

IMMEDIA GROUP PLC

(“Immedia” or “the Company”)

INTERIM RESULTS

Immedia Group Plc (AIM: IME), which provides bespoke radio stations and in-store media solutions for retailers, today announces its interim results for the half year to 30 June 2011.

Key Points

- Reduced first half operating loss of £28,976 (2010 H1 operating loss £100,375)
- Cash in bank £611,311 as at 30 June 2011 (£700,423 as at 30 June 2010)
- Contract extensions and renewals announced for up to five years
- Continuing trials with potential new customers
- New communications initiatives

Financial Highlights

| | Unaudited Half year to 30 June 2011 | Unaudited Half year to 30 June 2010 | Unaudited Half year to 30 June 2009 |
|---|--|--|--|
| Revenue | £1,504,011 | £1,717,883 | £ 1,749,175 |
| Results from operating activities | £(28,976) | £(100,375) | £ (40,615) |
| Loss before income tax | £(29,374) | £(100,324) | £ (39,705) |
| Loss for period attributable to equity shareholders | £(29,374) | £(100,324) | £ (38,655) |
| Basic and diluted loss per share (pence) | (0.21)p | (0.72)p | (0.28)p |
| Cash and cash equivalents | £611,311 | £700,423 | £ 706,596 |

Bruno Brookes, Chief Executive of Immedia, said:

“We recognise the difficulty of adding new business in a challenging economic environment and have acted to improve the company’s profile by investing in communications initiatives designed to reach a wider audience of potential new customers. The completion of the initial phase of our investments during H2 2011 should benefit our activities in 2012. “

Immedia Group Plc

Bruno Brookes – Chief Executive

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Chief Executive's Review

Our results from operating activities in the first half of 2011, despite further decline in revenues, have improved on the comparative period of 2010 with careful control of costs. Our balance sheet remains similar to the positions held at the interim and final stages of 2010 whilst in 2011 we have invested cash in working capital following the increased supply and installation of equipment to customers.

Our work with clients to help deliver future store concepts with cutting edge audio and visual solutions continues, and we are pleased to have signed contract extensions and renewals with a number of existing customers.

We recognise the difficulty of adding new business in a challenging economic environment and have acted to improve the company's profile by investing in communications initiatives designed to reach a wider audience of potential new customers. The completion of the initial phase of our investments during H2 2011 should benefit our activities in 2012.

Bruno Brookes

Chief Executive

14 September 2011

Consolidated statement of comprehensive income

| | <i>Note</i> | Unaudited Half year to 30 June 11 £ | Unaudited Half year to 30 June 10 £ | Audited Year ended 31 Dec 10 £ |
|---|-------------|--|--|---|
| Revenue | | 1,504,011 | 1,717,883 | 3,509,421 |
| Cost of sales | | <u>(624,330)</u> | <u>(810,991)</u> | <u>(1,625,096)</u> |
| Gross profit | | 879,681 | 906,892 | 1,884,325 |
| Administrative expenses | | <u>(908,657)</u> | <u>(1,007,267)</u> | <u>(1,944,049)</u> |
| Results from operating activities | | (28,976) | (100,375) | (59,724) |
| Finance income | | 825 | 1,274 | 1,726 |
| Finance cost | | (1,223) | (1,223) | (2,446) |
| Net finance (cost)/income | | <u>(398)</u> | <u>51</u> | <u>(720)</u> |
| Loss before income tax | | <u>(29,374)</u> | <u>(100,324)</u> | <u>(60,444)</u> |
| Income tax income | 4 | - | - | 11,878 |
| Loss and total comprehensive income for the period attributable to equity shareholders | | <u>(29,374)</u> | <u>(100,324)</u> | <u>(48,566)</u> |
| Continuing and total operations | | | | |
| Loss per share – basic and diluted | 12 | (0.21)p | (0.72)p | (0.35)p |

Consolidated balance sheet

| | Note | Unaudited as at 30 June 11 | Unaudited as at 30 June 10 | Audited as at 31 Dec 10 |
|--------------------------------------|------|----------------------------------|----------------------------------|-------------------------------|
| | | £ | £ | £ |
| Assets | | | | |
| Property, plant and equipment | 5 | 215,979 | 226,569 | 218,585 |
| Intangible assets | 6 | 294,121 | 272,185 | 304,925 |
| Total non-current assets | | 510,100 | 498,754 | 523,510 |
| Current assets | | | | |
| Inventories | 7 | 182,447 | 122,199 | 117,857 |
| Trade and other receivables | 8 | 546,069 | 401,921 | 319,177 |
| Prepayments | | 106,340 | 112,166 | 122,461 |
| Cash and cash equivalents | 9 | 611,311 | 700,423 | 817,242 |
| Total current assets | | 1,446,167 | 1,336,709 | 1,376,737 |
| Total assets | | 1,956,267 | 1,835,463 | 1,900,247 |
| Equity | | | | |
| Share capital | 10 | 1,455,684 | 1,455,684 | 1,455,684 |
| Share premium | | 3,586,541 | 3,586,541 | 3,586,541 |
| Merger reserve | | 2,245,333 | 2,245,333 | 2,245,333 |
| Retained losses | | (6,692,103) | (6,690,602) | (6,662,728) |
| Total equity | | 595,455 | 596,956 | 624,830 |
| Liabilities | | | | |
| Loans and borrowings | | - | 11,000 | - |
| Total non-current liabilities | | - | 11,000 | - |
| Loans and borrowings | | 11,000 | 22,000 | 22,000 |
| Trade and other payables | 11 | 1,100,292 | 1,073,933 | 1,153,455 |
| Deferred income | | 249,520 | 131,574 | 99,962 |
| Total current liabilities | | 1,360,812 | 1,227,507 | 1,275,417 |
| Total liabilities | | 1,360,812 | 1,238,507 | 1,275,417 |
| Total equity and liabilities | | 1,956,267 | 1,835,463 | 1,900,247 |

Consolidated statement of changes in equity

Attributable to equity shareholders of the Company

| | Share capital £ | Share Premium account £ | Merger reserve £ | Profit & loss account £ | Total equity £ |
|---|-----------------------|----------------------------------|------------------------|-------------------------------|-------------------|
| Total equity at 30 June 2011 (unaudited) | | | | | |
| Balance at 1 January 2011 | 1,455,684 | 3,586,541 | 2,245,333 | (6,662,728) | 624,830 |
| Transactions with owners | - | - | - | - | - |
| Loss and total comprehensive income for the period | - | - | - | (29,374) | (29,374) |
| Balance at 30 June 2011 | 1,455,684 | 3,586,541 | 2,245,333 | (6,692,102) | 595,456 |

Total equity at 30 June 2010 (unaudited)

| | | | | | |
|---|-----------|-----------|-----------|-------------|-----------|
| Balance at 1 January 2010 | 1,455,684 | 3,586,541 | 2,245,333 | (6,582,086) | 705,472 |
| Purchase of own shares by employee benefit trust | - | - | - | (8,192) | (8,192) |
| Transactions with owners | - | - | - | (8,192) | (8,192) |
| Loss and total comprehensive income for the period | - | - | - | (100,324) | (100,324) |
| Balance at 30 June 2010 | 1,455,684 | 3,586,541 | 2,245,333 | (6,690,602) | 596,956 |

Total equity at 31 December 2010 (audited)

| | | | | | |
|---|-----------|-----------|-----------|-------------|----------|
| Balance at 1 January 2010 | 1,455,684 | 3,586,541 | 2,245,333 | (6,582,086) | 705,472 |
| Purchase of own shares by employee benefit trust | - | - | - | (23,360) | (23,360) |
| Equity settled share based payments | - | - | - | (8,716) | (8,716) |
| Transactions with owners | - | - | - | (32,076) | (32,076) |
| Loss and total comprehensive income for the year | - | - | - | (48,566) | (48,566) |
| Balance at 31 December 2010 | 1,455,684 | 3,586,541 | 2,245,333 | (6,662,728) | 624,830 |

Consolidated statement of cash flows

| | Note | Unaudited Half Year to 30 June 11 £ | Unaudited Half Year to 30 June 10 £ | Audited Year ended 31 Dec 10 £ |
|--|------|--|--|---|
| Cash flows from operating activities | | | | |
| Loss for the period before income tax | | (29,374) | (100,324) | (60,444) |
| <i>Adjustments for:</i> | | | | |
| Depreciation and amortisation charges | | 65,509 | 55,117 | 112,254 |
| Financial income | | (825) | (1,274) | (1,726) |
| Financial expense | | 1,223 | 1,223 | 2,446 |
| Profit on sale of property, plant and equipment | | (1,300) | - | (376) |
| (Increase)/decrease in trade and other receivables | | (210,771) | 219,098 | 294,467 |
| Increase in inventories | | (64,590) | (42,521) | (38,179) |
| Increase/(decrease) in trade and other payables | | 96,394 | (174,335) | (126,183) |
| Net cash from operating activities | | (143,734) | (43,016) | 182,259 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of property, plant and equipment | | 1,300 | - | 985 |
| Interest received | | 825 | 1,274 | 1,726 |
| Acquisition of property, plant and equipment | 5 | (50,099) | (54,132) | (97,594) |
| Acquisition of intangible assets | 6 | (2,000) | - | (39,040) |
| Net cash from investing activities | | (49,974) | (52,858) | (133,923) |
| Cash flows from financing activities | | | | |
| Interest paid | | (1,223) | (1,223) | (2,446) |
| Repayment of borrowings | | (11,000) | (11,000) | (22,000) |
| Purchase of own shares for Employee Benefit Trust | | - | (8,192) | (23,360) |
| Net cash from financing activities | | (12,223) | (20,415) | (47,806) |
| Net (decrease)/increase in cash and cash equivalents | | (205,931) | (116,289) | 530 |
| Cash and cash equivalents at beginning of period | | 817,242 | 816,712 | 816,712 |
| Cash and cash equivalents at end of period | 9 | 611,311 | 700,423 | 817,242 |

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Immedia Group Plc (the "Company") is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office and its principal place of business is The Old Brewery, The Broadway, Newbury, Berkshire RG14 1AU.

The condensed consolidated interim financial statements of the Company as at and for the half year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial information 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 2010 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available at www.immediapl.com/investors.html

The Group primarily is involved in marketing and communication services through music, radio and screen based media together with the installation and maintenance of associated equipment.

2. Basis of preparation

These consolidated financial statements for the half year ended 30 June 2011 are unaudited. They have been prepared and approved by the directors following the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"); they do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

On the basis of current financial projections prepared up to the end of 2012, recent news of contract renewals, continuing improvements in management of costs, and ongoing availability of facilities, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 14 September 2011.

3. Significant accounting policies

The accounting policies set out in detail in note 3 of the Group's consolidated financial statements to 31 December 2010 have been applied consistently to these unaudited financial statements to 30 June 2011, including:

(a) Revenue

Revenue represents the amounts receivable by the Group for the provision of its media services, related equipment and equipment maintenance services in the normal course of business, excluding value added tax. Revenue from media services and equipment is recognised on the date of broadcast or delivery, respectively. Revenue from equipment maintenance services, sponsorship and promotions is recognised over the life of the contract.

Notes to the condensed consolidated interim financial statements *continued*

4. Income tax credit in the income statement

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|--|---|---------------------------------------|------------------------------------|
| Current tax | | | |
| Current period | - | - | - |
| Adjustment in respect of prior periods | - | - | (11,878) |
| Deferred tax credit | | | |
| Reversal of temporary differences | - | - | - |
| Total tax credit in consolidated income statement | - | - | (11,878) |

5. Property, plant and equipment

| | Plant & equipment £ | Fixtures & fittings £ | Motor vehicles £ | Network equipment £ | Total £ |
|---|--|--|---------------------------------|------------------------------------|--------------------|
| Cost | | | | | |
| At 1 January 2011 | 763,669 | 456,084 | - | 661,286 | 1,881,039 |
| Additions | 23,706 | 4,093 | 22,000 | 300 | 50,099 |
| Disposals | (2,827) | - | - | - | (2,827) |
| At 30 June 2011 | 784,548 | 460,177 | 22,000 | 661,586 | 1,928,311 |
| Depreciation and impairment losses | | | | | |
| At 1 January 2011 | 706,411 | 297,625 | - | 658,418 | 1,662,454 |
| Charge for period | 12,815 | 37,115 | 2,104 | 671 | 52,705 |
| On disposals | (2,827) | - | - | - | (2,827) |
| At 30 June 2011 | 716,399 | 334,740 | 2,104 | 659,089 | 1,712,332 |
| Carrying amounts | | | | | |
| Unaudited at 30 June 2011 | 68,149 | 125,437 | 19,896 | 2,497 | 215,979 |
| Audited at 31 December 2010 | 57,258 | 158,459 | - | 2,868 | 218,585 |
| Unaudited at 30 June 2010 | 63,007 | 160,869 | - | 2,693 | 226,569 |

Notes to the condensed consolidated interim financial statements *continued*

6. Intangible assets

| | Customer relationships £ | Video library £ | Content Delivery £ | Goodwill £ | Total £ |
|---|-----------------------------|--------------------|-----------------------|----------------|----------------|
| Cost | | | | | |
| At 1 January 2011 | 566,880 | 126,000 | 39,040 | 1,173,310 | 1,905,230 |
| Additions in period | - | - | 2,000 | - | 2,000 |
| At 30 June 2011 | 566,880 | 126,000 | 41,040 | 1,173,310 | 1,907,230 |
| Amortisation and impairment losses | | | | | |
| At 1 January 2011 | 566,880 | 59,425 | - | 974,000 | 1,600,305 |
| Charge for period | - | 6,300 | 6,504 | - | 12,804 |
| At 30 June 2011 | 566,880 | 65,725 | 6,504 | 974,000 | 1,613,109 |
| Carrying amounts | | | | | |
| Unaudited at 30 June 2011 | - | 60,275 | 34,536 | 199,310 | 294,121 |
| Audited at 31 December 2010 | - | 66,575 | 39,040 | 199,310 | 304,925 |
| Unaudited at 30 June 2010 | - | 72,875 | - | 199,310 | 272,185 |

There were no indications of impairment of intangible assets at 30 June 2011 and the annual impairment tests will be carried out at the year end.

7. Inventories

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Work in progress | 4,009 | 52,968 | 1,522 |
| Finished goods | 178,438 | 69,231 | 116,335 |
| | 182,447 | 122,199 | 117,857 |

The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £79,279 (30 June 2010: £48,493; 31 December 2010: £102,784). Impairment charges for obsolete and slow moving inventories were £nil (30 June 2010: £nil; 31 December 2010: £309).

Notes to the condensed consolidated interim financial statements *continued*

8. Trade and other receivables

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|--|---|---------------------------------------|------------------------------------|
| Trade receivables due from related parties | - | 32 | - |
| Trade receivables | 519,577 | 352,974 | 277,726 |
| Other debtors | 26,492 | 48,915 | 41,451 |
| | <u>546,069</u> | <u>401,921</u> | <u>319,177</u> |

As 30 June 2011 trade receivables are shown after a provision for impairment of £20,000 (30 June and 31 December 2010: £20,000) arising from slow moving debts and disputed charges. During the period to 30 June 2011 there were no movements in the provision for impairment. All debts are due within one year.

At 30 June 2011 the total of trade receivables past due, net of provision for impairment, was as follows:

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|-------------------------|---|---------------------------------------|------------------------------------|
| Up to 3 months past due | 52,348 | 63,601 | 110,195 |
| Over 3 months past due | - | - | - |
| | <u>52,348</u> | <u>63,601</u> | <u>110,195</u> |

9. Cash and cash equivalents

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|---------------------------|---|---------------------------------------|------------------------------------|
| Bank balances | 15,005 | 77,830 | 11,947 |
| Call deposits | 596,306 | 622,593 | 805,295 |
| Cash and cash equivalents | <u>611,311</u> | <u>700,423</u> | <u>817,242</u> |

Cash and cash equivalents comprise cash balances and short-term call deposits.

Notes to the condensed consolidated interim financial statements *continued*

10. Share Capital

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|--|---|---------------------------------------|------------------------------------|
| Authorised 36,000,000 Ordinary shares of 10 pence each | 3,600,000 | 3,600,000 | 3,600,000 |
| Allotted, called up and fully paid 14,556,844 Ordinary shares of 10 pence each | 1,455,684 | 1,455,684 | 1,455,684 |

There are no restrictions on the transfer of shares in Immedia Group Plc. All shares carry equal voting rights.

11. Trade and other payables

| | Unaudited as at 30 June 11 £ | Unaudited as at 30 June 10 £ | Audited as at 31 Dec 10 £ |
|---|---|---------------------------------------|------------------------------------|
| Other trade payables | 310,676 | 131,149 | 353,907 |
| Other taxation & social security | 123,002 | 125,438 | 107,785 |
| Non-trade payables and accrued expenses | 666,614 | 817,346 | 691,763 |
| | <u>1,100,292</u> | <u>1,073,933</u> | <u>1,153,455</u> |

Notes to the condensed consolidated interim financial statements *continued*

12. Loss per share

| | Unaudited as at 30 June 11 Number | Unaudited as at 30 June 10 Number | Audited as at 31 Dec 10 Number |
|---|--|--|---|
| Weighted average number of shares in issue | 14,556,844 | 14,556,844 | 14,556,844 |
| Less weighted average number of own shares | (832,374) | (600,872) | (681,153) |
| Weighted average number of shares in issue for basic loss per share | 13,724,470 | 13,955,972 | 13,875,691 |

The basic and diluted loss per share are calculated using the after tax loss attributable to equity shareholders for the financial period of £29,374 (*30 June 2010: loss of £100,324; 31 December 2010: loss of £48,566*) divided by the weighted average number of Ordinary shares in issue in each of the relevant periods: 30 June 2011: 13,724,470 shares (*30 June 2010: 13,955,972 shares; 31 December 20: 13,875,691 shares*).

The weighted number of shares used for the diluted loss per share is calculated after reflecting the outstanding share options at the period end. However, in accordance with IAS 33, the diluted basic loss per share is stated as the same amount as basic as there is no dilutive effect.