

VITESSE MEDIA plc

FINAL RESULTS FOR THE YEAR ENDING 31 JANUARY 2014

CHAIRMAN'S REPORT

Highlights

- Revenues up 2%; losses more than halved
- Revenues in the Events and SME divisions both 20% ahead of the prior year
- User numbers for the three major websites showed significant increases during the year – nearly 600,000 extra visitors to the sites, up 36%
- Refocusing of the revenue model, with further emphasis on events income, lead generation and editorially led special projects, continues
- Placing completed in January to develop a mobile crowd-funding platform and modernise the Group's entire technical platform
- Appointment of Derek Stewart to strengthen the team and lead the development of the crowd-funding initiative

Performance during the financial year 2013/14 and plans for 2014/15

While the economic environment remained challenging, I am pleased to report an improved financial performance, driven by management's continuing efforts to control costs, meaning that the loss for the year was more than halved.

The Group also achieved a small increase in revenues and, importantly, continued to build momentum in refocusing upon digital delivery and events, by building its audience through its websites. The success in growing events-based revenues has been particularly pleasing, and there has also been demonstrable success in increasing visitors to some of the Company's key websites.

The *What Investment* website saw visitors up 93%, the *Information Age* site grew traffic by 34%, and SmallBusiness.co.uk saw users increase by 26%. All divisions also increased the numbers of users in their social media communities. The investment in technology, which is planned to take place during the coming six to nine months, will see all of these sites become mobile responsive, and will refresh the user interface and functionality.

During 2013/14, the Events team secured several contracts for the management of events, which will impact favourably for the financial year 2014/15. In addition, overall events revenues were up 20% on the 2012/13 year, including a 23% increase in table sales, as the climate for face-to-face events continued to improve. As a result, the contribution from the Events team increased by more than 50%.

The Technology division, based around *Information Age*, saw a fall in revenues during the year under review. Steps were taken to turn this trend around, including a change in management and a reduction in costs. More recently, the new team has focused on the launch of a white paper platform for lead generation, a redesign of the magazine and the launch of new events, such as the Women in IT Awards, as well as continuing to build web traffic. Management remain confident that this division has the potential to continue to contribute positively to the Group in the future.

While revenues from the Investment division showed a slight decline over the year, there were several encouraging factors, such as the significant increase in web traffic and the implementation of the Retail Distribution Review. More recently, budget changes have further improved the trading environment for *What Investment*. Plans include the integration of a lead generation platform and the launch of a Peer-to-Peer Awards event. I am pleased to report that the large increase in user numbers to this site is feeding through to increased online revenues for the Investment division for the first four months of the year 2014/15, albeit starting from a low base.

The SME division increased revenues by 21% compared with the 2012/13 financial year, and the team continued to work with many blue-chip clients such as Microsoft, HSBC, Sage, AXA, Lloyds, Amex, Google and Hewlett-Packard on bespoke integrated packages.

Traffic to the relaunched SmallBusiness.co.uk increased by more than 25% during the year, and the team is forecasting a further significant increase for both this site and GrowthBusiness.co.uk, with the prospect of taking the combined SME user numbers above 2 million.

In the 2014/15 year, the SME team has launched a new membership service, the Small Business Profit Club, and is developing a white paper and business guide service providing further revenue streams, underpinned by data and lead referral. The team is also working on its first event for the autumn, The Festival of Small Business.

Crowd-funding platform

One of the Group's strengths lies in its connections with SMEs, high-net-worth individuals and intermediaries. In a review of opportunities for the business, the board concluded that entry to the fast-growing peer-to-peer lending or crowd-funding sector could add a complementary layer of revenues in an expanding market that could be incorporated into the Group's activities in a cost-effective manner.

New technology platform

The Group is to further integrate key areas of the business in order to create a coherent digital strategy that is fit for the future and will deliver both cost savings and growing revenues. The business will be more integrated, automated and agile, allowing us to adapt to change faster. This will improve our visibility across the business to our entrepreneurial and investor audience.

As a result of the development, the business will have more knowledge and expertise in-house, reducing the reliance on third parties, while providing efficiencies in processes, data management, marketing communications and product development.

Change of status for director

David Smith has indicated that he wishes to become non-executive from 1 August, and we are delighted that we will retain his expertise in his continuing role as deputy chairman.

Trading in the first four months and the outlook for the half-year to the end of July

The trading to May has continued to show improvement in sales, and the half year should once again be ahead of last year.

Outlook for the Group

Management have worked hard to turn around the fortunes of the Group, and have now achieved stability across most divisions, with encouraging growth in some areas. With the launch of the crowd-funding platform into a rapidly growing market, we are confident that the business will move to delivering its full revenue and profit potential.

Notice of AGM and publication of Annual Report

The AGM will be held on 31 July at 10am at the offices of Westhouse Securities, Heron Tower, 110 Bishopsgate, London, EC2N 4AY. A notice of meeting together with the Annual Report & Accounts will be dispatched to shareholders early July.

A copy of this Chairman's Report and audit financial statements will be posted today on the Company's website at www.vitessemedia.com, as will the Annual Report & Accounts when published in due course.

The audited financial information for the years ended 31 January 2014 and 31 January 2013 contained in this document do not constitute statutory accounts as defined in the Companies Act 2006. The comparative financial information is based on the statutory accounts for the financial year ended 31 January 2013. Those accounts, upon which the auditors issued an unmodified opinion with an emphasis of matter paragraph relating to going concern, have been delivered to the Registrar of Companies. The financial information for the year ended 31 January 2014 has been extracted from the audited financial statements of Vitesse Media Plc which will be delivered to the Registrar of Companies in due course. The auditors have issued an unmodified opinion on the financial statements for the year ended 31 January 2014 which includes an emphasis of matter paragraph in respect of going concern and does not include any statement under Section 498 (2) or (3) of the Companies Act 2006. The preliminary announcement was approved by the Board of Directors and authorised for issued on 20 June 2014.

For further information, please contact:

Vitesse Media Plc
Executive Chairman: Sara Williams
Chief Executive: Niki Baker

020 7250 7010
020 7250 7043

Westhouse Securities Limited
Martin Davison

020 7250 7042

Kreab Gavin Anderson
Robert Speed

020 7074 1800

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

	2014 £	2013 £
Revenue	2,109,690	2,064,667
Cost of sales	(571,588)	(593,904)
Gross profit	<u>1,538,102</u>	<u>1,470,763</u>
Administrative expenses	(1,705,907)	(1,808,067)
Share-based payments	(1,975)	(26,582)

Impairment of goodwill and other intangible assets	-	(130,917)
Operating loss	<u>(169,780)</u>	<u>(494,803)</u>
Finance costs	(7,728)	(7,296)
Finance income	-	41
Loss before tax	<u>(177,508)</u>	<u>(502,058)</u>
Tax expense	-	-
Loss for the year attributable to owners of the parent	<u>(177,508)</u>	<u>(502,058)</u>
Total comprehensive income for the year attributable to owners of the parent	<u>(177,508)</u>	<u>(502,058)</u>
Loss per share		
Basic and diluted	<u>(0.47p)</u>	<u>(1.44p)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 January 2014

	2014 £	2013 £
NON-CURRENT ASSETS		
Goodwill	729,332	729,332
Other intangible assets	1,367,007	1,391,333
Property, plant and equipment	3,286	3,535
Trade and other receivables	-	21,139
	<u>2,099,625</u>	<u>2,145,339</u>
CURRENT ASSETS		
Inventories	16,216	19,504
Trade and other receivables	318,214	332,908
Cash and cash equivalents	227,479	-
	<u>561,909</u>	<u>352,412</u>
TOTAL ASSETS	<u>2,661,534</u>	<u>2,497,751</u>
EQUITY		
Share capital	2,778,994	2,684,063
Share premium account	3,209,166	3,095,249
Share option reserve	132,516	132,120
Other reserves	103,904	103,904
Retained earnings	(4,676,960)	(4,501,031)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>1,547,620</u>	<u>1,514,305</u>
CURRENT LIABILITIES		

Trade and other payables	815,583	789,151
Borrowings	188,331	194,295
	<u>1,003,914</u>	<u>983,446</u>
NON CURRENT LIABILITIES		
Borrowings	110,000	-
	<u>1,113,914</u>	<u>983,446</u>
TOTAL LIABILITIES		
	<u>2,661,534</u>	<u>2,497,751</u>
TOTAL EQUITY AND LIABILITIES		

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 January 2014

	2014 £	2013 £
CASH FLOWS USED IN OPERATING ACTIVITIES	(46,074)	(144,541)
Interest received	-	41
Interest paid	(7,728)	(7,296)
NET CASH USED IN FROM OPERATING ACTIVITIES	<u>(53,802)</u>	<u>(151,796)</u>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,557)	(959)
Purchases of intangible assets	(28,046)	(61,096)
NET CASH USED IN INVESTING ACTIVITIES	<u>(31,603)</u>	<u>(62,055)</u>
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	208,848	350,000
Share issue costs	-	(12,590)
Bank loan received	55,000	-
Repayment of invoice discounting facility and bank loan	(35,437)	(119,623)
Proceeds from long-term borrowings	110,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>338,411</u>	<u>217,787</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	253,006	3,936
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>(25,527)</u>	<u>(29,463)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>227,479</u></u>	<u><u>(25,527)</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 January 2014

ATTRIBUTABLE TO OWNERS OF THE PARENT

	Share capital £	Share premium £	Share-based payment reserve £	Other reserves £	Retained earnings £	Total £
<i>As at 1 February 2012</i>	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 transactions 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	-
<i>As at 31 January 2013</i>	2,684,063	3,095,249	132,120	103,904	(4,501,031)	1,514,305
Loss for the year	-	-	-	-	(177,508)	(177,508)
Total comprehensive income for the year	-	-	-	-	(177,508)	(177,508)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Issue of share capital	94,931	113,917	-	-	-	208,848
Total transactions with owners in their capacity as owners	94,931	113,917	-	-	-	208,848
Recognition of share-based payments	-	-	1,975	-	-	1,975
Share options lapsed	-	-	(1,579)	-	1,579	-
<i>As at 31 January 2014</i>	2,778,994	3,209,166	132,516	103,904	(4,676,960)	1,547,620