24 February 2014

Progressive Digital Media Group Plc
Preliminary Results For The Year Ended 31 December 2013

"Record results, improved EBITDA margins and continued investment for future growth"

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

Strong full year results, continued investment and the acquisition of Pyramid Research.

Key achievements in 2013

- Revenue and earnings growth
- EBITDA margin improvement
- Agreement to acquire Pyramid Research (completed 1 January 2014)
- Cash and bank facilities to fund future growth

Financial performances

- Group revenue increased by 6.3% to £57.3m (2012: £53.9m)
- Business Intelligence revenue increased by 12.1% to £33.8m (2012: £30.1m)
- Adjusted EBITDA(1) increased by 26.0% to £11.5m (2012: £9.1m)
- Adjusted EBITDA margin (1) increased to 20.0% (2012: 16.9%)
- Reported EBITDA(2) increased by 31.1% to £9.7m (2012: £7.4m)
- Reported profit before tax of £7.1m (2012: £4.3m) inclusive of £0.6m restructuring costs and £1.1m share based payments charge
- Deferred Revenue increased by 17.9% to £14.3m (2012: £12.1m)
- Net cash(3) of £8.3m (2012: £6.2m)

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

Simon Pyper, Chief Executive of Progressive Digital Media Group Plc, commented:

"We continue to make good progress towards achieving our strategic objective of building a scalable, premium business information company. This past year we have recorded strong revenue growth, increased revenues from our Business Intelligence products and continued to invest in our content and delivery platforms. We have also completed the integration of Kable and agreed to acquire Pyramid Research; two acquisitions which complement our business model in the Technology market. I believe we have set ourselves the right objectives, are following the correct strategy and have in place the foundations for further growth."

Note 1: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, impairment, share based payments, adjusted for costs associated with derivatives, acquisitions, integration and restructure of the Group. Adjusted EBITDA margin is defined as; Adjusted EBITDA as a percentage of revenue.

Note 2: EBITDA: Earnings before interest, tax, depreciation, amortisation and impairment. Includes a charge of £1.1 million for share based payments (2012: £0.8 million).

Note 3: Net cash/ (net debt): Cash less short and long-term borrowings.

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CHAIRMAN'S STATEMENT

I am pleased to report that the results for 2013 not only reflect another year of improvement across a broad range of metrics, but also and perhaps as importantly, provide another indicator that we are on course to deliver upon our longer term objectives.

In 2010 we set ourselves the challenging objective of becoming one of the leading providers of premium business information. We acknowledged then and it remains true today, that success would be dependent upon having: a robust business model, a simple strategy understood by all and our employees motivated and aligned to our objectives.

Our business model

We are a content driven media company producing premium business information. We supply our customers with research, analysis and tactical intelligence across a multiple of platforms, which enables our customers to gain a competitive advantage in their markets. We have a simple business model, which is designed to generate revenues off a relatively fixed operating cost base allowing for operational gearing to drive profit growth and margin. Its key features are:

- Premium business information services
- A strong and scalable asset base
- Multichannel content delivery including online databases (Intelligence Centres) and events
- Growing customer audience with opportunities for community marketing
- Significant contracted and visible revenue streams including digital subscriptions
- Globally exploitable business model
- High gross margin product

As we enter 2014 we see significant opportunities to further invest in our business model and in particular to increase our sales footprint in regions such as North America, South America and Asia Pacific. Additionally we will, over the coming year, seek to further leverage the information assets gained through the acquisition of both Kable and Pyramid Research.

Our strategy

Our strategy, which will be delivered by a combination of strong organic growth and selective acquisitions, is to focus on:

- Key, high growth global markets
- Digital subscription based content, which can be leveraged across multiple platforms
- Quality product and customer delivery

With regards to acquisitions, we are delighted with the performance of Kable and are optimistic about the prospects for Pyramid Research. Both of these acquisitions are good examples of the Group acquiring businesses which complement its business model and are consistent with its strategy.

Our employees

We recognise that success or failure in achieving the objectives which we have set ourselves is entirely dependent upon our ability to recruit, retain and incentivise our employees. Thus, when we set our objectives we also put in place a long term incentive scheme titled the Capital Appreciation Plan ("CAP") which granted share options to employees that would vest once certain vesting conditions had been met. I am delighted to announce that subject to Remuneration Committee approval the first award of share options granted under the CAP will vest with the two remaining vesting conditions set at achieving Adjusted EBITDA of £15.0m and £20.0m respectively.

Current trading and outlook

As we look ahead we see continued opportunities for growth as we increase our geographic footprint, continue to invest in our content sets and leverage our acquisitions. We remain confident that we are well positioned for future growth and we therefore expect to make further progress during 2014.

Mike Danson
Chairman
24 February 2014

CHIEF EXECUTIVE'S REVIEW

We continue to make good progress towards achieving our strategic objective of building a scalable, premium business information company. This past year we have recorded strong revenue growth, increased revenues from our Business Intelligence products and continued to invest in our content and delivery platforms. We have also completed the integration of Kable and agreed to acquire Pyramid Research; two acquisitions which complement our business model in the Technology market.

I believe we have set ourselves the right objectives, are following the correct strategy and have in place the foundations for further growth.

Building blocks for growth:

The Group aims to deliver its strategy by focusing on four key areas:

- Focus on global industry verticals such as Consumer and Technology
- Premium Content, where the intellectual property is internally generated and exploited across multiple platforms
- Acquire complementary and strategic fit business assets or companies
- Common systems and processes across the Group, driving efficiencies and margin improvement

Operational review

Overview

Group revenues and earnings for the year were very much in line with expectations and reflect in part the good progress we have made across a number of areas. I am particularly pleased with the improved revenues within Business Intelligence, the increased level of deferred revenue compared to 2012 and the overall improvement in operating margins.

Business Intelligence revenues continued to grow, with good progress made in both the key Consumer and Technology markets. We secured new client wins in the fast growing economies of Latin America and Asia Pacific, selling to both domestically based and multinational companies. Trading despite some currency volatility in the more mature markets such as North America and Europe also improved.

From a sales headcount perspective we remain under represented in some key geographies which in itself presents an opportunity for the year ahead and beyond.

Events and Marketing revenues were broadly flat on 2012 and fell as a share of Group revenues to 41.1% (2012: 44.1%) which is to be expected given our focus on growing our Business Intelligence revenues. That said, the results are more than satisfactory given the prevailing economic environment and the performance of other companies in this market.

Acquisitions

Kable, which was acquired in 2012, was fully migrated onto our content and delivery platforms during the year. This migration not only allowed us to further invest in Kable's core proposition by increasing its geographic representation, but also let us consolidate all our existing technology products and services onto one platform and under one brand name.

Pyramid Research, which completed on 1 January 2014, is a good strategic fit, operating in high growth markets with both a credible and authoritative brand name. I am optimistic about the opportunities this acquisition will bring to the Group through 2014 and beyond.

Common Systems

The Group has a number of common systems and processes from sales management, to content production and client delivery. We seek to constantly improve these systems and processes in order to drive improved efficiencies and operating margins. Moreover, these common systems and processes ease expansion into new geographies and reduce integration risk.

CHIEF EXECUTIVE'S REVIEW

Looking ahead

We have made good progress this year and we are a step closer to achieving our objective of becoming a leading provider of premium business information to the Consumer and Technology markets.

The key objectives for the forthcoming year are:

- Focus on high-quality, subscription based Business Information services and products
- Expand our geographic footprint in high-growth consumer markets, such as China, India, Latin America and Australasia
- Pyramid Research; integration, investment and growth

We are an ambitious company; we set ourselves high standards and challenging goals but more than anything we are a company of hard working, committed and talented people. I would like to thank our staff for their hard work to date and I look forward to working with them over the coming year.

Simon Pyper
Chief Executive
24 February 2014

FINANCIAL REVIEW

Financially the Group has performed well with improved revenues and earnings.

Financial highlights

- Increased the Group's revenue by 6.3% year on year
- Increased Adjusted EBITDA margins by 3.1% to 20.0%
- Increased profitability at the Adjusted EBITDA level by 26.0%
- Bank debt reduced by £0.5m to £6m (2012: £6.5m)

Continuing operations	**2013 £000s**	**2012 £000s**	
Revenue	57,306	53,902	6.3%
Profit before tax	7,148	4,291	
Depreciation	562	732	
Amortisation	1,725	1,930	
Finance costs	311	479	
EBITDA[1]	**9,746**	**7,432**	31.1%
Restructuring costs	392	908	
Property related provisions	(222)	(166)	
Revaluation of short-term derivatives	(24)	(36)	
Share based payments charge	1,127	829	
Exceptional property costs	93	75	
M&A costs	45	17	
Deal costs	154	31	
Exceptional legal costs	141	-	
Adjusted EBITDA[2]	**11,452**	**9,090**	26.0%
Adjusted EBITDA %	20.0%	16.9%	

Note 1: EBITDA: Earnings before interest, tax, depreciation, amortisation and impairment. Includes a charge of £1.1 million for share based payments (2012: £0.8 million).

Note 2: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, impairment, share based payments, adjusted for costs associated with derivatives, acquisitions, integration and restructure of the Group. Adjusted EBITDA margin is defined as: Adjusted EBITDA as a percentage of revenue.

Acquisition of Pyramid

The Group acquired the business and trading assets of Pyramid Research ("Pyramid") on 1 January 2014 for gross consideration of US$3.25 million from UBM Plc.

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 and therefore is a strategically important asset for us moving forward into 2014.

Earnings per share

Basic earnings per share from continuing operations was 6.69 pence per share (2012: 7.05 pence per share).

FINANCIAL REVIEW

Cash flow

The Group generated £11.5 million of Adjusted EBITDA in 2013, which excludes £0.4 million paid in relation to onerous leases and other amounts paid relating to costs that were provided for at the start of the year. Working capital movements reduced the cash generated from continuing operations to an inflow of £3.9 million.

Trade and other receivables were significantly higher than the previous year (£7.5 million), reflecting strong sales towards the end of 2013 in line with expectations. The final instalment of the term loan was paid in October (£0.5 million), leaving outstanding a £6 million revolving capital facility issued by The Royal Bank of Scotland.

Capital expenditure was £0.4 million in 2013 (£0.5 million in 2012). This included £0.1 million on software.

Currency rate risk

The Group's primary objective in managing foreign currency risk is to protect against the risk that the eventual Sterling net cash flows will be affected by changes in foreign currency exchange rates. To do this, the Group enters into foreign exchange contracts that limit the risk from movements in US dollar, Euro and Indian Rupee exchange rates with Sterling. Whilst commercially this hedges the Group's currency exposures, it does not meet the requirements for hedge accounting and accordingly any movements in the fair value of the foreign exchange contracts are recognised in the income statement.

Liquidity risk and going concern

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due with surplus facilities to cope with any unexpected variances in timing of cash flows. The Group meets its day-to-day working capital requirements through free cash flow. The Group has an overdraft facility of £3 million, which was not utilised as at 31 December 2013.

Based on cash flow projections, the Group considers 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 annual report and financial statements on a going concern basis.

Simon Pyper
Chief Executive
24 February 2014

Consolidated Income Statement

	Notes	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Continuing operations			
Revenue	3	57,306	53,902
Cost of sales		(34,236)	(31,573)
Gross profit		**23,070**	**22,329**
Distribution costs		(910)	(914)
Administrative costs		(12,232)	(14,246)
Other expenses	4	(2,469)	(2,399)
Operating profit		**7,459**	**4,770**
Analysed as:			
Adjusted EBITDA[2]		**11,452**	**9,090**
Items associated with acquisitions and restructure of the Group	4	(1,730)	(1,694)
Other adjusting items	4	24	36
EBITDA[1]		**9,746**	**7,432**
Amortisation		(1,725)	(1,930)
Depreciation		(562)	(732)
Operating profit		**7,459**	**4,770**
Finance costs		(311)	(479)
Profit before tax from continuing operations		**7,148**	**4,291**
Income tax (expense)/ credit		(2,146)	476
Profit for the year from continuing operations		**5,002**	**4,767**
Loss for the year from discontinued operations	9	(498)	(1,814)
Profit for the year		**4,504**	**2,953**
Attributable to:			
Equity holders of the parent		4,487	2,935
Non-controlling interest		17	18
Earnings per share attributable to equity holders from continuing operations:	5		
Basic earnings per share (pence)		6.69	7.05
Diluted earnings per share (pence)		6.29	6.57
Loss per share attributable to equity holders from discontinued operations:			
Basic loss per share (pence)		(0.67)	(2.69)
Diluted loss per share (pence)		(0.63)	(2.51)
Total basic earnings per share (pence)		6.02	4.36
Total diluted earnings per share (pence)		5.66	4.06

[1] EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment.

[2] We define Adjusted EBITDA as EBITDA adjusted for costs associated with acquisitions, integration, restructure of the Group, share based payments and impact of foreign exchange contracts. See note 4 of the preliminary financial statements for details. 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.

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Profit for the year	4,504	2,953
Other comprehensive income		
Items that will be classified subsequently to profit or loss:		
Translation of foreign entities	15	18
Other comprehensive income, net of tax	15	18
Total comprehensive income for the year	**4,519**	**2,971**
Attributable to		
Equity holders of the parent	4,502	2,953
Non-controlling interest	17	18

Consolidated Statement of Financial Position

	Notes	31 December 2013 £000s	31 December 2012 £000s
Non-current assets			
Property, plant and equipment		831	1,164
Intangible assets		24,807	26,383
Deferred tax assets		1,490	2,327
		27,128	**29,874**
Current assets			
Inventories		155	180
Trade and other receivables		24,877	17,354
Short-term derivative assets		6	-
Cash and cash equivalents		14,178	12,497
		39,216	**30,031**
Total assets		**66,344**	**59,905**
Current liabilities			
Trade and other payables		(26,763)	(25,274)
Short-term borrowings	7	-	(500)
Current tax payable		(917)	(419)
Short-term derivative liabilities		-	(18)
Short-term provisions		(644)	(665)
		(28,324)	**(26,876)**
Non-current liabilities			
Long-term provisions		(58)	(679)
Long-term borrowings	7	(5,851)	(5,767)
		(5,909)	**(6,446)**
Total liabilities		**(34,233)**	**(33,322)**
Net assets		**32,111**	**26,583**
Equity			
Share capital	8	153	153
Share premium account		-	71,368
Other reserve		(37,128)	(37,128)
Special reserve		48,422	-
Foreign currency translation reserve		40	25
Retained profit/ (loss)		20,508	(7,942)
Equity attributable to equity holders of the parent		31,995	26,476
Non-controlling interest		116	107
Total equity		**32,111**	**26,583**

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Other reserve	Special reserve	Foreign currency translation reserve	Retained profit/ (loss)	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 January 2012	**207**	**44,257**	**(37,128)**	**-**	**7**	**(12,010)**	**(4,667)**	**97**	**(4,570)**
Profit for the year	-	-	-	-	-	2,935	**2,935**	18	**2,953**
Other comprehensive income:									
Translation of foreign entities	-	-	-	-	18	-	**18**	-	**18**
Total comprehensive income for the year	-	-	-	-	18	2,935	**2,953**	18	**2,971**
Transactions with owners:									
Issue of share capital	15	27,042	-	-	-	-	**27,057**	-	**27,057**
Transfer between reserves	(69)	69	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	-	-	-	**-**	(8)	**(8)**
Share based payments charge	-	-	-	-	-	829	**829**	-	**829**
Excess deferred tax on share based payments	-	-	-	-	-	304	**304**	-	**304**
Balance at 31 December 2012	**153**	**71,368**	**(37,128)**	**-**	**25**	**(7,942)**	**26,476**	**107**	**26,583**
Profit for the year	-	-	-	-	-	4,487	**4,487**	17	**4,504**
Other comprehensive income:									
Translation of foreign entities	-	-	-	-	15	-	**15**	-	**15**
Total comprehensive income for the year	-	-	-	-	15	4,487	**4,502**	17	**4,519**
Transactions with owners:									
Transfer between reserves	-	25	-	-	-	(25)	**-**	-	**-**
Capital reduction	-	(71,393)	-	48,422	-	22,971	**-**	-	**-**
Dividends	-	-	-	-	-	-	**-**	(8)	**(8)**
Share based payments charge	-	-	-	-	-	1,127	**1,127**	-	**1,127**
Excess deferred tax on share based payments	-	-	-	-	-	(110)	**(110)**	-	**(110)**
Balance at 31 December 2013	**153**	**-**	**(37,128)**	**48,422**	**40**	**20,508**	**31,995**	**116**	**32,111**

Consolidated Cash Flow Statement

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Continuing operations		
Cash flows from operating activities		
Profit for the year from continuing operations	5,002	4,767
Adjustments for:		
Depreciation	562	732
Amortisation	1,725	1,930
Finance costs	311	479
Taxation recognised in profit or loss	2,146	(476)
Loss on disposal of property, plant and equipment	8	-
Share based payments charge	1,127	829
Increase in trade and other receivables	(7,511)	(1,117)
Decrease / (increase) in inventories	25	(101)
Increase / (decrease) in trade payables	1,181	(23)
Revaluation of short-term derivatives	(24)	(36)
Movement in provisions	(642)	(634)
Cash generated from continuing operations	**3,910**	**6,350**
Interest paid (continuing operations)	(214)	(408)
Income taxes paid (continuing operations)	(623)	(103)
Net cash from operating activities (continuing operations)	**3,073**	**5,839**
Net decrease in cash and cash equivalents from discontinued operations	(498)	(1,306)
Total cash flows from operating activities	**2,575**	**4,533**
Cash flows from investing activities		
Acquisition of Kable	-	(2,300)
Purchase of property, plant and equipment	(237)	(207)
Purchase of intangible assets	(149)	(271)
Net cash used in investing activities	**(386)**	**(2,778)**
Cash flows from financing activities		
Proceeds from capitalisation of debt	-	8,000
Proceeds from placement of shares	-	19,057
Repayment of short-term borrowings	(500)	-
Repayment of long-term borrowings	-	(17,269)
Dividends paid to non-controlling interests	(8)	(8)
Net cash (used in)/ generated from financing activities	**(508)**	**9,780**
Net increase in cash and cash equivalents	**1,681**	**11,535**
Cash and cash equivalents at beginning of year	12,497	962
Cash and cash equivalents at end of year	**14,178**	**12,497**

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

Notes to the Condensed Consolidated Financial Statements

1. General information

Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU). In respect of accounting standards applicable to the Group, there is no difference between EU-adopted IFRS and International Accounting Standards Board (IASB)-adopted IFRS.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments. These condensed financial statements are for the year ended 31 December 2013 and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2012 that was sent to all shareholders and is available on the Company's website. These financial statements are presented in Pounds Sterling (£).

This preliminary announcement does not constitute the Group's full financial statements for the year ended 31 December 2013. The auditors have reported on the Group's statutory accounts for the year ended 31 December 2013 under s495 of the Companies Act 2006, which do not contain statements under s498(2) or s498(3) of the Companies Act 2006 and are unqualified. The statutory accounts for the year ended 31 December 2013 will be filed with the Registrar of companies in due course.

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 year relate to property provisions, valuation of acquired intangible assets, provisions for bad debt and share based payments.

Property provisions

The onerous lease and dilapidations property provisions require an estimate to be made of the net present value of the future costs of vacant and sub-let properties. The calculation includes estimates of future cost involved, including management's estimates of the long-term letting potential of the properties, future rental income, market rents, periods of vacancy and the level of incentives required to sub-let vacant properties.

Valuation of acquired intangibles

Management identified and valued acquired intangibles on acquisitions that were made during the periods disclosed in the financial statements. Management has applied judgements in identifying and valuing intangible assets separate from goodwill that consist of assessing the value of brands, software and customer relationships.

Provisions for bad debt

The Group is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the customer entity and the status of any disputed amounts.

Share based payments

The Group operates a share based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to the share option reserve within equity.

Going concern

The Group meets its day-to-day working capital requirements through free cash flow. The Group has an overdraft facility of £3.0 million, which was not utilised as at 31 December 2013.

Based on cash flow projections, the Group considers 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 annual report and financial statements on a going concern basis.

2. Accounting policies

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2013.

3. Segmental 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:

	Year ended 31 December 2013 £000s	**Year ended 31 December 2012 £000s**
Business Intelligence	33,758	30,117
Events and Marketing	23,548	23,785
Total Business Information Revenue	**57,306**	**53,902**
Business Information Adjusted EBITDA	**11,452**	**9,090**
Other expenses (see note 4)	(2,469)	(2,399)
Depreciation	(562)	(732)
Amortisation (excluding amortisation of acquired intangible assets)	(962)	(1,189)
Finance costs	(311)	(479)
Profit before tax from continuing operations	**7,148**	**4,291**

Geographical analysis

From continuing operations

Year ended 31 December 2013	**UK £000s**	**Europe £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	19,037	20,502	17,767	**57,306**

Year ended 31 December 2012	**UK £000s**	**Europe £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	17,622	20,007	16,273	**53,902**

4. Other expenses

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Restructuring costs	392	908
Property related provisions	(222)	(166)
Exceptional property costs	93	75
Exceptional legal costs	141	-
Deal costs	154	31
M&A costs	45	17
Share based payments charge	1,127	829
Items associated with acquisitions and restructure of the Group	**1,730**	**1,694**
Revaluation of short-term derivatives	(24)	(36)
Amortisation of acquired intangibles	763	741
Total other expenses	**2,469**	**2,399**

- Restructuring costs relate to redundancies made during the year that were announced prior to 31 December 2013.
- Property related provisions relate to the consolidated income statement impact of the provision made for onerous property leases and dilapidations.
- Exceptional property costs relate to additional costs incurred on properties that are not occupied and are provided for within the onerous property lease provision.
- Deal costs represent costs incurred in respect of the loans issued by the Royal Bank of Scotland in 2011 and costs incurred in relation to the capital reduction during 2013.
- The share based payments charge relates to the share option plan (see note 6).
- The M&A costs relate to due diligence and corporate finance activity during the year.
- The revaluation of short-term derivatives relates to movement in the fair value of the short-term derivatives.

5. 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 year. The Group has a share options scheme in place and therefore the Group has calculated the dilutive effect of these options. Following the consolidation and sub-division of shares, as discussed in note 8, the earnings per share calculations and their comparatives have been restated. The below table shows earnings per share for both continuing and discontinued operations:

	Year ended 31 December 2013	Year ended 31 December 2012
Continuing operations		
Basic		
Profit for the year attributable to ordinary shareholders from continuing operations (£000s)	5,002	4,767
Less minority interest (£000s)	(17)	(18)
Profit for the year attributable to ordinary shareholders of the parent company (£000s)	4,985	4,749
Weighted average number of shares (000s)	74,487	67,327
Basic earnings per share (pence)	6.69	7.05
Diluted		
Profit for the year attributable to ordinary shareholders of the parent company (£000s)	4,985	4,749
Weighted average number of shares (000s)	79,262	72,258
Diluted earnings per share (pence)	6.29	6.57
Discontinued operations		
Basic		
Loss for the year attributable to ordinary shareholders of the parent company (£000s)	(498)	(1,814)
Weighted average number of shares (000s)	74,487	67,327
Basic loss per share (pence)	(0.67)	(2.69)
Diluted		
Loss for the year attributable to ordinary shareholders of the parent company (£000s)	(498)	(1,814)
Weighted average number of shares (000s)	79,262	72,258
Basic loss per share (pence)	(0.63)	(2.51)
Total		
Basic		
Profit for the year attributable to ordinary shareholders of the parent company (£000s)	4,487	2,935
Weighted average number of shares (000s)	74,487	67,327
Basic earnings per share (pence)	6.02	4.36
Diluted		
Profit for the year attributable to ordinary shareholders of the parent company (£000s)	4,487	2,935
Weighted average number of shares (000s)	79,262	72,258
Diluted earnings per share (pence)	5.66	4.06

Reconciliation of basic weighted average number of shares to the diluted weighted average number of shares:

	31 December 2013 No'000s	31 December 2012 No'000s
Basic weighted average number of shares	74,487	67,327
Share options in issue at end of year	4,775	4,931
Diluted weighted average number of shares	**79,262**	**72,258**

6. 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.

Following the consolidation and sub-division of shares, as discussed in note 8, the number of share options and their comparatives have been restated.

The following assumptions were used in the valuation:

Award Tranche	**Award 1**	**Award 2**	**Award 3**
Grant date	1 January 2011	1 August 2011	1 May 2012
Fair value of share price at date of grant	£1.09	£1.32	£1.87
Volatility	15%	0%	15%
Weighted average of remaining contractual life	1.67	1.67	1.67

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 the rate of lapsed options.

The total charge recognised for the scheme during the twelve months to 31 December 2013 was £1,127,000 (2012: £828,907). The awards of the scheme are settled with ordinary shares of the Company. No options were exercised during the twelve months to 31 December 2013.

Information regarding options granted under the share option scheme is as follows:

	Option price (pence)	**Number of options**
31 December 2012	1/14th	4,931,150
Granted	1/14th	-
Forfeited	1/14th	(156,100)
31 December 2013	1/14th	**4,775,050**

The following table summarises the Group's share options outstanding at 31 December 2013:

Period Granted	**Options outstanding**	**Option price (pence)**	**Remaining life (years)**
1 January 2011 – 31 December 2011	5,004,300	1/14th	3.7
1 January 2012 – 31 December 2012	4,931,150	1/14th	4.3
1 January 2013 – 31 December 2013	4,775,050	1/14th	3.3

Subject to Remuneration Committee approval, the first tranche of share options will vest during 2014.

7. Borrowings

	31 December 2013 £000s	31 December 2012 £000s
Current		
Long-term loans due within one year	-	500
	-	**500**
Non-current		
Long-term loan	**5,851**	**5,767**

Current
The Group currently has a £3.0 million overdraft facility, which was not drawn down upon at 31 December 2013. 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 1 January 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 31 December 2013, 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.

Non-current borrowings can be reconciled as follows:

	31 December 2013 £000s	31 December 2012 £000s
RCF issued by The Royal Bank of Scotland	6,000	6,000
Capitalised fees, net of amortised amount	(149)	(233)
	5,851	**5,767**

8. Equity

Share capital
At the Annual General Meeting on 24 April 2013, shareholders approved the consolidation and sub-division of the Group's ordinary shares, which took effect on 25 April 2013.

Ordinary shares were consolidated on the basis of 1 consolidated ordinary share of 10 pence for every 1,000 existing ordinary shares of 0.01 pence each, immediately followed by a sub-division of the consolidated ordinary shares on the basis of 140 new ordinary shares for each consolidated ordinary share. The overall result of the consolidation and sub-division was that every 1,000 existing ordinary shares of 0.01 pence were consolidated and sub-divided into 140 new ordinary shares of 1/14th pence.

Following the consolidation and sub-division of shares, the number of share options and their comparatives have been restated accordingly in note 6.

Allotted, called up and fully paid:

	31 December 2013		31 December 2012	
	No'000	£000s	No'000	£000s
Ordinary shares at 1 January (£0.0001)	532,048	**53**	376,492	**107**
Issued in the year	-	**-**	155,556	**15**
Transfer to share premium	-	**-**	-	**(69)**
Sub-division of ordinary share capital	(532,048)	**(53)**	-	**-**
Ordinary shares c/f 31 December (£0.0001)	-	**-**	532,048	**53**
Ordinary shares at 1 January (1/14th pence)	-	**-**	-	**-**
Sub-division of ordinary share capital	74,487	**53**	-	**-**
Ordinary shares c/f 31 December (1/14th pence)	74,487	**53**	-	**-**
Deferred shares of £1.00 each	100	**100**	100	**100**
	74,587	**153**	**532,148**	**153**

Capital management

The capital structure of the Group consists of equity attributable to the equity holders of the parent, comprising issued share capital, share premium, retained earnings and cash and borrowings.

It is the Group's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the development of the business.

In order to enable the directors to pay dividends in the future when considered appropriate, at the Annual General Meeting on 24 April 2013 shareholders approved the cancellation of the parent company's share premium account (the "Capital Reduction"). The Capital Reduction took effect on 23 May 2013 following confirmation by the Court. By way of undertaking to the Court, the Company has constituted a special reserve for the protection of its creditors as at the effective date of the Capital Reduction. In respect of equity, the Board has decided, in order to maximise flexibility in the near term with regards to growth opportunities, not to return any cash by way of a dividend at this time.

The Board is committed to keeping this policy under constant review and will evaluate alternative methods of returning cash to shareholders when appropriate.

The objective of the CAP Share Incentive Scheme is to encourage employee share ownership and to link employees' remuneration to the performance of the company. It is not designed as a means of managing capital.

In respect of cash and borrowings the Board regularly monitors the ratio of net debt to Adjusted EBITDA, the working capital requirements and forecasted cash flows, however no minimum or maximum ratios are set.

Based on this analysis, the Board determines the appropriate return to equity holders whilst ensuring sufficient capital is retained within the Group to meet its strategic objectives, including but not limited to, acquisition opportunities.

These capital management policies have remained unchanged from the prior year.

The table shows the capital reduction transactions in the parent company:

	Share capital £000s	Share premium £000s	Other reserve £000s	Share based payments £000s	Retained loss £000s	Special reserve £000s	Total equity £000s
Balance at 1 January 2013	**153**	**71,393**	**7,174**	**1,986**	**(22,971)**	**-**	**57,735**
Capital reduction	-	(71,393)	-	-	22,971	48,422	**-**
Loss to 31 December 2013	-	-	-	-	(634)	-	**(634)**
Share based payments charge	-	-	-	1,127	-	-	**1,127**
Balance at 31 December 2013	**153**	**-**	**7,174**	**3,113**	**(634)**	**48,422**	**58,228**

9. Discontinued operations

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

a) The results of the discontinued operations are as follows:

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Discontinued operations		
Revenue	(294)	(566)
Cost of sales	(1)	(675)
Gross loss	**(295)**	**(1,241)**
Administrative costs	(280)	(737)
Other income/ (expenses)	77	(125)
Operating loss from discontinued operations	**(498)**	**(2,103)**
Finance costs	-	(6)
Loss before tax from discontinued operations	**(498)**	**(2,109)**
Income tax credit	-	295
Loss for the year from discontinued operations	**(498)**	**(1,814)**

b) Loss before tax

This is arrived after charging:	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Depreciation	-	14
Amortisation of acquired intangibles	-	25
Impairment of intangible asset	-	100

c) Cash flows from discontinued operations

	Year ended 31 December 2013 £000s	Year ended 31 December 2012 £000s
Cash flows from operating activities	(498)	(1,306)

10. Post balance sheet events

Acquisition of 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 acquired	47	-	47
Fair value of net assets acquired	**47**	**1,048**	**1,095**

Cash consideration	2,006
Less net assets acquired	(1,095)
Goodwill	**911**

Due to the proximity of the acquisition to the year end, in line with the provisions of IFRS 3, further fair value adjustments may be required within the year ended 31 December 2014. Any further fair value adjustments will result in an adjustment to the goodwill balance reported above.

In 2013 Pyramid Research had revenues of £2.7m and a contribution of £0.2m.

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.