28 September 2007

IMMEDIA BROADCASTING PLC

INTERIM RESULTS

Immedia Broadcasting PLC, the UK's leading provider of live, tailored in-store radio and TV, today announces its interim results for the six months to 30 June 2007.

Operational Highlights

- Good underlying growth at EBITDA level
- New contract announced today with SPAR to provide subscription radio to 1,500 stores currently receiving the service for another 3 years, and the opportunity to extend the paid-for subscription service per store to up to a further 1,000 stores across the UK
- £1.0 million impairment charge taken against Cube intangible assets
- Integration of Cube under one unique Immedia brand now complete
- Successful roll-out of HSBC Live! continuing and currently broadcasting to 940 branches in the UK
- IKEA Live! and Lloyds Pharmacy Live! continuing to perform well

Financial Highlights

	6 months to 30 June 2007	**6 months to 30 June 2006**
Revenue	£ 2,015,345	£2,294,464
Underlying revenue [1]	£ 1,910,116	£ 1,677,273
Operating (loss)/profit	£ (1,109,326)	£ 125,138
Underlying operating (loss) [1]	£ (142,104)	£ (296,952)
Impairment charge on intangible assets	£ (1,017,000)	-
(Loss)/profit before tax	£ (1,104,517)	£128,595
Profit before interest, tax, depreciation, amortisation and impairment charges (EBITDA)	£ 206,633	£ 658,409
Underlying EBITDA [1]	£ 133,404	£ 45,378
Basic (loss)/earnings per share	£ (8.04)p	£0.99p
Cash and cash equivalents	£ 489,951	£ 421,122

[1] The underlying data excludes the exceptional contribution from Vitus Apotek in 2006 and Alphyra in 2007 and the impairment charge against Cube intangible assets in 2007.

Bruno Brookes, Chief Executive of Immedia, said:

"In what has been a challenging six months, Immedia has delivered good underlying growth at the EBITDA level and we have made solid progress as a newly integrated company. The performance of our subscription radio stations during the last six months has been encouraging and the appointment of a new Sales and Marketing Director will help to further develop our client base.

We are delighted that SPAR have signed a contract for Immedia to provide subscription radio to up to 1,500 of their stores for another 3 years, with the option to add up to another 1,000 across the UK. SPAR'S transition from a "free to retail" to a subscription client demonstrates the business benefits that Immedia provides.

We believe that the development of innovative products, along with a healthy pipeline of opportunities both with current and prospective clients, will allow us to continue to build on the good progress made in the last six months."

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Chief Executive's Review

Note: 2006 comparatives refer to the 6 months ended 30 June 2006 unless otherwise stated

I am pleased to present our results for the six months ended 30 June 2007 and to report on Immedia's progress during the half-year.

Results

In what has been a challenging six months for the retail market, Immedia has maintained its market position well. Whilst the headline numbers might imply the business has not progressed, the reality is a more positive story. After adjusting for the one-off contribution of Vitus Apotek and Alphyra in 2006 and 2007 respectively, underlying EBITDA increased to £133,404 (2006: £45,378), while the underlying operating loss before impairment charges decreased to £142,104 (2006: loss £296,952).

Cube's performance during the past six months has remained below our expectations and we have addressed areas where underperformance has been significant. While current clients provide ongoing revenue streams, the development of new business has been significantly behind our initial forecasts and a contract with an existing customer has not been renewed. As a result, there will be a £1.017 million write down against the carrying value of the Cube intangible assets to reflect these lower levels of contribution to overall Group performance.

We are pleased with the performance of our Immedia subscription radio stations through which we have achieved good growth. The Immedia product continues to successfully engage businesses in the benefits of enhanced communications with customers and staff.

Costs have been tightly managed and the Group continues to be cash generative, with £489,951 of cash in the bank (31 December 2006: £242,795).

Subscription Radio

In June 2007, we announced a new contract with HSBC Bank plc following the successful launch and roll-out of HSBC Live! in 2005. We are now providing HSBC Live! to 940 branches across the UK.

Our relationship with IKEA continues to progress well and we are delighted that IKEA Live! has rolled-out as planned and is now broadcast to 19 stores across the UK.

Lloyds Pharmacy Live! is still operating well and we are excited about developing our relationship with them through the broadening of Immedia's offering.

We are delighted to announce that since the period end, Spar have signed a new subscription agreement with us to provide Spar Live! to the existing 1,500 Spar stores that currently broadcast the station for another 3 years, with the option to add up to another 1,000 across the UK. Under the new contract, Immedia will broadcast live, in-store radio on a paid-for, monthly subscription basis. The transition of SPAR from a "free to retail" to a subscription model demonstrates the attractions of our subscription offer and we look forward to developing our excellent relationship with the SPAR team.

We are currently trialling other radio stations and have secured the provision of tailored content to a range of first class brands, including BHS Home, Tammy and Lex.

Integration of Cube

We are pleased to confirm that the integration of Cube into Immedia is now complete. In what has been a challenging time for Cube, we believe its integration has been an important step forward. Cube continues to provide high quality in-store programmes and promotions to clients such as Burberry, TopShop and TopMan.

RadioVision and new product launch

Trials of RadioVision, our combination of live radio synchronized with tailored video content with a major brand have progressed well.

We have recently launched a similar product, called HQTV, designed for smaller businesses. It allows companies to tailor-make a TV offering by integrating live TV feeds such as news, weather and travel information along with company news and messages. Although it is still early days, we have received much interest from potential purchasers from a range of sectors and look forward to developing this new offering.

People

We recently announced the departure of our Chief Operating Officer, Fiona Ryder, due to personal reasons. Fiona's duties will be shared amongst the Directors now that the integration of Cube has been fully completed. We wish Fiona well for the future.

We are delighted to announce the appointment of a new Sales and Marketing Director, Amy Cosslett. Amy has over 13 years' experience in the media industry across a range of channels, such as Hello! Magazine, the Ministry of Sound and MTV. Her breadth of knowledge will be an invaluable asset to Immedia and we look forward to developing our client base over the next twelve months.

Outlook

Immedia has delivered underlying growth at the EBITDA level and continues to be cash generative. We have recruited new staff to further promote Immedia's broadened offer and are working well as a newly integrated company now that we operate under one unique brand.

We are delighted that Spar has signed a new subscription contract to continue to broadcast Spar Live! and the development of our subscription stations has been very encouraging.

We believe that the development of innovative products, along with a healthy pipeline of opportunities both with current and prospective clients, will allow us to continue to build on the good progress made in the last six months."

Bruno Brookes
Chief Executive
28 September 2007

Consolidated Balance Sheet

	Note	Unaudited as at 30 June 07	Unaudited as at 30 June 06	As at 31 Dec 06
		£	£	£
Assets				
Property, plant and equipment	7	367,709	867,865	561,687
Intangible assets	8	408,910	2,234,752	1,574,543
Total non-current assets		776,619	3,102,617	2,136,230
Current assets				
Inventories – work in progress		-	-	2,409
Trade and other receivables	9	628,792	1,267,694	1,062,296
Prepayments for current assets		163,892	193,399	167,138
Cash and cash equivalents	10	489,951	481,487	246,147
Total current assets		1,282,635	1,942,580	1,477,990
Total assets		2,059,254	5,045,197	3,614,220
Equity				
Share capital	11	1,455,684	1,334,831	1,334,056
Share premium	11	3,586,541	3,532,696	3,525,727
Shares to be issued	11	-	305,306	237,175
Merger reserve	11	2,245,333	2,245,333	2,245,333
Retained losses	11	(6,534,586)	(5,001,437)	(5,430,069)
Total equity		752,972	2,416,729	1,912,222
Liabilities				
Loans and borrowings	12	-	232,071	3,187
Total non-current liabilities		-	232,071	3,187
Loans and borrowings	12	9,196	603,851	19,047
Trade and other payables	13	1,196,836	1,380,796	1,234,865
Deferred income		100,250	411,750	444,899
Total current liabilities		1,306,282	2,396,397	1,698,811
Total liabilities		1,306,282	2,628,468	1,701,998
Total equity and liabilities		2,059,254	5,045,197	3,614,220

Consolidated income statement

	Note	Unaudited Half year to 30 June 07 £	Unaudited Half Year to 30 June 06 £	Year Ended 31 Dec 06 £
Continuing operations				
Revenue		2,015,345	2,294,464	4,472,225
Cost of sales		(862,955)	(780,034)	(1,958,973)
Gross profit		**1,152,390**	**1,514,430**	**2,513,252**
Administrative expenses		(1,244,716)	(1,389,292)	(2,846,525)
Impairment charge, intangible assets		(1,017,000)	-	-
Operating (loss)/profit		**(1,109,326)**	**125,138**	**(333,273)**
Finance income		5,933	14,951	21,428
Finance expenses		(1,124)	(11,494)	(17,555)
Net finance income		4,809	3,457	3,873
(Loss)/profit before income tax		**(1,104,517)**	**128,595**	**(329,400)**
Income tax credit	6	-	-	14,488
(Loss)/profit for the period		**(1,104,517)**	**128,595**	**(314,912)**
Continuing operations				
Basic (loss)/earnings per share	14	**(8.04)p**	**0.99p**	**(2.54)p**
Diluted (loss)/earnings per share	14	(8.04)p	0.98p	(2.54)p

There were no gains or losses for the current or comparative periods other than those reported in the consolidated income statement.

Consolidated statement of cash flows

	Note	Unaudited Half Year to 30 June 07 £	Unaudited Half Year to 30 June 06 £	Year Ended 31 Dec 06 £
Cash flows from operating activities				
(Loss)/profit for the period		(1,104,517)	128,595	(314,912)
Adjustments for:				
Depreciation		185,921	501,069	819,054
Amortisation of intangible assets		93,900	32,202	121,000
Impairment losses on intangible assets, net of amortisation adjustment in 2006		1,017,000	-	36,637
Loss on sale of property, plant and equipment		19,137	-	-
Income tax (credit)		-	-	(14,488)
subtotal		211,441	661,866	647,291
Change in inventories		2,409	-	(2,409)
Change in trade and other receivables		380,335	(403,333)	(197,935)
Change in prepayments		56,415	30,847	57,108
Change in trade and other payables		(42,838)	244,354	118,748
Change in deferred income		(344,649)	203,682	224,954
subtotal		51,672	75,550	200,466
Interest paid		(1,124)	(11,494)	(17,555)
Income tax paid		-	-	(1,882)
Net cash from operating activities		261,989	725,922	828,320
Cash flows from investing activities				
Interest received		5,933	14,951	21,428
Proceeds from sale of property, plant and equipment		1,753	-	-
Acquisition of subsidiary, net of cash acquired *		-	(1,543,376)	(1,076,733)
Acquisition of property, plant and equipment		(12,833)	(143,700)	(200,894)
Net cash used in investing activities		(5,147)	(1,672,125)	(1,256,199)

* See note 12

Consolidated statement of cash flows continued

	Note	Unaudited Half Year to 30 June 07 £	Unaudited Half Year to 30 June 06 £	Year Ended 31 Dec 06 £
Proceeds from exercise of share options		-	-	14,875
New Other loans		-	700,000	-
Repayment of borrowings		(7,124)	(164,539)	(171,133)
Payment of finance lease liabilities		(2,562)	-	(4,932)
Net cash from (used in) financing activities		(9,686)	535,461	(161,190)
Net increase (decrease) in cash and cash equivalents		247,156	(410,742)	(589,069)
Cash and cash equivalents at beginning of period		242,795	831,864	831,864
Cash and cash equivalents at end of period		**489,951**	**421,122**	**242,795**

Notes to the consolidated financial statements

1. Reporting entity

Immedia Broadcasting plc (the "Company") is a company domiciled in the United Kingdom. The address of the Company's registered office is 8-10 New Fetter Lane, London EC4A 1RS. The consolidated financial statements of the Company as at and for the six months ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in marketing and communication services through radio and screen based media.

2. Basis of preparation

These accounts for the six months ended 30 June 2007 and the IFRS transition information are unaudited.

(a) Statement of compliance
The AIM Rules require that the next annual consolidated financial statements of the company, for the year ending 31 December 2007, be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("adopted IFRSs").

This interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are endorsed by the EU and effective (or available for early adoption) at 31 December 2007 or are expected to be endorsed and effective (or available for early adoption) at 31 December 2007, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted and unadopted IFRSs, the directors have made assumptions about the accounting policies expected to be applied, which are as set out in note 3 below, when the first annual IFRS financial statements are prepared for the year ending 31 December 2007.

In particular, the directors have assumed that the following IFRSs issued by the International Accounting Standards Board and IFRIC Interpretations issued by the International Financial Reporting Interpretations Committee will be adopted by the EU in sufficient time that they will be available for use in the annual IFRS financial statements for the year ending 31 December 2007: IFRS 8 'Operating Segments'.
In addition, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 December 2007 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 December 2007.

The financial statements were approved by the Board of Directors on 27 September 2007.

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis.

(c) Use of estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 5 business combinations (impairment tests);

Note 9 trade and other receivables (review and provisions against doubtful debts).

Notes to the consolidated financial statements

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group includes an Employee Benefit Trust which is included in the consolidation.

(ii) Transactions eliminated on consolidation
Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Merger
On 20 November 2003 a new holding company was brought into the Group. This was carried out by a share for share exchange and the existing shareholders of Immedia Broadcast Limited received 1,000 10p Ordinary shares in Immedia Broadcasting Plc for every share held. There was no cash consideration. As part of its transition to IFRS on 1 January 2006 the Group has not restated the Group reconstruction which has been accounted for as a merger as permitted by FRS 6 acquisitions and mergers.

(b) Property plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2006, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Plant and machinery	-	3 years
Fixtures and fittings	-	3 to 5 years
Network equipment	-	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Notes to the consolidated financial statements

3. Significant accounting policies (continued)

(c) Intangible assets

(i) Goodwill
Goodwill arises on the acquisition of subsidiaries.

Acquisitions prior to 1 January 2006
As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2006. In respect of acquisitions prior to 1 January 2006, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP.

Acquisitions on or after 1 January 2006.
For acquisitions on or after 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill, which under IFRSs is not amortised, is tested annually for impairment.

(ii) Amortisation
Amortisation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Customer relationships	2 to 3 years
Video library	10 years

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's balance sheet.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes to the consolidated financial statements

3. Significant accounting policies (continued)

(f) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Revenue

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date. Airtime revenue is recognised on the date of broadcast. Sponsorship and promotions revenue are recognised over the life of the contract.

(h) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

Notes to the consolidated financial statements

3. Significant accounting policies (continued)

(i) Finance income and expenses

Finance income comprises interest income on bank deposits and is recognised as it accrues using the effective interest method.

Finance expenses comprise interest expense on borrowings which is recognised in profit or loss using the effective interest method.

(j) Income tax expense

Income tax expense comprises current and deferred tax.

(k) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible loans (up to 30 June 2006) and share options granted to employees.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(ii) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(ii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Notes to the consolidated financial statements

5. Acquisitions of subsidiaries

Business combination
On 8 May 2006 the Company acquired all the shares of The Cube Group of Companies Limited and its trading subsidiary Cube Music Limited.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre acquisition carrying amounts £	Fair value adjustments £	Recognised values on acquisition £
Net assets acquired			
Property plant and equipment	69,520	1	69,521
Intangible assets	362,000	215,400	577,400
Trade and other receivables	222,185	-	222,185
Cash and cash equivalents	204,236	-	204,236
Loans and borrowings	(33,314)	-	(33,314)
Trade and other payables	(313,496)	-	(313,496)
Net identifiable assets and liabilities	511,131	215,401	726,532
Goodwill on acquisition			1,063,410
Consideration paid, satisfied in cash and shares*			1,789,942
Cash acquired			(204,236)
Net outflow			1,585,706

* Includes professional fees of £218,775 and stamp duty £12,195.

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The value of assets, liabilities recognised on acquisition are their estimated fair values (see note 4 for methods used in determining fair values). In determining the fair value of contract relationships with customers, the Group applied the discount rate of 23 percent to the estimated future net earnings; in determining the fair value of the video library the Group used estimated replacement cost.

Notes to the consolidated financial statements

6. Income tax credit in the income statement

	Note	Unaudited Half Year to 30 June 07 £	Unaudited Half Year to 30 June 06 £	Year Ended 31 Dec 06 £
Current tax (credit)				
Current period		-	-	-
Adjustment for prior periods		-	-	(14,488)
		-	**-**	**(14,488)**

The current tax charge for the period is based on an effective rate of 19.75%.

The deferred tax asset arising in respect of timing differences between capital allowances and depreciation of £261,000 (31 December 2006: £270,000) has been added to (2006 added to) accumulated trading losses. The residual trading losses create a deferred tax asset of £618,000 (31 December 2006 £611,000) which has not been recognised due to the uncertainty of the timing of its eventual crystallisation.

Notes to the consolidated financial statements

7. Property, plant and equipment

	Plant and equipment £	Fixtures and fittings £	Network equipment £	Total £
Cost				
At 1 January 2006	615,366	245,852	2,378,993	3,240,211
Acquisition	52,009	69,011	-	121,020
Additions	8,365	27,132	165,397	200,894
Disposals	-	(6,375)	(351,873)	(358,248)
At 1 January 2007	675,740	335,620	2,192,517	3,203,877
Additions	-	8,089	4,744	12,833
Disposals	-	-	(30,569)	(30,569)
At 30 June 2007	675,740	343,709	2,166,692	3,186,141
Depreciation and impairment losses				
At 1 January 2006	441,317	153,773	1,489,409	2,084,499
Acquisition	25,047	26,452	-	51,499
Charge for year	127,089	67,732	624,233	819,054
On disposals	-	(2,125)	(310,737)	(312,862)
At 1 January 2007	593,453	245,832	1,802,905	2,642,190
Charge for period	33,732	32,994	119,195	185,921
On disposals	-	-	(9,679)	(9,679)
At 30 June 2007	627,185	278,826	1,912,421	2,818,432
Carrying amounts				
Unaudited at 30 June 2007	**48,555**	**64,883**	**254,271**	**367,709**
At 31 December 2006	82,287	89,788	389,612	561,687
At 1 January 2006	174,049	92,079	889,584	1,155,712

Notes to the consolidated financial statements

8. Intangible assets

	Customer relationships	Video library	Goodwill	Total
	£	£	£	£
Cost or valuation				
At 1 January 2006	-	-	109,900	109,900
Acquisition (i)	472,400	105,000	1,118,143	1,695,543
At 31 December 2006	472,400	105,000	1,228,043	1,805,443
Adjustment (ii)	-	-	(54,733)	(54,733)
At 30 June 2007	472,400	105,000	1,173,310	1,750,710
Amortisation and impairment losses				
At 1 January 2006	-	-	73,263	73,263
Charge for period	114,200	6,800	-	121,000
Impairment losses	-	-	36,637	36,637
At 31 December 2006	114,200	6,800	109,900	230,900
Charge for period	88,600	5,300	-	93,900
Impairment losses (iii)	152,900	-	864,100	1,017,000
At 30 June 2007	355,700	12,100	974,000	1,341,800
Carrying amounts				
Unaudited at 30 June 2007	**116,700**	**92,900**	**199,310**	**408,910**
At 31 December 2006	358,200	98,200	1,118,143	1,574,543
At 1 January 2006	-	-	36,637	36,637

(i) Under IFRS 3 'Business Combinations', the Group has recognised at fair value at the acquisition date of 8 May 2006, the identifiable intangible assets of contract relationships with customers and the video library and separated these from other intangible benefits which cannot be recognised as intangible assets under IFRS (the residual purchased goodwill).
The customer relationships and video library intangibles are amortised over the period of their economic lives (see note 3(c)(ii) above). Goodwill is not amortised but is subject to annual impairment testing (see note 3(f) above).

(ii) The adjustment to the cost of goodwill in the period to 30 June 2007 arises from the change in value of the deferred share consideration between that initially provided for at 31 December 2006, and that at which the shares were issued on 30 March 2007.

(iii) The impairment losses on customer relationships in the period to 30 June 2007 arise from the non-renewal of a significant contract and consequent reduction in the level of projected future earnings. The impairment losses on goodwill in the same period arise from the lower projected future value of the Cube cash generating unit (see note 3 (f) above).

Notes to the consolidated financial statements

9. Trade and other receivables

	Unaudited as at 30 June 07 £	Unaudited as at 30 June 06 £	As at 31 Dec 06 £
Trade and other receivables	628,792	1,267,694	1,062,296
	628,792	**1,267,694**	**1,062,296**

As 30 June 2007 trade receivables are shown net of an allowance for doubtful debts of £91,733 *(31 December 2006: £111,154)* arising from disputed charges.

10. Cash and cash equivalents

	Unaudited as at 30 June 07 £	Unaudited as at 30 June 06 £	As at 31 Dec 06 £
Bank balances	8,218	115,516	3,887
Call deposits	481,733	365,971	242,260
Cash and cash equivalents	**489,951**	**481,487**	**246,147**
Bank overdrafts used for cash management purposes (see note 12)	-	(60,365)	(3,352)
Cash and cash equivalents in the statement of cash flows	489,951	421,122	242,795

Notes to the consolidated financial statements

11. Capital and reserves

Reconciliation of movement in capital and reserves

Share capital

	Unaudited as at 30 June 07 £	Unaudited as at 30 June 06 £	As at 31 Dec 06 £
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	1,334,831	1,334,056
Movements in period			
At beginning of period	1,334,056	1,173,897	1,173,897
Shares classified as liabilities repaid	-	-	(3,106)
1,216,281Ordinary shares of 10 pence each issued in period *(2006: 1,632,653 Ordinary shares of 10 pence each)*	121,628	160,934	163,265
At end of period	**1,455,684**	**1,334,831**	**1,334,056**

Share Premium and Reserves

Reserves as at 30 June 2007	Share premium account £	Shares to be issued £	Merger reserve £	Profit & loss account £
At 1 January 2007	3,525,727	237,175	2,245,333	(5,430,069)
Retained loss for the period	-	-	-	(1,104,517)
1,216,281Ordinary shares of 10 pence each issued in period	60,814	(237,175)	-	-
At 30 June 2007	**3,586,541**	**-**	**2,245,333**	**(6,534,586)**

Reserves as at 31 December 2006				
At 1 January 2006	3,390,411	-	2,245,333	(5,130,032)
Retained loss for the year	-	-	-	(314,912)
Released on repayment of Other loan	(27,949)	-	-	-
New shares issued	163,265	-	-	-
Conditional shares pending issue	-	237,175	-	-
Proceeds from exercise of share options	-	-	-	14,875
At 31 December 2006	3,525,727	237,175	2,245,333	(5,430,069)

Notes to the consolidated financial statements

12. Loans and borrowings

	Unaudited as at 30 June 07 £	Unaudited as at 30 June 06 £	As at 31 Dec 06 £
Non-current liabilities			
Unsecured bank loans	-	6,980	3,187
Unsecured Other loans	-	225,000	-
Finance lease liabilities	-	91	-
	-	**232,071**	**3,187**
Current liabilities			
Bank overdrafts	-	60,365	3,352
Current portion of unsecured bank loans	6,980	14,250	10,917
Current portion of Other loans	-	522,139	-
Current portion of finance lease liabilities	2,216	7,097	4,778
	9,196	**603,851**	**19,047**

Non-current unsecured bank loans at 30 June 2006 comprised £6,980 for two DTI loans granted to The Cube Group of Companies Limited under the Small Firms Loan Guarantee Scheme bearing interest at LIBOR plus 2.5% and repayable on a monthly basis up to 31 August 2008.

Non-current unsecured Other loans at 30 June 2006 comprised £225,000* of deferred consideration for the acquisition of The Cube Group of Companies Limited repayable on 31 October 2007 and bearing interest at a fixed rate of 8% per annum.

Current unsecured Other loans at 30 June 2006 comprised £475,000 in relation to the acquisition of The Cube Group of Companies Limited (repayable in instalments of £250,000 on 31 October 2006 and £225,000* on 30 April 2007 and bearing interest at a fixed rate of 8% per annum) and £50,000 for an unsecured convertible loan from Horrocks Guardian Limited, bearing interest at a fixed rate of 8% per annum and repaid on 19 September 2006. The carrying value of the Horrocks Guardian loan was included at £47,139 following revaluation under IAS 39.

* These two amounts of £225,000 were subsequently removed from liabilities in the Group's financial statements as at 31 December 2006 when post acquisition performance conditions precedent to their payment had not been met.

Notes to the consolidated financial statements

13. Trade and other payables

	Unaudited as at 30 June 07 £	Unaudited as at 30 June 06 £	As at 31 Dec 06 £
Trade payables due to related parties	14,939	12,269	8,760
Other trade payables	420,670	746,163	645,118
Other taxation & social security	145,969	128,328	125,684
Non-trade payables and accrued expenses	615,258	494,036	455,303
	1,196,836	**1,380,796**	**1,234,865**

14. (Loss)/earnings per share

The (loss)/earnings per share is based on the loss after tax of £1,104,517 *(30 June 2006: earnings of £128,595; 31 December 2006: loss of £314,912)* divided by the weighted average number of Ordinary shares in issue in each of the relevant periods; 30 June 2007: 13,743,276 shares *(30 June 2006: 12,969,563 shares; 31 December 2006: 12,388,742 shares)*.

The diluted (loss)/earnings per share is based on 13,750,938 shares for the period to June 2007. For 30 June 2007 and 31 December 2006, the diluted basic loss per share is stated as the same amount as basic as there is no dilutive effect from the current outstanding share options.

15. Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 30 June 2007, the comparative information presented for the year to 31 December 2006, and in the preparation of an opening IFRS balance sheet at 1 January 2006 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

Notes to the consolidated financial statements

15. Explanation of transition to Adopted IFRSs (continued)

(i) Reconciliation of equity from UK GAAP to adopted IFRSs at 1 January 2006

	UK GAAP	Adjustment	IFRS
	£	£	£
Assets			
Property, plant and equipment	1,155,712	-	1,155,712
Intangible assets	36,637	-	36,637
Total non-current assets	1,192,349	-	1,192,349
Current assets			
Inventories	-	-	-
Trade and other receivables	666,713	-	666,713
Prepayments for current assets	199,709	-	199,709
Cash and cash equivalents	831,864	-	831,864
Total current assets	1,698,286	-	1,698,286
Total assets	2,890,635	-	2,890,635
Equity			
Share capital	1,173,897	-	1,173,897
Share premium	3,390,411	-	3,390,411
Shares to be issued	-	-	-
Merger reserve	2,245,333	-	2,245,333
Retained losses	(5,130,032)	-	(5,130,032)
Total equity	1,679,609	-	1,679,609
Liabilities			
Loans and borrowings	-	-	-
Total non-current liabilities	-	-	-
Loans and borrowings	188,367	-	188,367
Trade and other payables	814,590	-	814,590
Deferred income	208,069	-	208,069
Total current liabilities	1,211,026	-	1,211,026
Total liabilities	1,211,026	-	1,211,026
Total equity and liabilities	2,890,635	-	2,890,635

There are no adjustments from UK GAAP to Adopted IFRSs at 1 January 2006.

Notes to the consolidated financial statements

15. Explanation of transition to Adopted IFRSs (continued)

(ii) Reconciliation of equity from UK GAAP to adopted IFRSs at 30 June 2006

	UK GAAP	Adjustment	IFRS
	£	£	£
Assets			
Property, plant and equipment	867,865	-	867,865
Intangible assets	2,234,752	-	2,234,752
Total non-current assets	3,102,617	-	3,102,617
Current assets			
Inventories	-	-	-
Trade and other receivables	1,267,694	-	1,267,694
Prepayments for current assets	193,399	-	193,399
Cash and cash equivalents	481,487	-	481,487
Total current assets	1,942,580	-	1,942,580
Total assets	5,045,197	-	5,045,197
Equity			
Share capital	1,334,831	-	1,334,831
Share premium	3,532,696	-	3,532,696
Shares to be issued	305,306	-	305,306
Merger reserve	2,245,333	-	2,245,333
Retained losses	(5,001,437)	-	(5,001,437)
Total equity	2,416,729	-	2,416,729
Liabilities			
Loans and borrowings	232,071	-	232,071
Total non-current liabilities	232,071	-	232,071
Loans and borrowings	603,851	-	603,851
Trade and other payables	1,380,796	-	1,380,796
Deferred income	411,750	-	411,750
Total current liabilities	2,396,397	-	2,396,397
Total liabilities	2,628,468	-	2,628,468
Total equity and liabilities	5,045,197	-	5,045,197

The goodwill amortisation under UK GAAP and the intangible asset amortisation under IFRS were not materially different at 30 June 2006 and therefore no adjustments from UK GAAP to Adopted IFRSs have been recognised.

Notes to the consolidated financial statements

15. Explanation of transition to Adopted IFRSs (continued)

(iii) Reconciliation of equity from UK GAAP to adopted IFRSs at 31 December 2006

	UK GAAP	Adjustment	IFRS
	£	£	£
Assets			
Property, plant and equipment	561,687	-	561,687
Intangible assets	1,658,216	(83,673)	1,574,543
Total non-current assets	2,219,903	(83,673)	2,136,230
Current assets			
Inventories	2,409	-	2,409
Trade and other receivables	1,009,127	-	1,009,127
Prepayments for current assets	220,307	-	220,307
Cash and cash equivalents	242,795	-	242,795
Total current assets	1,474,638	-	1,474,638
Total assets	3,694,541	(83,673)	3,610,868
Equity			
Share capital	1,334,056	-	1,334,056
Share premium	3,525,727	-	3,525,727
Shares to be issued	237,175	-	237,175
Merger reserve	2,245,333	-	2,245,333
Retained losses	(5,346,396)	(83,673)	(5,430,069)
Total equity	1,995,895	(83,673)	1,912,222
Liabilities			
Loans and borrowings	3,187	-	3,187
Total non-current liabilities	3,187	-	3,187
Loans and borrowings	15,695	-	15,695
Trade and other payables	1,234,865	-	1,234,865
Deferred income	444,899	-	444,899
Total current liabilities	1,695,459	-	1,695,459
Total liabilities	1,698,646	-	1,698,646
Total equity and liabilities	3,694,541	(83,673)	3,610,868

The adjustment arises following the reclassification of part of the goodwill arising on the Cube acquisition under UK GAAP into two new intangible assets of customer relationships and the acquired video library. The original goodwill amortisation charge is reversed (credit £37,327) and a recalculated amortisation charge of £121,000 is made on the new intangible assets (see note 8). The net adjustment is £83,673.

Notes to the consolidated financial statements

15. Explanation of transition to Adopted IFRSs (continued)

(iv) Reconciliation of loss for the year to 31 December 2006

	UK GAAP	Adjustment	IFRS
	£	£	£
Continuing operations			
Revenue	**4,472,225**	**-**	**4,472,225**
Cost of sales	(1,958,973)	-	(1,958,973)
Gross profit	**2,513,252**	**-**	**2,513,252**
Administrative expenses	(2,762,852)	(83,673)	(2,846,525)
Results from operating activities	**(249,600)**	**(83,673)**	**(333,273)**
Finance income	21,428	-	21,428
Finance expenses	(17,555)	-	(17,555)
Net finance income	**3,873**	**-**	**3,873**
(Loss)/profit before income tax	**(245,727)**	**(83,673)**	**(329,400)**
Income tax credit	14,488	-	14,488
(Loss)/profit for the period	**(231,239)**	**(83,673)**	**(314,912)**

The adjustment is explained in note 15 (iii) above.

(v) Reconciliation of cash flows for the year to 31 December 2006.

There are no adjustments to the cash flows previously reported under UK GAAP for the six months to 30 June 2006 or for the year to 31 December 2006 in the transition to Adopted IFRSs.