PRELIMINARY FINAL RESULTS FOR THE YEAR ENDING 31 JANUARY 2013

CHAIRMAN'S REPORT

HIGHLIGHTS FOR THE YEAR ENDING 31 JANUARY 2013

- Substantial investment and reorganisation programme completed
- Underlying performance improved in second half
- Subscriber numbers recommenced growth in the second half
- Loss for the year of £282,000 before depreciation, interest, write-off on intangibles and share option expense (£502,000 including these items)
- Overall, like-for-like revenue steady in the first four months of 2013/14, compared with 2012/13
- Significant like-for-like bottom-line improvement in Q1 2013

Performance during the financial year 2012/13

Trading in the year was difficult, taking place in a challenging environment. The fall in overall revenues from £2.9 million to £2.0 million reflects both this and the strategic discontinuation of certain products. In a year of significant restructuring and repositioning of the group, the management team were pleased to oversee the changes that they made while containing losses to £282,000 before depreciation, interest, write-off on intangibles and share options expense (£502,000 including those elements). The trading loss in the second half was considerably reduced against the same period the previous year, and there were some clear turning points for key products. GrowthBusiness delivered a 13% like-for-like revenue increase over the same period the previous year; our venture capital event, Investor AllStars, was at a ten-year high; subscriber numbers for *What Investment* and *Growth Company Investor* bottomed and began to increase; and traffic on the relaunched WhatInvestment.co.uk website (relaunched December 2012) showed an increase of 40% in January 2013 compared with January 2012.

Significant progress during the year was made towards our stated three-year strategy, the key aspect of which is to move all publications from print to digital. This has now been completed for *Growth Company Investor*, for which the number of paying digital subscribers is now close to the figure for the discontinued print title. Good progress has been made with converting *Information Age*, where only a small print run remains. Progress for *What Investment* is slower, but the number of digital subscribers is growing. However, it is anticipated that there will remain a print version for a number of years.

The second key aspect of the strategy was to build the traffic coming to our websites from social media and mobile phones and tablets. To achieve this, the main sites have now been relaunched, and the traffic from these sources has significantly increased.

In general, the traffic to all sites from all sources has also surged upwards, thus supporting the deliverance of our advertising campaigns, and we are seeing the results of this especially in our SME area.

The third plank of strategy was to build revenue from event management and research, where some success has been achieved. We secured a two-year contract to run the Garden Media Guild Awards, and recently won a five-year contract to manage the Spirit of Fire Awards. Overall, the events business generated a good performance. In research, we have gained a new customer and carried out a research project for Ordnance Survey. Sales of individual research pieces have increased – for example, sales of *Directors' Pay on AIM* are up 45% – and the quality of research has enabled a stronger pricing policy.

On subscription income, there have been good gains in subscriptions to existing products, from a low point reached last autumn. The number of subscribers to *What Investment* has risen 3.6% from its low point, while *Growth Company Investor* subscriptions have increased by 8.2%. A further encouraging sign is that the renewal rates on both these titles have improved – the benefit of these increases is yet to be fully reflected in our revenue figures.

Plans are well advanced to launch a subscription product for SmallBusiness, and we are currently building part of the website for subscribers.

While the final element of our strategy is to continue to look for bolt-on acquisitions, the main priority last year was to focus on transforming the business internally into a digital, subscription, research and events company. However, as the business strengthens and grows, we expect this element of the strategy to become a higher management priority.

While not part of our strategy as stated, a significant step was taken in the autumn with a complete reorganisation of the business into four teams: SME Business, Technology, Investment and Events. Each team includes sales, marketing and editorial staff and is headed up by a senior manager with a brief to grow the underlying business and improve the contributions. This reorganisation, coupled with the appointment of a new CEO, has immeasurably improved the focus of the business, and while elements of the business were beginning to improve in the second half-year, real progress dates from this restructuring.

In summary, 2012/13 was a year of change for Vitesse Media Plc – new products were developed and investment was made into existing products and the refocused business. This investment is already bearing fruit.

Trading in the first four months ending 31 May 2013

There are encouraging signs in the first-quarter trading figures, in that there is a significant reduction in the trading loss. Compared with the corresponding quarter in the previous financial year, the loss is reduced by more than 40%.

Revenues for the first four months on a like-for-like basis are on a par with last year, and the business as a whole showed strong growth in May. In particular, for February to May, revenues in the SME area were up 34%. Elsewhere, Events has launched a new June conference, Tech Invest, and over the period revenues on existing products have held up compared with last year's figures. Subscriber numbers in Investment have continued to increase, although the Technology division has had a more difficult start.

Three websites were relaunched towards the end of the last financial year and these have all performed well during the first four months of the year – traffic on SmallBusiness.co.uk has increased considerably (visits up 45%), as it has also done on WhatInvestment.co.uk (visits up 68%). While there has not been such a dramatic improvement on Information-Age.com, visits are up 8% and we are very pleased that social referrals are up 40% and mobile traffic is up 102%.

Outlook

The management team is increasingly confident now that the business has completed its transformation and restructuring. All the elements are now in place to resume growth and to improve profitability, and with a recovering economy that prospect has strengthened.

Notice of AGM and publication of Annual Report

The AGM will be held on July 25th 2013 at 10:00am at the offices of Westhouse Securities. A Notice of meeting together with the Annual Report will be dispatched to shareholders on June 26th 2013. A copy of the Report & Audited Financial Statements will be posted today on the Company's website at www.vitessemedia.com.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013	2012
		£	£
Revenue	3	2,064,667	2,942,526
Cost of sales		(593,904)	(837,991)
Gross profit		1,470,763	2,104,535
Administrative expenses	4	(1,808,067)	(2,248,486)
Share-based payments	5	(26,582)	(30,110)
Impairment of goodwill and other intangible assets	10	(103,917)	(296,474)
Restructuring costs	4	-	(38,054)
Operating (loss)/profit	4	(494,803)	(508,589)
Finance costs	7	(7,296)	(515)
Finance income	7	41	-
(Loss)/profit before tax		(502,058)	(509,104)
Tax expense	8	-	-
(Loss)/profit for the year attributable to owners of the parent		(502,058)	(509,104)
Total comprehensive income for the year attributable to owners of the parent		(502,058)	(509,104)
Earnings per share			
Basic and diluted	9	(1.44p)	(1.66p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2013

	Notes	2013	2012
		£	£
NON-CURRENT ASSETS			
Goodwill	10	729,332	729,332
Other intangible assets	10	1,391,333	1,509,614
Property, plant and equipment	11	3,535	9,006
Trade and other receivables	13	21,139	21,139
		2,145,339	2,269,091
CURRENT ASSETS			
Inventories	14	19,504	21,223
Trade and other receivables	13	332,908	620,323
Cash and cash equivalents	15	-	-
		352,412	641,546
TOTAL ASSETS		2,497,751	2,910,637
EQUITY			
Share capital	16	2,684,063	2,610,379
Share premium account	16	3,095,249	2,831,523
Share option reserve	17	132,120	170,108
Other reserves		103,904	103,904
Retained earnings		(4,501,031)	(4,063,543)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE		1,514,305	1,652,371

PARENT

CURRENT LIABILITIES			
Trade and other payables	20	789,151	940,412
Borrowings	18	194,295	317,854
TOTAL LIABILITIES		983,446	1,258,266
TOTAL EQUITY AND LIABILITIES		2,497,751	2,910,637

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013 £	2012 £
CASH FLOWS FROM OPERATING ACTIVITIES	20	(144,541)	42,795
Interest received		41	-
Interest paid		(7,296)	(515)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		(151,796)	42,280
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(959)	(3,048)
Purchases of intangible assets		(61,096)	(99,814)

NET CASH USED IN INVESTING ACTIVITIES		(62,055)	(102,862)
FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		350,000	-
Share issue costs		(12,590)	-
Repayment of obligations under finance leases		-	(3,948)
Repayment of invoice discounting facility		(119,623)	(31,997)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		217,787	(35,945)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	21	3,936	(96,527)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	(29,463)	67,064
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	(25,527)	(29,463)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2013

ATTRIBUTABLE TO OWNERS OF THE PARENT

GROUP

	Share capital	Share premium	Share-based payment reserve	Other reserves	Retained earnings	Total
	£	£	£	£	£	£
As at 1 February 2011	2,610,379	2,831,523	143,044	103,904	(3,557,485)	2,131,365
Loss for the year	-	-	-	-	(509,104)	(509,104)
Total comprehensive income for the year	-	-	-	-	(509,104)	(509,104)
Recognition of share-based payments	-	-	30,110	-	-	30,110
Share options lapsed	-	-	(3,046)	-	3,046	-
As at 31 January 2012	2,610,379	2,831,523	170,108	103,904	(4,063,543)	1,652,371
Loss for the year	-	-	-	-	(502,058)	(502,058)
Total comprehensive income for the year	-	-	-	-	(502,058)	(502,058)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of share capital	73,684	276,316	-	-	-	350,000

Issue costs	-	(12,590)	-	-	-	(12,590)
Total transaction with owners in their capacity as owners	73,684	263,726	-	-	-	337,410
Recognition of share-based payments	-	-	26,582	-	-	26,582
Share options lapsed	-	-	(64,570)	-	64,570	-
As at 31 January 2013	2,684,063,	3,095,249	132,120	103,904	(4,501,030)	1,514,306