(0.33)	(0.21)	(1.00)
Diluted loss per share (pence)		(0.31)	(0.20)	(0.94)
Total basic earnings per share (pence)		0.91	3.14	6.02
Total diluted earnings per share (pence)		0.84	2.95	5.66

The accompanying notes form an integral part of this financial report.

1 We define Adjusted EBITDA as EBITDA adjusted for the results of the acquisition of Pyramid Research, costs associated with acquisition, integration, impact of foreign exchange contracts, shared based payments and restructure of the Group. We present Adjusted EBITDA as additional information because we understand that it is a measure used by certain investors and because it is used as the measure of segment profit or loss. However, other companies may present Adjusted EBITDA differently. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered as an alternative to operating profit or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measure of performance derived in accordance with IFRS.

2 EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment.

Consolidated statement of comprehensive income

	6 months to 30 June 2014 *Unaudited*	6 months to 30 June 2013 *Unaudited*	Year to 31 December 2013 *Audited*
	£000s	**£000s**	**£000s**
Profit for the period	695	2,354	4,504
Other comprehensive income/ (loss)			
Items that will be classified subsequently to profit or loss:			
Translation of foreign entities	14	(8)	15
Other comprehensive income/ (loss), net of tax	14	(8)	15
Total comprehensive income for the period	**709**	**2,346**	**4,519**
Attributable to			
Equity holders of the parent	702	2,334	4,502
Non-controlling interest	7	12	17

The accompanying notes form an integral part of this financial report.

Consolidated statement of financial position

	Notes	30 June 2014 *Unaudited*	30 June 2013 *Unaudited*	31 December 2013 *Audited*
		£000s	**£000s**	**£000s**
Non-current assets				
Property, plant and equipment		804	997	831
Intangible assets	5	27,237	25,476	24,807
Deferred tax assets		1,892	1,964	1,490
		29,933	**28,437**	**27,128**
Current assets				
Inventories		109	90	155
Trade and other receivables		25,676	19,229	24,877
Short-term derivative assets		91	-	6
Cash and cash equivalents		11,100	13,005	14,178
		36,976	**32,324**	**39,216**
Total assets		**66,909**	**60,761**	**66,344**
Current liabilities				
Trade and other payables		(23,927)	(23,310)	(26,763)
Short-term borrowings		-	(500)	-
Current tax payable		(672)	(774)	(917)
Short-term provisions		(462)	(594)	(644)
		(25,061)	**(25,178)**	**(28,324)**
Non-current liabilities				
Long-term provisions		(147)	(190)	(58)
Long-term borrowings		(5,892)	(5,809)	(5,851)
		(6,039)	**(5,999)**	**(5,909)**
Total liabilities		**(31,100)**	**(31,177)**	**(34,233)**
Net assets		**35,809**	**29,584**	**32,111**
Equity				
Share capital	6	154	153	153
Share premium account		200	-	-
Other reserve		(37,128)	(37,128)	(37,128)
Foreign currency translation reserve		54	17	40
Special reserve		48,422	48,422	48,422
Retained profit		23,990	18,009	20,508
Equity attributable to equity holders of the parent		**35,692**	**29,473**	**31,995**
Non-controlling interest		117	111	116
Total equity		**35,809**	**29,584**	**32,111**

The accompanying notes form an integral part of this financial report.

Consolidated statement of changes in equity (unaudited)

	Share capital	Share premium account	Other reserve	Foreign currency translation reserve	Special reserve	Retained profit/ (loss)	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2013	**153**	**71,368**	**(37,128)**	**25**	**-**	**(7,942)**	**26,476**	**107**	**26,583**
Profit for the period	-	-	-	-	-	2,342	**2,342**	12	**2,354**
Other comprehensive income:									
Translation of foreign entities	-	-	-	(8)	-	-	**(8)**	-	**(8)**
Total comprehensive income/ (loss) for the period	-	-	-	(8)	-	2,342	**2,334**	12	**2,346**
Transactions with owners:									
Transfer between reserves	-	25	-	-	-	(25)	**-**	-	**-**
Capital reduction	-	(71,393)	-	-	48,422	22,971	**-**	-	**-**
Dividends	-	-	-	-	-	-	**-**	(8)	**(8)**
Share based payments charge	-	-	-	-	-	407	**407**	-	**407**
Excess deferred tax on share based payments	-	-	-	-	-	256	**256**	-	**256**
Balance at 30 June 2013	**153**	**-**	**(37,128)**	**17**	**48,422**	**18,009**	**29,473**	**111**	**29,584**
Profit for the period	-	-	-	-	-	2,145	**2,145**	5	**2,150**
Other comprehensive income:									
Translation of foreign entities	-	-	-	23	-	-	**23**	-	**23**
Total comprehensive income for the period	-	-	-	23	-	2,145	**2,168**	5	**2,173**
Transactions with owners:									
Share based payments charge	-	-	-	-	-	720	**720**	-	**720**
Excess deferred tax on share based payments	-	-	-	-	-	(366)	**(366)**	-	**(366)**
Balance at 31 December 2013	**153**	**-**	**(37,128)**	**40**	**48,422**	**20,508**	**31,995**	**116**	**32,111**
Profit for the period	-	-	-	-	-	688	**688**	7	**695**
Other comprehensive income:									
Translation of foreign entities	-	-	-	14	-	-	**14**	-	**14**
Total comprehensive income for the period	-	-	-	14	-	688	**702**	7	**709**
Transactions with owners:									
Dividends	-	-	-	-	-	-	**-**	(6)	**(6)**
Issue of share capital	1	200	-	-	-	-	**201**	-	**201**
Share based payments charge	-	-	-	-	-	3,031	**3,031**	-	**3,031**
Excess deferred tax on share based payments	-	-	-	-	-	(237)	**(237)**	-	**(237)**
Balance at 30 June 2014	**154**	**200**	**(37,128)**	**54**	**48,422**	**23,990**	**35,692**	**117**	**35,809**

The accompanying notes form an integral part of this financial report.

Consolidated statement of cash flows

Continuing operations	6 months to 30 June 2014 *Unaudited* £000s	6 months to 30 June 2013 *Unaudited* £000s	Year to 31 December 2013 *Audited* £000s
Cash flows from operating activities			
Profit for the period	947	2,510	5,247
Adjustments for:			
Depreciation	271	297	562
Amortisation	1,050	900	1,725
Finance expense	111	132	311
Taxation recognised in profit or loss	(734)	1,091	2,146
Loss on disposal of property, plant and equipment	-	-	8
Share based payments charge	3,031	407	1,127
Increase in trade and other receivables	(251)	(1,880)	(7,474)
Decrease in inventories	46	90	25
(Decrease)/ increase in trade and other payables	(3,675)	(2,219)	876
Revaluation of derivatives	(85)	(18)	(24)
Movement in provisions	(216)	(560)	(642)
Cash generated from continuing operations	**495**	**750**	**3,887**
Interest paid (continuing operations)	(67)	(82)	(214)
Income taxes paid (continuing operations)	(240)	(40)	(623)
Net cash from operating activities (continuing operations)	**188**	**628**	**3,050**
Net (decrease)/ increase in cash and cash equivalents from discontinued operations	(34)	11	(475)
Total cash flows from operating activities	**154**	**639**	**2,575**
Cash flows from investing activities (continuing operations)			
Acquisition of Pyramid Research	(2,006)	-	-
Acquisition of ERC Group	(543)	-	-
Purchase of property, plant and equipment	(222)	(85)	(213)
Purchase of intangible assets	(455)	(15)	(149)
Net cash used in investing activities (continuing operations)	**(3,226)**	**(100)**	**(362)**
Net decrease in cash and cash equivalents from discontinued operations	-	(23)	(24)
Total cash flows from investing activities	**(3,226)**	**(123)**	**(386)**
Cash flows from financing activities (continuing operations)			
Repayment of short-term borrowings	-	-	(500)
Net cash used in financing activities (continuing operations)	**-**	**-**	**(500)**
Net decrease in cash and cash equivalents from discontinued operations	(6)	(8)	(8)
Total cash flows from financing activities	**(6)**	**(8)**	**(508)**
Net (decrease)/ increase in cash and cash equivalents	**(3,078)**	**508**	**1,681**
Cash and cash equivalents at beginning of period	14,178	12,497	12,497
Cash and cash equivalents at end of period	**11,100**	**13,005**	**14,178**

The accompanying notes form an integral part of this financial report.

Notes to the interim financial statements

1. General information

Nature of operations

The principal activity of Progressive Digital Media Group Plc and its subsidiaries (together 'the Group') is to provide its customers with high quality information and services through multiple channels in a rapidly changing economic environment. The unique and up to date knowledge and information that the Group provides enables organisations to gain competitive advantage and market share within the sectors the Group covers.

Progressive Digital Media Group Plc ('the Company') is a company incorporated in the United Kingdom and listed on the Alternative Investment Market (AIM). The registered office of the Company is John Carpenter House, John Carpenter Street, London, EC4Y 0AN. The registered number of the Company is 3925319.

Basis of preparation

These interim financial statements are for the six months ended 30 June 2014. They have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted in the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with Progressive Digital Media Group Plc's audited financial statements for the year ended 31 December 2013.

The financial information for the year ended 31 December 2013 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2013 have been filed with the Registrar of Companies and can be found on the Group's website www.progressivedigitalmedia.com. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

These interim financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments.

The interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the Company. These interim financial statements have been approved for issue by the Board of Directors.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period relate to valuation of acquired intangible assets, provisions for bad debt, share based payments and the carrying value of goodwill and other intangibles in the statement of financial position.

Going concern

The Group has closing cash of £11.1 million as at 30 June 2014 and net cash of £5.2 million (30 June 2013: £6.7 million), being cash and cash equivalents less short and long-term borrowings. The Group also has an overdraft facility of £3 million, issued by the Royal Bank of Scotland, which was not utilised as at 30 June 2014.

The Group has outstanding loans of £6.0 million with the Royal Bank of Scotland. After the balance sheet date, the Group announced new banking facilities of £30.0 million which is discussed in further detail in note 12.

The Group considers the current cash balance, cash flow projections and the existing financing facilities to be adequate to meet short-term commitments. The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the Group has prepared the interim financial statements on a going concern basis.

Notes to the interim financial statements (continued)

2. Accounting policies

This interim report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2013, updated for the adoption of IFRS10, IFRS 11 and IFRS 12 which are effective from 1 January 2014. There was no impact on the interim financial statements as a result of the adoption of these standards. All other policies have been consistently applied.

3. Segment analysis

The principal activity of Progressive Digital Media Group Plc (PDMG) and its subsidiaries ('the Group') is the provision of premium business information through multiple channels. The Group supplies its customers with research, analysis and tactical intelligence enabling them to gain a competitive advantage in their markets.

IFRS 8 "Operating Segments" requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision maker to evaluate the performance of the business and to decide how to allocate resources. The Group has identified the executive directors as its chief operating decision maker.

Business information is provided to customers through multiple channels by a dedicated content team that is centrally managed by research directors who report directly to the executive directors. Business Information is therefore considered to be the operating segment of the Group.

The Group profit or loss is reported to the executive directors on a monthly basis and consists of earnings before interest, tax, depreciation, amortisation, central overheads and other adjusting items. The executive directors also monitor revenue within the operating segment and have decided to include an additional voluntary disclosure analysing revenue by sub-category, being Business Intelligence and Events and Marketing.

A reconciliation of Adjusted EBITDA to profit before tax from continuing operations is set out below:

	6 months to 30 June 2014 *Unaudited* **£000s**	**6 months to 30 June 2013** *Unaudited* **£000s**	**Year to 31 December 2013** *Audited* **£000s**
Business Intelligence	17,803	16,324	33,758
Events and Marketing	12,941	12,111	23,309
Total Business Information Revenue	**30,744**	**28,435**	**57,067**
Business Information Adjusted EBITDA	**5,856**	**5,474**	**11,697**
Results of acquisitions	(527)	-	-
Other expenses (see note 4)	(4,338)	(972)	(2,469)
Depreciation	(271)	(297)	(562)
Amortisation	(396)	(472)	(962)
Finance costs	(111)	(132)	(311)
Profit before tax from continuing operations	**213**	**3,601**	**7,393**

Notes to the interim financial statements (continued)

3. Segment analysis (continued)

Geographical analysis

From continuing operations

6 months to 30 June 2014	**UK £000s**	**Europe £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	10,669	9,675	10,400	**30,744**

6 months to 30 June 2013	**UK £000s**	**Europe £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	9,595	10,016	8,824	**28,435**

Year ended 31 December 2013	**UK £000s**	**Europe £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	18,840	20,464	17,763	**57,067**

4. Other expenses

	6 months to 30 June 2014 *Unaudited* **£000s**	**6 months to 30 June 2013** *Unaudited* **£000s**	**Year to 31 December 2013** *Audited* **£000s**
Restructuring costs	710	162	392
Property related provisions	(121)	(362)	(222)
Exceptional property costs	9	-	93
Deal costs	-	34	154
Corporate restructuring	-	233	-
Share based payment charge	3,031	407	1,127
Exceptional legal costs	18	88	141
M&A costs	122	-	45
Items associated with acquisitions and restructure of the Group	**3,769**	**562**	**1,730**
Revaluation of short-term derivatives	(85)	(18)	(24)
Amortisation of acquired intangibles	654	428	763
Total other expenses	**4,338**	**972**	**2,469**

Notes to the interim financial statements (continued)

5. Intangible assets

	Software	Customer relationships	IP rights	Goodwill	Total
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Cost					
As at 31 December 2013	3,994	11,039	11,902	27,999	**54,934**
Additions	505	843	646	1,486	**3,480**
As at 30 June 2014	**4,499**	**11,882**	**12,548**	**29,485**	**58,414**
Amortisation					
As at 31 December 2013	(2,570)	(8,897)	(9,300)	(9,360)	**(30,127)**
Charge for the year	(404)	(339)	(307)	-	**(1,050)**
As at 30 June 2014	**(2,974)**	**(9,236)**	**(9,607)**	**(9,360)**	**(31,177)**
Net book value					
As at 30 June 2014	**1,525**	**2,646**	**2,941**	**20,125**	**27,237**
As at 31 December 2013	1,424	2,142	2,602	18,639	24,807

6. Equity

Share capital

ERC Acquisition

The Group issued 76,191 ordinary shares as part of the consideration for ERC Group Limited and its subsidiaries (as discussed in note 10). These shares rank pari passu with the existing PDMG ordinary shares in issue.

Share Option Scheme

The Group issued 1,400,000 ordinary shares on 7 March 2014 and 305,080 ordinary shares on 14 March 2014 following the exercise of options by employees pursuant to the vesting of the Company's Capital Appreciation Plan (as discussed in note 8). These shares rank pari passu with the existing PDMG ordinary shares in issue.

Allotted, called up and fully paid:

	30 June 2014 *Unaudited*		**30 June 2013** *Unaudited*		**31 December 2013** *Audited*	
	No'000	**£'000**	**No'000**	**£'000**	**No'000**	**£'000**
Ordinary shares at 1 January (1/14th pence)	74,487	**53**	-	**-**	-	**-**
Ordinary share capital and sub-division	-	**-**	74,487	**53**	74,487	**53**
Issue of shares: partial consideration ERC	76	**-**	-	**-**	-	**-**
Issue of shares: share option scheme	1,705	**1**	-	**-**	-	**-**
Ordinary shares c/f (1/14th pence)	76,268	**54**	74,487	**53**	74,487	**53**
Deferred shares of £1.00 each	100	**100**	100	**100**	100	**100**
Total allotted, called up and fully paid	76,368	**154**	74,587	**153**	74,587	**153**

6. Equity (continued)

Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To fund future growth and provide an adequate return to shareholders and, when appropriate, distribute dividends

The Company has two classes of shares. The ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the Company.

The deferred shares do not confer upon the holders the right to receive any dividend, distribution or other participation in the profits of the Company. The deferred shares do not entitle the holders to receive notice of or to attend and speak or vote at any general meeting of the Company. On distribution of assets on liquidation or otherwise, the surplus assets of the Company remaining after payments of its liabilities shall be applied first in repaying to holders of the deferred shares the nominal amounts and any premiums paid up or credited as paid up on such shares, and second the balance of such assets shall belong to and be distributed among the holders of the ordinary shares in proportion to the nominal amounts paid up on the ordinary shares held by them respectively.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all its issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the principles of the UK Corporate Governance Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Board Terms of Reference, copies of which are available on request.

Notes to the interim financial statements (continued)

7. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders of the parent company divided by the weighted average number of shares in issue during the period. The Group also has a share options scheme in place and therefore the Group has calculated the dilutive effect of these options. The below table shows earnings per share for both continuing and discontinued operations:

	6 months to 30 June 2014 *Unaudited*	**6 months to 30 June 2013** *Unaudited*	**Year to 31 December 2013** *Audited*
Continuing operations			
Basic			
Profit for the period from continuing operations (£'000s)	947	2,510	5,247
Less minority interest (£'000s)	(7)	(12)	(17)
Profit for the period attributable to ordinary shareholders of the parent company (£'000s)	940	2,498	5,230
Weighted average number of shares (000s)	75,609	74,487	74,487
Basic earnings per share (pence)	1.24	3.35	7.02
Diluted			
Profit for the period attributable to ordinary shareholders of the parent company (£'000s)	940	2,498	5,230
Weighted average number of shares (000s)	81,983	79,359	79,262
Diluted earnings per share (pence)	1.15	3.15	6.60
Discontinued operations			
Basic			
Loss for the period attributable to ordinary shareholders of the parent company from discontinued operations (£'000s)	(252)	(156)	(743)
Weighted average number of shares (000s)	75,609	74,487	74,487
Basic loss per share (pence)	(0.33)	(0.21)	(1.00)
Diluted			
Loss for the period attributable to ordinary shareholders of the parent company from discontinued operations (£'000s)	(252)	(156)	(743)
Weighted average number of shares (000s)	81,983	79,359	79,262
Diluted loss per share (pence)	(0.31)	(0.20)	(0.94)
Total			
Basic			
Profit for the period attributable to ordinary shareholders of the parent company (£'000s)	688	2,342	4,487
Weighted average number of shares (000s)	75,609	74,487	74,487
Basic earnings per share (pence)	0.91	3.14	6.02
Diluted			
Profit for the period attributable to ordinary shareholders of the parent company (£'000s)	688	2,342	4,487
Weighted average number of shares (000s)	81,983	79,359	79,262
Diluted earnings per share (pence)	0.84	2.95	5.66

Notes to the interim financial statements (continued)

8. Share based payments

The Group created a share option scheme during the year ended 31 December 2010 and granted the first options under the scheme on 1 January 2011 to certain senior employees. Each option granted converts to one ordinary share on exercise. A participant may exercise their options (subject to employment conditions) at any time during a prescribed period from the vesting date to the date the option lapses. For these options to be exercised the Group's earnings before interest, taxation, depreciation and amortisation, as adjusted by the Remuneration Committee for significant or one-off occurrences, must exceed certain targets. The fair values of options granted were determined using the Black-Scholes model and take into account factors specific to the share option plan, such as the vesting period.

The following assumptions were used in the valuation:

Award Tranche	**Award 1**	**Award 2**	**Award 3**	**Award 4**
Grant date	1 January 2011	1 August 2011	1 May 2012	5 March 2014
Fair value of share price at date of grant	£1.09	£1.32	£1.87	£2.55
Volatility	15%	0%	15%	15%
Weighted average of remaining contractual life	2.0	2.0	2.0	1.7

The volatility assumption is based upon management's expectation over the number of options that will lapse over the vesting period. The assumptions were determined when the scheme was set up in 2011 and are reviewed annually. Management believe the current assumptions to be reasonable based upon rate of lapsed options.

The total charge recognised for the scheme during the six months to 30 June 2014 was £3,030,585 (2013: £407,000). The awards of the scheme are settled with ordinary shares of the Company. Reconciliation of movement in the number of options is provided below.

	Option price (pence)	**Number of options**
31 December 2013	1/14th	4,775,050
Granted	1/14th	3,361,436
Vested	1/14th	(1,701,156)
Forfeited	1/14th	(61,250)
30 June 2014	**1/14th**	**6,374,080**

Notes to the interim financial statements (continued)

9. Discontinued operations

As the business becomes more focussed on its Business Information offering, a number of legacy non-core business units have been discontinued in recent years.

During 2012, the Group made the decision to close the TMN email marketing business unit, including the TMN, EDR and TAPPS businesses. During 2013, the Group discontinued the US and European arms of its affiliate marketing business. The email marketing and US / European affiliate marketing businesses formed part of the Group's B2C Digital Marketing division.

Following a review of the performance of the Group's German subsidiary, it was decided that it was no longer viable and its activities ceased in June 2014. Additionally, on 1 July 2014, the Group disposed of its 75% shareholding in Office Solutions Media Limited ('OSM'). The subsidiary company was no longer deemed to be a strategic fit with the remainder of the Group; therefore the shares were sold to OSM's minority shareholder.

Pursuant to the provisions of IFRS 5 the above operations have been classified as discontinued.

a) The results of the discontinued operation are as follows;

	6 months to 30 June 2014 *Unaudited* **£000s**	**6 months to 30 June 2013** *Unaudited* **£000s**	**Year to 31 December 2013** *Audited* **£000s**
Discontinued operations			
Revenue	136	130	(55)
Cost of sales	(10)	(160)	(301)
Gross profit/ (loss)	**126**	**(30)**	**(356)**
Distribution costs	(19)	(18)	(32)
Administrative costs	(236)	(108)	(432)
Other expenses	(123)	-	77
Operating loss from discontinued operations	**(252)**	**(156)**	**(743)**
Finance costs	-	-	-
Loss before tax from discontinued operations	**(252)**	**(156)**	**(743)**
Income tax charge	-	-	-
Loss for the period from discontinued operations	**(252)**	**(156)**	**(743)**

b) Loss before tax

This is arrived at after charging:	**6 months to 30 June 2014** *Unaudited* **£000s**	**6 months to 30 June 2013** *Unaudited* **£000s**	**Year to 31 December 2013** *Audited* **£000s**
Depreciation	3	-	-

Notes to the interim financial statements (continued)

9. Discontinued operations (continued)

c) Cash flows from discontinued operations

	6 months to 30 June 2014 *Unaudited* £000s	6 months to 30 June 2013 *Unaudited* £000s	Year to 31 December 2013 *Audited* £000s
Cash (outflows)/ inflows from operating activities	(34)	11	(475)
Cash outflows from investing activities	-	(23)	(24)
Cash outflows from financing activities	(6)	(8)	(8)
Total cash outflows from discontinued operations	**(40)**	**(20)**	**(507)**

10. Acquisitions

Pyramid Research

On 1 January 2014 the Group acquired the business and assets of Pyramid Research for cash consideration of US$3,250,000 (£2,006,173). Pyramid is a leading provider of business information and market analysis for the Information and Communications Technology (ICT) industry. Pyramid has a well regarded brand name and an expanding presence in some of the world's fastest growing markets.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Carrying Value £000s	Fair Value Adjustments £000s	Fair Value £000s
Intangible assets consisting of:			
Software	-	51	51
Intellectual property	-	239	239
Customer relationships	-	758	758
Net assets/ (liabilities) acquired	47	(160)	(113)
Fair value of net assets acquired	**47**	**888**	**935**

Cash consideration	2,006
Less net assets acquired	(935)
Goodwill	**1,071**

In line with the provisions of IFRS 3, further fair value adjustments may be required within the remainder of the year ended 31 December 2014. A fair value adjustment has been made during the first half of 2014 of £0.2m in relation to a combination of payables which were not identified at the date of acquisition and an increase to the provision for impaired receivables. Any further fair value adjustments will result in an adjustment to the goodwill balance reported above.

Pyramid Research has generated revenues of £0.7m and a contribution loss of £0.5m in the period from acquisition to 30 June 2014.

The goodwill that arose on the combination can be attributed to revenue and cost synergies expected to arise upon the integration of Pyramid Research into Progressive Digital Media Group.

The Group incurred legal and professional costs of £105,000 in relation to the acquisition, which were recognised in other expenses (note 4).

10. Acquisitions (continued)

ERC

On 28 March 2014, the Group acquired ERC Group Limited and its subsidiaries ('ERC') for total consideration of £804,000. The consideration comprised of £604,000 in cash consideration and £200,000 in equity. The equity issued was 76,191 ordinary shares in PDMG at a price of £2.625 (which rank pari passu with the existing PDMG ordinary shares in issue). ERC is a provider of business information and market analysis for the Consumer market. ERC has a well regarded brand name and a dedicated client base which will be used as a solid base for growth.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Carrying Value £000s	Fair Value Adjustments £000s	Fair Value £000s
Intangible assets consisting of:			
Intellectual property	-	407	407
Customer relationships	-	85	85
Deferred tax liability upon creation of intangible assets	-	(103)	(103)
Net assets acquired	-	-	-
Fair value of net assets acquired	**-**	**389**	**389**

Total consideration	804
Less net assets acquired	(389)
Goodwill	**415**

In line with the provisions of IFRS 3, fair value adjustments may be required within the 12 month period from the date of acquisition. Any fair value adjustments will result in an adjustment to the goodwill balance reported above.

In 2013 ERC had revenues of £0.4m and profits before tax of £nil. ERC has generated revenues of £0.1m and a contribution of £nil in the period from acquisition to 30 June 2014. If the acquisition had occurred on 1 January 2014, the Group year to date revenue for 2014 would have been £30.9m and the Group profit before tax from continuing operations would have remained at £0.9m.

The Group incurred legal and professional costs of £16,000 in relation to the acquisition, which were recognised in other expenses (note 4).

The goodwill that arose on the combination can be attributed to revenue and cost synergies expected to arise upon the integration of ERC into Progressive Digital Media Group.

The total cash cost of the acquisition is reconciled as follows:

	£000s
Cash consideration	604
Cash acquired as part of opening balance sheet	(165)
Cash returned to seller representing net assets as at completion date	104
Total cash cost	**543**

11. Related party transactions

Mike Danson, Progressive Digital Media Group's Chairman, owned 66.14% of the Company's ordinary shares as at 30 June 2014. Mike Danson owns a number of businesses that interact with Progressive Digital Media Group. A programme is underway to reduce related party transactions. The principal transactions are as follows:

Accommodation

Progressive Digital Media Group rents two properties from Estel Property Investments, a company owned by Mike Danson. The total rental expense in relation to the buildings owned by Estel Property Investments for the 6 months to 30 June 2014 was £1,206,700 (2013: £974,700).

Corporate support services

Corporate support services are provided to and from other companies owned by Mike Danson, principally finance, human resources, IT and facilities management. These are recharged to companies that consume these services based on specific drivers of costs, such as proportional occupancy of buildings for facilities management, headcount for human resources services, revenue or gross profit for finance services and headcount for IT services. The recharge made to Progressive Digital Media Group from these companies for the 6 months to 30 June 2014 was £346,300 (2013: recharge from Progressive Digital Media Group to related parties of £166,900).

Revenue License Agreement

During the year, Progressive Digital Media Group continued a licensing agreement with World Marketing Intelligence Ltd ("WMI"), a company wholly owned by Mike Danson, to sell WMI's Construction Intelligence Center ("CIC") content through the Group's own websites. Under the terms of the agreement, 20% of revenue generated from the sale of CIC content is payable to WMI. The total revenue recognised in Progressive Digital Media Group for the 6 months to 30 June 2014 is £nil (2013: £nil).

Amounts outstanding

The Group has taken advantage of the exemptions contained within IAS 24 - Related Party Disclosures from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation. The amounts outstanding for other related parties were:

	30 June 2014 *Unaudited*	**30 June 2013** *Unaudited*	**31 December 2013** *Audited*
	£'000	**£'000**	**£'000**
Global Data Ltd	(35)	(107)	(78)
Global Data Publications Inc	66	46	67
World Marketing Intelligence Ltd	46	1,074	1,139
New Statesman Ltd	2,532	2,460	2,541
Progressive Media International Ltd	690	485	674
Estel Property Investments Ltd	(4,452)	(4,695)	(4,462)
Estel Property Investments No.2 Ltd	291	291	291
Estel Property Investments No.3 Ltd	(832)	(832)	(832)
Elite Luxury Publishing Inc	925	795	975
Spears Ltd	297	267	285
Progressive Customer Publishing Ltd	742	628	709
Progressive Media Publishing Ltd	2	2	2
Progressive Innovations Ltd	(3)	(3)	(3)
Progressive Global Media Ltd	85	13	13
Progressive Media UK Ltd	-	145	-
Progressive Media International Middle East FZ LLC	61	-	66
Financial News Publishing Ltd	(152)	-	(5)
Progressive Global Markets Korea Ltd	32	-	13
Knowledge Pool Ltd	3	-	3
	298	**569**	**1,398**

Notes to the interim financial statements (continued)

11. Related party transactions (continued)

The company has right of set off over these amounts.

12. Borrowings

	30 June 2014	30 June 2013	31 December 2013
	Unaudited	*Unaudited*	*Audited*
	£000s	**£000s**	**£000s**
Current			
Long-term loans due within one year	**-**	**500**	**-**
Non-current			
Long-term loan	**5,892**	**5,809**	**5,851**

Current

The Group currently has a £3.0 million overdraft facility, which was not drawn down upon at 30 June 2014. Interest is charged on the overdraft at 2.5% over the London Interbank Offered Rate.

Non-current

£12 million loan provided by The Royal Bank of Scotland

In October 2011, the Group refinanced its debt position. A £6.0 million term loan and a £6.0 million revolving capital facility were issued by The Royal Bank of Scotland. As at 30 June 2013, £0.5m of the term loan was outstanding. This was fully repaid on 15 October 2013 in accordance with the original repayment terms. As at 30 June 2014, the £6.0 million revolving capital facility (RCF) was outstanding and is repayable in 2015. Interest is charged on the outstanding loan at a rate of 2.75% over the London Interbank Offered Rate.

The Group recently announced that it had negotiated new banking facilities with The Royal Bank of Scotland. The new five year, £30.0 million multi-currency facility provides sufficient liquidity for both general working capital requirements and where appropriate, the financing of further acquisitions.

13. Post balance sheet events

Acquisition of Current Analysis Inc

The Group expects to complete the acquisition of Current Analysis Inc on or before 31 July 2014 for cash consideration of US$19,600,000. Current Analysis is an established and well regarded business which provides subscription based business intelligence services to the ICT industry. The acquisition supports the Group's strategy of expanding its premium subscription based services into global markets. Current Analysis has offices in Washington D.C, London and Singapore.

Further analysis on intangible assets generated as part of the acquisition is not disclosed due to the proximity of the acquisition date to the interim announcement date.

Disposal of Office Solutions Media Limited

On 1 July 2014, the Group disposed of its 75% shareholding in Office Solutions Media Limited ('OSM'). The subsidiary company was no longer deemed to be a strategic fit with the remainder of the Group, therefore the shares were sold to OSM's minority shareholder.

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