



29 September 2008

IMMEDIA GROUP PLC

INTERIM RESULTS

Immedia Group 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 2008.

Operational Highlights

- Reduced operating loss of £115,423 compared to 2007 loss of £1,109,326
- New contracts include Roadchef and we now provide HSBC Live! to over 1,000 branches in the UK
- Provision of new installation and maintenance services making good progress
- Tight control of costs
- Increased cash in bank to £645,143 as at 30 June 2008 (£489,951 as at 30 June 2007)
- Strong pipeline of new business

Financial Highlights

	Unaudited Half year to 30 June 2008	Unaudited Half year to 30 June 2007
Revenue	£ 1,608,872	£ 2,015,345
Operating loss	£ (115,423)	£ (1,109,326)
Underlying operating loss ¹	£ (115,423)	£ (142,104)
Impairment charge on intangible assets	£ -	£ (1,017,000)
Loss before tax	£ (101,535)	£ (1,104,517)
Basic and diluted loss per share (pence)	(0.71)p	(8.04)p
Cash and cash equivalents	£ 645,143	£ 489,951

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

Bruno Brookes, Chief Executive of Immedia, said:

“Immedia has made significant steps in 2008, the benefits of which will be seen in 2009. In particular, our Radiovision offer is attracting great interest as companies seek new ways to win customers in an ever more competitive market.

“Our strong pipeline of new business leaves us well placed to make further progress by the year end as we move towards profitability.”

Immedia Group Plc

Bruno Brookes – Chief Executive +44 (0) 1635 572 800

Hudson Sandler

Nick Lyon / Fran Read +44 (0) 20 7796 4133

Daniel Stewart & Company Plc

Simon Leathers / Simon Starr +44(0) 20 7776 6550

Chief Executive’s Review

I am pleased to present our results for the six months ended 30 June 2008 and to report on Immedia’s progress during the half-year.

Results

In the first six months of the year, Immedia has continued to focus on cost control and profitability. Revenue for the period was £1,608,872 (2007: £2,015,345) with the underlying operating loss reduced from £142,104 to £115,423. Despite operating in a challenging retail environment, we are pleased to have continued our move towards profitability.

The decline in revenues is largely due to the impact of the loss of contracts in 2007 and in part to the reduction in value of certain trials in 2008. However, we are already seeing the benefit of new contract wins which will replace the revenue lost from ceased contracts. In addition, we have ceased our loss making free radio service to independent retailers.

We are pleased with the development of the Immedia product and in particular that of Radiovision. In addition, our visual creation business, which was part of our Cube acquisition, is developing well and is already working with a number of companies on pre-contract development work.

Costs continue to be tightly managed and the Group remains cash generative with £645,143 cash in the bank at 30 June 2008 (30 June 2007: £489,951).

Subscription Stations

Our subscription radio stations continue to perform well, with new opportunities to help our clients with new product development.

We have also won some significant new business. On 2 June 2008 we were delighted to announce a two year contract with Roadchef to provide a brand new live radio station to all 29 Roadchef motoring service areas in the UK. This station was successfully launched in June 2008.

In July we announced a significant memorandum of understanding with a leading retail brand. The trials of our Radiovision product with this company have been very successful and we expect to announce the signing of a contract in due course.

We continue to work closely with HSBC following the roll out of the HSBC Live! subscription radio station, which is now broadcast to over 1,000 branches across the UK and other HSBC buildings, and we look forward to developing our relationship with them further. Our strong relationship with SPAR has seen the introduction of a subscription model to circa 1,400 stores across the UK, replacing the free to air service. This has resulted in a lower cost base as well as an increase in revenue.

We continue to broadcast GAME Live! to approximately 370 GAME stores across the UK, having moved on from pre-contract trials and installations in 2007 to a full subscription service in the first half.

Our installation and maintenance services continue to grow, with a number of new clients initially seeking ad hoc services. Over time we expect a number of these clients will look to sign longer term contracts.

IKEA Live! has been well received across all its 20 UK stores and we are looking forward to working with IKEA on the next phase of its IT programme as it moves its radio service from satellite to broadband.

Lloyds Pharmacy Live! operates across all 1,500 stores and, with our renewed contract, we are exploring further opportunities to assist with new product development.

We are currently trialling other radio stations and believe that our breadth of offer will continue to attract new clients.

Outlook

Immedia has made significant steps in 2008, the benefits of which will be seen in 2009. In particular, our Radiovision offer is attracting great interest as companies seek new ways to win customers in an ever more competitive market.

Our strong pipeline of new business leaves us well placed to make further progress by the year end as we move towards profitability.

Bruno Brookes
Chief Executive

Consolidated income statement

	Unaudited Half year to 30 June 08 £	Unaudited Half Year to 30 June 07 £	Year Ended 31 Dec 07 £
Revenue	1,608,872	2,015,345	3,904,815
Cost of sales	<u>(667,262)</u>	<u>(862,955)</u>	<u>(1,691,821)</u>
Gross profit	941,610	1,152,390	2,212,994
Administrative expenses before impairment charge on intangible assets	(1,057,033)	(1,244,716)	(2,533,678)
Impairment charge on intangible assets	-	(1,017,000)	(1,055,225)
Operating loss	(115,423)	(1,109,326)	(1,375,909)
Finance income	13,911	5,933	22,374
Finance expense	(23)	(1,124)	(1,875)
Loss before taxation	(101,535)	(1,104,517)	(1,355,410)
Income tax	-	-	72,750
Loss for the period attributable to equity shareholders	(101,535)	(1,104,517)	(1,282,660)
Continuing operations			
Loss per share – basic and diluted	(0.71)p	(8.04)p	(9.13)p

There was no income or expense for the current or comparative periods other than that reported in the consolidated income statement.

Consolidated Balance Sheet

	Unaudited as at 30 June 08	Unaudited as at 30 June 07	As at 31 Dec 07
	£	£	£
Assets			
Property, plant and equipment	154,253	367,709	208,837
Intangible assets	334,176	408,910	377,190
Total non-current assets	<u>488,429</u>	<u>776,619</u>	<u>586,027</u>
Current assets			
Inventories – work in progress	756	-	3,703
Trade and other receivables	670,416	628,792	675,975
Prepayments for current assets	178,251	163,892	151,550
Cash and cash equivalents	645,143	489,951	661,845
Total current assets	<u>1,494,566</u>	<u>1,282,635</u>	<u>1,493,073</u>
Total assets	<u>1,982,995</u>	<u>2,059,254</u>	<u>2,079,100</u>
Equity			
Share capital	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	(6,814,264)	(6,534,586)	(6,712,729)
Total equity	<u>473,294</u>	<u>752,972</u>	<u>574,829</u>
Liabilities			
Deferred tax liabilities	12,480	-	12,480
Total non-current liabilities	<u>12,480</u>	<u>-</u>	<u>12,480</u>
Loans and borrowings	-	9,196	-
Trade and other payables	1,408,243	1,196,836	1,416,926
Deferred income	88,978	100,250	74,865
Total current liabilities	<u>1,497,221</u>	<u>1,306,282</u>	<u>1,491,791</u>
Total liabilities	<u>1,509,701</u>	<u>1,306,282</u>	<u>1,504,271</u>
Total equity and liabilities	<u>1,982,995</u>	<u>2,059,254</u>	<u>2,079,100</u>

Consolidated statement of cash flows

	Unaudited Half Year to 30 June 08 £	Unaudited Half Year to 30 June 07 £	Year Ended 31 Dec 07 £
Cash flows from operating activities			
Loss for the period attributable to equity shareholders	(101,535)	(1,104,517)	(1,282,660)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	132,375	1,296,821	1,582,278
Financial income	(13,912)	(5,933)	(22,374)
Financial expense	23	1,124	1,875
Loss on sale of property, plant and equipment	-	19,138	19,138
Deferred tax credits	-	-	(72,750)
(Increase)/decrease in trade and other receivables	(21,142)	436,750	401,909
Decrease/(increase) in inventories	2,947	2,409	(1,294)
Increase/(decrease) in trade and other payables	5,430	(382,679)	(187,973)
Net cash from operating activities	4,186	263,113	438,149
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	-	1,753	1,753
Interest received	13,912	5,933	22,374
Acquisition of property, plant and equipment	(34,777)	(12,833)	(22,469)
Net cash from investing activities	(20,865)	(5,147)	1,658
Cash flows from financing activities			
Interest paid	(23)	(1,124)	(1,875)
Repayment of borrowings	-	(7,124)	(14,104)
Payment of finance lease liabilities	-	(2,562)	(4,778)
Net cash from financing activities	(23)	(10,810)	(20,757)
Net (decrease)/increase in cash and cash equivalents	(16,702)	247,156	419,050
Cash and cash equivalents at beginning of period	661,845	242,795	242,795
Cash and cash equivalents at end of period	645,143	489,951	661,845

Notes to the consolidated 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 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 2008 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 consolidated financial statements for the six months ended 30 June 2008 are unaudited. They have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

On the basis of current financial projections prepared up to the end of 2009, 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 26 September 2008.

3. Significant accounting policies

The accounting policies set out in detail in note 3 of the Group's consolidated financial statements to 31 December 2007 have been applied consistently to these unaudited financial statements to 30 June 2008, including:

(a) Revenue

Revenue represents the amount invoiced by the Group for the provision of media services and their related equipment in the normal course of business, excluding value added tax. Revenue from these services and equipment is recognised on the date of broadcast or delivery. Sponsorship and promotions revenue is recognised over the life of the contract.

(b) Taxation

Income tax expense comprises current and deferred tax.

Recognised deferred tax liabilities are attributable to intangible assets. The Group also has potential deferred tax assets arising in respect of temporary differences between capital allowances and depreciation; these have been added to accumulated trading losses. The deferred tax asset created by the Group's residual trading losses has not been recognised due to the uncertainty of the timing of its eventual crystallisation.

Notes to the consolidated financial statements

4. Property, plant and equipment

	Plant and equipment £	Fixtures and fittings £	Network equipment £	Total £
<i>Cost</i>				
At 1 January 2008	679,827	349,258	657,377	1,686,462
Additions	10,879	21,766	2,132	34,777
Disposals	-	-	-	-
At 30 June 2008	<u>690,706</u>	<u>371,024</u>	<u>659,509</u>	<u>1,721,239</u>
<i>Depreciation and impairment losses</i>				
At 1 January 2008	654,536	296,580	526,509	1,477,625
Charge for period	17,590	25,360	46,411	89,361
On disposals	-	-	-	-
At 30 June 2008	<u>672,126</u>	<u>321,940</u>	<u>572,920</u>	<u>1,566,986</u>
<i>Carrying amounts</i>				
Unaudited at 30 June 2008	18,580	49,084	86,589	154,253
At 31 December 2007	<u>25,291</u>	<u>52,678</u>	<u>130,868</u>	<u>208,837</u>
Unaudited at 30 June 2007	<u>48,555</u>	<u>64,883</u>	<u>254,271</u>	<u>367,709</u>

Notes to the consolidated financial statements

5. Intangible assets

	Customer relationships £	Video library £	Goodwill £	Total £
<i>Cost</i>				
At 1 January 2008	566,880	126,000	1,173,310	1,866,190
Additions	-	-	-	-
At 30 June 2008	<u>566,880</u>	<u>126,000</u>	<u>1,173,310</u>	<u>1,866,190</u>
<i>Amortisation and impairment losses</i>				
At 1 January 2008	493,375	21,625	974,000	1,489,000
Charge for period	36,750	6,264	-	43,014
At 30 June 2008	<u>530,125</u>	<u>27,889</u>	<u>974,000</u>	<u>1,532,014</u>
<i>Carrying amounts</i>				
Unaudited at 30 June 2008	<u>36,755</u>	<u>98,111</u>	<u>199,310</u>	<u>334,176</u>
At 31 December 2007	<u>73,505</u>	<u>104,375</u>	<u>199,310</u>	<u>377,190</u>
Unaudited at 30 June 2007	<u>116,700</u>	<u>92,900</u>	<u>199,310</u>	<u>408,910</u>

Notes to the consolidated financial statements

6. Trade and other receivables

	Unaudited as at 30 June 08 £	Unaudited as at 30 June 07 £	As at 31 Dec 07 £
Trade receivables	585,365	560,131	593,250
Other debtors	85,051	68,661	82,725
	<u>670,416</u>	<u>628,792</u>	<u>675,975</u>

As 30 June 2008 trade receivables are shown after a provision for impairment of £10,025 (*31 December 2007: £15,218; 30 June 2007: £91,753*) arising from disputed charges. *£84,500 of the June 2007 provision was released in 2007 following recovery of a disputed debt.* All debts are due within one year.

At 30 June 2008 the totals of trade receivables past due, net of provision for impairment, were as follows:

	Unaudited as at 30 June 08 £	Unaudited as at 30 June 07 £	As at 31 Dec 07 £
Up to 3 months past due	274,405	69,288	344,084
Over 3 months past due	73,157	249,925	58,847
	<u>347,562</u>	<u>319,213</u>	<u>402,931</u>

7. Cash and cash equivalents

	Unaudited as at 30 June 08 £	Unaudited as at 30 June 07 £	As at 31 Dec 07 £
Bank balances	1,175	8,218	1,143
Call deposits	643,968	481,733	660,702
Cash and cash equivalents	<u>645,143</u>	<u>489,951</u>	<u>661,845</u>

Notes to the consolidated financial statements

8. Capital and reserves

Reconciliation of movement in capital and reserves

Share capital

	Unaudited as at 30 June 08 £	Unaudited as at 30 June 07 £	As at 31 Dec 07 £
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
Movements in period			
At beginning of period	1,455,684	1,334,056	1,334,056
<i>(2007: 1,216,281 Ordinary shares of 10 pence each issued in period)</i>	-	121,628	121,628
At end of period	<u>1,455,684</u>	<u>1,455,684</u>	<u>1,455,684</u>

Share Premium and Reserves

Reserves as at 30 June 2008	Share premium account £	Shares to be issued £	Merger reserve £	Profit & loss account £
At 1 January 2008	3,586,541	-	2,245,333	(6,712,729)
Retained loss for the period	-	-	-	(101,535)
Unaudited at 30 June 2008	<u>3,586,541</u>	<u>-</u>	<u>2,245,333</u>	<u>(6,814,264)</u>
Reserves as at 31 December 2007				
At 1 January 2007	3,525,727	237,175	2,245,333	(5,430,069)
Retained loss for the year	-	-	-	(1,282,660)
1,216,281 Ordinary shares of 10 pence each issued in year	60,814	(237,175)	-	-
At 31 December 2007	<u>3,586,541</u>	<u>-</u>	<u>2,245,333</u>	<u>(6,712,729)</u>

Notes to the consolidated financial statements

9. Trade and other payables

	Unaudited as at 30 June 08 £	Unaudited as at 30 June 07 £	As at 31 Dec 07 £
Trade payables due to related parties	6,190	14,939	3,848
Other trade payables	581,958	420,670	737,937
Other taxation & social security	149,952	145,969	144,547
Non-trade payables and accrued expenses	670,141	615,258	530,594
	<u>1,408,241</u>	<u>1,196,836</u>	<u>1,416,926</u>

10. Loss per share

	Unaudited as at 30 June 08 Number	Unaudited as at 30 June 07 Number	As at 31 Dec 07 Number
Weighted average number of shares in issue	14,556,844	13,956,776	14,260,271
Less weighted average number of own shares	(213,500)	(213,500)	(213,500)
Weighted average number of shares in issue for basic loss per share	<u>14,343,344</u>	<u>13,743,276</u>	<u>14,046,771</u>

The loss per share is based on the loss after tax of £101,535 (30 June 2007: loss of £1,104,517; 31 December 2007: loss of £1,282,660) divided by the weighted average number of Ordinary shares in issue in each of the relevant periods: 30 June 2008: 14,343,344 shares (30 June 2007: 13,743,276 shares; 31 December 2007: 14,046,771 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. But 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.