Immedia Group Plc

Directors' report and consolidated financial statements

31 December 2009

Registered number 04947859

Contents

General Information

Directors

Geoff Howard-Spink *Chairman*

Bruno Brookes *Chief Executive*

Charles Barker-Benfield

Ross Penney

Peter Teague

Mark Horrocks

Company Secretary

Charles Barker-Benfield

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Registered number 4947859

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BS99 6ZZ

The Directors’ Report on pages 10 to 13 and the Director’s Remuneration Report on page 12 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the directors for these reports is owed solely to Immedia Group Plc.

The directors submit to the members the Directors' report and consolidated financial statements of the Group for the year ended 31 December 2009. Pages 5 to 14, including the Chairman’s Statement, Chief Executive's Review, Financial Review, Directors' Report and the Statement of Directors’ Responsibilities form part of the Report of the Directors.

Chairman's Statement

In my statement with the Report and Accounts for 2008 I advised shareholders that we were cautious about the year ahead in the light of the then current economic conditions. Shareholders will be well aware that the wider economy remained in recession for the period that we are now reporting on. In those circumstances I am pleased to tell you that the company met the challenge posed by the wider economic conditions and has maintained operating profit at the level achieved in 2008. Operating profit in 2009 was £59,789 compared with £57,116 on revenue of £3,771,135 slightly down on 2008 of £3,875,010.

Your company has also maintained a strong balance sheet with a year end positive cash balance of £816,712 (2008: £883,197).

Immedia's success is based on our ability to deliver profitable outcomes for our customers. This results in contract renewals and a deepening of the partnership that we aim to build with them. The core skill that our customers benefit from is the creative quality of the audio and visual content that we provide. We combine this with operations, installations and maintenance packages that are price competitive and offer excellent service levels.

Immedia have a research and development programme dedicated to creating new delivery platforms that will enable us to offer audio and visual content to a wider range of potential customers than at present. We anticipate bringing the first of these new delivery platforms to the market in 2010.

Finally I wish to assure our shareholders that the Board of Immedia is committed to restoring shareholder value in the medium term. Two years of positive earnings per share and our strong balance sheet provide a foundation upon which to build value. Although we are cautiously optimistic about the prospects for our own future the outlook for the broader UK economy, despite encouraging signs that the stimulus package that the government put in place has begun to have an effect, remains uncertain.

Geoff Howard-Spink
Chairman

15 April 2010

Chief Executive's Review

I am pleased to present our full year results for the financial year ended 31 December 2009.

Results & Financial Performance

The year was another challenging one for Immedia but we maintained our focus on cost control and profitability and delivered slightly improved operating profits. Revenues for the year were marginally lower at £3,771,135 (2008: £3,875,010). Operating profits were £59,789 (2008: £57,116). Lower interest income combined with a write back of deferred taxation left profits attributable to equity shareholders slightly lower at £75,238 (2008: £80,118).

During the year the Group continued its investment in improved technology and equipment for the delivery of its services, and ongoing investment in these areas will ensure Immedia's services continue to be market leading.

The Group has further strengthened its balance sheet over the period, rigorously controlling our costs and remaining operationally cash generative. We ended 2009 with £816,712 cash in the bank (2008: £883,197).

On the basis of current financial projections prepared up to the end of 2011, recent news of new contracts and 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.

Subscription Stations

Our subscription radio stations remain our core service and their development continues. Our Radiovision audio visual service has attracted further interest during 2009 and we expect to extend this service to additional clients.

Our audio and visual equipment installation and maintenance services business has expanded further during the year by providing additional services to existing contracted clients as well as new clients initially seeking ad hoc services. The opportunity to cross-sell our complementary radio and music services remains and we expect a number of these clients will look to sign longer term contracts.

Our relationship with HSBC remains strong and our HSBC Live! subscription radio station continues to broadcast to over 1,000 sites across the UK including the HSBC call centres and other corporate buildings.

In September we were delighted to announce a two year extension to our IKEA Live! contract. This live radio station is broadcast to all 21 of Ikea's UK locations, including the new store in Southampton, as well as to their Dublin store opened during 2009.

Lloyds Pharmacy Live! operates across all their 1,500 stores and we are now developing new services for our eighth year of service.

Our SPAR Live! subscription radio remains popular across their 1,400 UK stores with new stores added in 2009.

Chief Executive's Review *(continued)*

We continue to work closely with our other existing clients and, as an essential and ongoing part of developing new business, work with new clients to trial prospective new radio stations.

Current Trading and Outlook

We had anticipated that 2009 would be another challenging year for Immedia. We are pleased that the results reflect the balanced achievement of maintaining modest profitability whilst continuing to develop future income sources across new delivery platforms. In my review last year I noted that Immedia is not just a radio business and we have continued our work to broaden our offering. In 2010 we will launch a number of initiatives which will offer flexible delivery of content services in both audio and video. These will enable clients of any size to purchase the content they need in line with their requirements and budgets. In particular, these services will enable Immedia to target an even greater range of retail clients. We also continue to develop our screen business, providing more hardware, telecoms and visual content, and support this through the further growth of our installation and maintenance business.

While we remain cautious about the outlook for 2010, we believe that our services remain the best on the market and will continue to develop product offerings for new audiences, while developing new opportunities among our strong portfolio of existing clients.

Bruno Brookes
Chief Executive

15 April 2010

Directors

Geoff Howard-Spink, Chairman aged 65, Chairman of Remuneration Committee

Geoff was a founding partner of advertising agency Lowe Howard-Spink in 1981. He is also Chairman of New Star Investment Trust plc.

Trevor (known as "Bruno") Brookes, Chief Executive Officer aged 50

Bruno Brookes is the founder of Immedia. After a career as a radio and TV presenter, where he collected numerous awards for his work and spent 11 years with BBC Radio One, Bruno set up BBME which offered a number of related media services including design, broadcast training, artist management and broadcast production. In November 1999 Bruno founded Immedia and has been Chief Executive Officer since that date.

Charles Barker-Benfield, Finance Director aged 56

Charles qualified as a chartered accountant in 1981 and has spent over 25 years in financial management roles with entrepreneurial companies. In 2003 he established chartered accountants Morchard Bishop & Co and brings his broad commercial experience to the Immedia board.

Ross Penney, Business Affairs Director aged 46

Ross graduated from Cambridge University in 1986. He was Head of Licensing at collecting society Video Performance Limited, during which time he gained an MBA from Imperial College London and developed the Music Mall concept for the record industry. He then set up a consultancy, Kronos, in 1998 before joining Cube. His role at Immedia Group Plc covers all aspects of the legal and business affairs functions including contracts and music licensing.

Peter Teague, Non-Executive Director aged 55, Chairman of Audit Committee

Peter qualified as a chartered accountant in 1979 and spent his early career principally in venture capital and corporate finance. Between 1987 and 1996 Peter worked in a variety of roles within AT&T and from 1998 to 2001was Deputy CEO and Managing Director of the UK Region of BBC Worldwide, a commercial division of the BBC. Currently Peter is Chief Executive of New Technology CADCAM Limited, a non-executive Director of Elexon Limited and of Voice Commerce Group Limited, a Commissioner on the Board of The Gambling Commission and a non-executive member of the audit and spectrum clearance finance committees of Ofcom.

Mark Horrocks, Non-Executive Director aged 47

Mark joined the city in 1983 as a Financial Analyst to the Guardian Royal Exchange Group Plc and went onto manage the UK equity portfolios of the main Pension and Life funds representing assets of over £2bn until leaving in 1997 to pursue his own interests in the Small Company marketplace. He went on to join the Boards of several quoted small companies and gained much understanding of the needs of such companies as quoted businesses. In 1999 he jointly created and launched the Small Company Investment Trust Intrinsic Value Plc and is currently a Partner in Intrinsic Capital LLP.

Financial review

Group trading results

2009 has been a year of progress for Immedia during which the development of new content services has continued. In what is yet a small business, we have to maintain a necessary balance between sustaining internal development and collaborating with external resources, between improving and innovating services for customers whilst continuously challenging and reducing our costs.

Overall, the Group delivered another strong financial performance in the second half of 2009, emphasising sustained profitability under difficult conditions in the retail sector where most of our customers operate.

Internal performance targets remain robust: the summary in the Directors' report of key performance indicators used by management includes a note of the overall 5% underperformance of gross profit against budget; this should be measured against the underlying drive for improvement in the challenging environment experienced in 2009.

Consolidated balance sheet and cash flows

The internal funding by the main operating subsidiary of the 2006 acquisition of Cube, and the Group's subsequent adoption of International Financial Reporting Standards for its consolidated financial statements have created unevenness in carrying values of net assets in the consolidated, parent and main operating subsidiary company's respective balance sheets. In order to redress this, the parent company has forgiven its main operating subsidiary a total of £1.6 million of internal debt: this transaction is only relevant to those two companies and does not result in any change in the consolidated financial statements reported here. However, it results in a rebalancing of net assets between these two companies and reflects in their balance sheets an appropriate distribution of value. Restoration of shareholder value (to which the Chairman refers in his statement) remains a priority for the Immedia board.

During the year the Group continued its investment in improved technology for the delivery of its services, including new studio and IT equipment. There have been further enhancements to net current assets during 2009, whilst the policy on prompt payment of suppliers has been maintained.

The Group has continued to generate cash from its operating activities and loan repayments have been made as planned. The Group closed the year with cash balances of £816,712.

Charles Barker-Benfield
Finance Director

15 April 2010

Directors' report

The Directors present their report and the audited financial statements of Immedia Group Plc ("the Company", "Immedia") for the year to 31 December 2009.

Principal activities

The principal activity of the Company in the year under review was that of holding company; the principal activity of its trading subsidiary Immedia Broadcast Limited was that of marketing services. Other subsidiary companies in the group are dormant (see note 15).

Business Review

The following consolidated financial information is presented for the Company and its subsidiaries (together referred to as the "Group"). Revenue in 2009 was £3,771,135 *(2008: £3,875,010)*. The operating profit was £59,789 *(2008: £57,116)* and the profit before taxation was £59,942 *(2008: £82,934)*. The profit for the year attributable to equity shareholders was £75,238 *(2008: £80,118)*. The basic and diluted earnings per share were 0.54 pence *(2008: 0.56 pence)*. Further financial information is given in the Financial Review on page 9.

The Group's marketing services consist of bespoke radio and audio-visual programming, music and visual content together with the installation and maintenance of associated equipment to the retail industry. Clients are predominantly blue chip businesses who use the Group's marketing services to communicate their brand both to their customers and to their staff.

The markets targeted by the Group include those retailers who position themselves at the forefront of their peers in their use of advanced communications media. Immedia's positioning within these markets is at the high quality end delivering bespoke solutions. The Group's competitive advantage derives from excellence in communication through its use of skilled production teams and presenters and patented technologies.

Immedia is currently one of the smaller companies listed on the Alternative Investment Market. Immedia's continuing aim for the future is to grow the business and improve profitability. Winning new business is a key focus for the management team and opportunities for growth are reviewed regularly at Board meetings.

The process of winning new business often includes providing a trial broadcast period to a prospective client during which the format and content of the broadcast is confirmed. Independent market research provides feedback on the effectiveness of the trial.

The Group works closely with technology suppliers to ensure the quality and reliability of its radio and audio visual services. It develops new technologies through the use of its own resources and in collaboration with technology suppliers, and protects its designs by patents and trademarks.

Past performance has seen success in working closely with clients in delivering the highest standards of communication to both staff and customers. Different technologies are used to deliver radio and audio visual content to customers' estates.

The management team uses a number of key performance indicators, including:

- Performance against budget by gross profit for each business segment, where during 2009 production under performed by 1%, operations under performed by 14% and overall the business under performed by 5%;
- Performance against budget by overall gross profit percentage where the business achieved 54.3% in 2009 against its budget of 44.9%;
- Cash overheads compared with budget where in 2009 the business spent 1% less than budget;
- Cash conversion, where in 2009 the business converted 127% of its operating profit to cash.

For forward looking performance measurement the board monitors the level and speed of progress with prospects with which the Group is in discussion.

Principal risks and uncertainties

The risks the Group faces are similar to those faced by other small companies servicing larger business within the UK retail sector. (Specific risks associated with interest rates, liquidity, foreign currency and credit are discussed further in note 22). Primary risks remain within the economic cycle (e.g. the adverse effect of a downturn in consumer spending leading to reduced marketing expenditure amongst clients), and competition (from others in an already crowded media marketplace).

These risks continue to be balanced against the relative financial resilience of the Group's blue chip clients, the innovative and high quality services the Group provides to those clients, and the methods it uses to protect its position in the market.

The development and retention of staff are essential foundations of the Group's strategy to grow the business, and employees are kept informed through regular briefing meetings.

The Group's policy is to minimise the environmental impact of its activities and in line with best practice it recycles all computer equipment at the end of its useful life, ensuring data storage devices are securely erased.

Proposed dividend

The Directors do not recommend the payment of a dividend *(2008: £nil)*.

Policy on the payment of creditors

It is the Group's policy to make payments to key suppliers of goods and services in line with their stated terms and conditions, although no formal code or standard is followed in this respect. The average time taken by the Group to pay trade suppliers throughout 2009 was 43 days *(2008: 41 days)*. Immedia Group Plc is a holding company and therefore has no trade suppliers.

Political and charitable donations

The Group did not make any charitable or political donations during the year.

Material shareholdings

Shareholdings over 3.0% advised to the Company at the date of this report were as follows: Mr. M Horrocks and related family interests 21.7%, Mr. T Brookes 17.2%, Draganfly Investments Limited 7.6%, Mrs. A Clough 5.7%, Immedia Broadcasting Trustees Limited 3.9%, Mr. J Gayner 3.8%, Mr. R Penney 3.0%.

Market value of shares

The share price at 31 December 2009 was 9.5 pence and shares were traded between 4.0 pence and 11.25 pence during the year.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

On the basis of current financial projections prepared up to the end of 2011, 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.

Further details are set out in note 1 to the financial statements and in the liquidity risk disclosures in note 22.

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows:
G Howard-Spink
T Brookes
C Barker-Benfield
R Penney
P Teague
M Horrocks

The directors retiring by rotation are Geoff Howard-Spink and Charles Barker-Benfield who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

According to the register of Directors' interests, new options to subscribe for shares in the Company were granted to directors during the year as shown in note 26 below. No options to subscribe for shares in the Company were exercised by directors or their immediate families during the financial year.

Report of the Board of Directors on remuneration

During the year the Remuneration Committee comprised Geoff Howard-Spink (as Chairman), Peter Teague and Mark Horrocks. The terms of reference of the committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive and operational Directors, including any proposed allocations within the Immedia EMI Share Option Scheme and other benefits. The remuneration of the Non-Executive Directors is fixed by the Board as a whole. In framing its remuneration policy, the Remuneration Committee has given full consideration to the matters set out in the Combined Code.

Remuneration Policy
The Remuneration Committee has been actively involved in assessing proposed salary increases for Directors, approving annual bonus payments and implementing the share option scheme. The remuneration policy is determined by a number of factors including individual performance, the need to attract, motivate and retain Directors and remuneration levels in comparative companies.

Remuneration
The amounts of remuneration for each Director are shown below. These include basic salary, bonus, estimated money value of benefits in kind and pension contributions.

Director's name	**Salary and fees**	**Bonus**	**Taxable benefits**	**Total remuneration**	**2009 Pension total**	**2009 Total**	2008 Pension total	2008 Total
	£	**£**	**£**	**£**	**£**	**£**	£	£
G Howard-Spink	**35,000**	**-**	**-**	**35,000**	**-**	**35,000**	-	35,000
T Brookes	**165,000**	**-**	**11,632**	**176,632**	**-**	**176,632**	-	175,500
C Barker-Benfield	**90,000**	**-**	**-**	**90,000**	**-**	**90,000**	-	90,000
R Penney	**83,000**	**-**	**6,848**	**89,848**	**-**	**89,848**	-	96,533
P Teague	**17,500**	**-**	**-**	**17,500**	**-**	**17,500**	-	17,500
M Horrocks	**17,500**	**-**	**-**	**17,500**	**-**	**17,500**	-	3,388
	408,000	**-**	**18,480**	**426,480**	**-**	**426,480**	-	417,921

Taxable benefits relate to car allowances and private medical cover for the Directors and their immediate families.

Corporate Governance Report

The Group is not required to comply with the Combined Code and does not currently comply with all of its requirements. However the Board is committed to achieving high standards of Corporate Governance and the Group does voluntarily comply with some of the requirements of the Combined Code as described in this statement and the Report on Directors' Remuneration.

Board of Directors

During the year the Board was chaired by Geoff Howard-Spink, with Bruno Brookes as Chief Executive Officer, Charles Barker-Benfield as Finance Director, Ross Penney as Business Affairs Director, and Peter Teague and Mark Horrocks as Non-Executive Directors. Geoff Howard-Spink is recognised as the senior independent Non-Executive Director.

The Board meets monthly and has a schedule of matters reserved for its consideration, principally concerning business strategy, direction and financial performance and control.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are observed, and to the Group's professional advisers.

Board Committees

The Board has two principal standing committees: the Audit Committee and the Remuneration Committee, each with specific terms of reference.

Audit Committee

The Audit Committee comprises the three Non-Executive Directors and is chaired by Peter Teague. It meets a minimum of twice a year, has written terms of reference and its remit is to review the annual and interim accounts and the appropriateness of accounting policies, to review the internal controls and financial reporting, and to make recommendations on these matters to the Board. It also considers the appointment and fees of the external auditor, the resulting reports and discusses the action taken on problem areas identified by Board members or in external audit reports. The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

Remuneration Committee

The Remuneration Committee, which comprises the three Non-Executive Directors, is chaired by Geoff Howard-Spink and meets a minimum of twice a year. Its remit is to assess the performance of the Executive Directors and to consider and make recommendations to the Board on remuneration policy for Executive Directors and Senior Managers of the required calibre.

Risk identification

The Board is responsible for the identification and evaluation of key risks to the business. These risks are assessed continuously and include business interruption, disruption to computer and other business systems, competition and regulation. Further information on financial, foreign currency, credit and market risks is given in note 22 below.

Auditor

Grant Thornton UK LLP have indicated that they are willing to continue in office. A resolution to reappoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting.

By order of the Board

Charles Barker-Benfield
Secretary

The Old Brewery
The Broadway
Newbury
Berkshire
RG14 1AU

15 April 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's report to the members of Immedia Group Plc

We have audited the financial statements of Immedia Group Plc for the year ended 31 December 2009 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford 15 April 2010

Consolidated statement of comprehensive income

for the year ended 31 December 2009

	Note	**2009**	2008
		£	£
Revenue	*5*	**3,771,135**	3,875,010
Cost of sales		**(1,722,984)**	(1,608,926)
Gross profit		**2,048,151**	2,266,084
Administrative expenses		**(1,988,362)**	(2,208,968)
Results from operating activities		**59,789**	57,116
Finance income	*9*	**2,290**	25,925
Finance cost	*9*	**(2,137)**	(107)
Net finance income		**153**	25,818
Profit before income tax	*6*	**59,942**	82,934
Income tax income/(expense)	*10*	**15,296**	(2,816)
Profit and total comprehensive income for the year attributable to equity shareholders		**75,238**	80,118
Continuing and total operations			
Earnings per share – basic	*11*	**0.54 p**	0.56 p
Earnings per share – diluted	*11*	**0.54 p**	0.56 p

Consolidated balance sheet

At 31 December 2009

	Note	2009 £	2008 £
Assets			
Property, plant and equipment	12	**221,254**	196,479
Intangible assets	13	**278,485**	291,085
Total non-current assets		**499,739**	487,564
Current assets			
Inventories	14	**79,678**	96,142
Trade and other receivables	16	**613,644**	617,003
Prepayments		**119,541**	131,282
Cash and cash equivalents	17	**816,712**	883,197
Total current assets		**1,629,575**	1,727,624
Total assets		**2,129,314**	2,215,188
Equity			
Share capital	18	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Merger reserve		**2,245,333**	2,245,333
Retained losses		**(6,582,086)**	(6,666,324)
Total equity		**705,472**	621,234
Liabilities			
Loans and borrowings	19	**22,000**	44,000
Deferred tax liabilities	20	**-**	15,296
Total non-current liabilities		**22,000**	59,296
Loans and borrowings	19	**22,000**	22,000
Trade and other payables	21	**1,312,252**	1,434,798
Deferred income		**67,590**	77,860
Total current liabilities		**1,401,842**	1,534,658
Total liabilities		**1,423,842**	1,593,954
Total equity and liabilities		**2,129,314**	2,215,188

Total net current assets	**227,733**	192,966
Total net non-current assets	**477,739**	428,268
Net assets	**705,472**	621,234

These financial statements were approved by the board of Directors on 15 April 2010 and were signed on its behalf by:

T Brookes
Director

Company balance sheet

At 31 December 2009

	Note	**2009** **£**	2008 £
Assets			
Investments in subsidiaries	15	**761,700**	761,700
Total non-current assets		**761,700**	761,700
Current assets			
Trade and other receivables	16	**69,288**	1,786,354
Prepayments for current assets		**1,231**	11,188
Total current assets		**70,519**	1,797,542
Total assets		**832,219**	2,559,242
Equity			
Share capital	18	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Retained losses		**(4,217,622)**	(2,491,014)
Total equity		**824,603**	2,551,211
Trade and other payables	21	**7,616**	8,031
Total current liabilities		**7,616**	8,031
Total equity and liabilities		**832,219**	2,559,242

Total net current assets	**62,903**	1,789,511
Total net non-current assets	**761,700**	761,700
Net assets	**824,603**	2,551,211

These financial statements were approved by the board of Directors on 15 April 2010 and were signed on its behalf by:

T Brookes
Director

Consolidated and company statements of changes in equity

Group

Attributable to equity shareholders of the Company

Total equity as at 31 December 2009	Share capital £	Share premium account £	Merger reserve £	Profit & loss account £	Total equity £
Balance at 1 January 2009	1,455,684	3,586,541	2,245,333	(6,666,324)	621,234
Equity settled share based payments	-	-	-	9,000	9,000
Transactions with owners	1,455,684	3,586,541	2,245,333	(6,657,324)	630,234
Profit and total comprehensive income for the year	-	-	-	75,238	75,238
Balance at 31 December 2009	**1,455,684**	**3,586,541**	**2,245,333**	**(6,582,086)**	**705,472**

Total equity as at 31 December 2008	Share capital £	Share premium account £	Merger reserve £	Profit & loss account £	Total equity £
Balance at 1 January 2008	1,455,684	3,586,541	2,245,333	(6,712,729)	574,829
Purchase of own shares by employee benefit trust	-	-	-	(33,713)	(33,713)
Transactions with owners	1,455,682	3,586,541	2,245,333	(6,746,442)	541,116
Profit and total comprehensive income for the year	-	-	-	80,118	80,118
Balance at 31 December 2008	**1,455,684**	**3,586,541**	**2,245,333**	**(6,666,324)**	**621,234**

Company

Attributable to equity shareholders of the Company

Total equity as at 31 December 2009	Share capital £	Share premium account £	Profit & loss account £	Total equity £
Balance at 1 January 2009	1,455,684	3,586,541	(2,491,014)	2,551,211
Loss and total comprehensive expense for the year	-	-	(1,726,608)	(1,726,608)
Balance at 31 December 2009	**1,455,684**	**3,586,541**	**(4,217,622)**	824,603

Total equity as at 31 December 2008	Share capital £	Share premium account £	Profit & loss account £	Total equity £
Balance at 1 January 2008	1,455,684	3,586,541	(2,398,375)	2,643,850
Loss and total comprehensive expense for the year	-	-	(92,639)	(92,639)
Balance at 31 December 2008	**1,455,684**	**3,586,541**	**(2,491,014)**	**2,551,211**

Consolidated and company statements of cash flows

for the year ended 31 December 2009

	Note	Group consolidated		Company	
		2009	2008	**2009**	2008
		£	£	**£**	£
Cash flows from operating activities					
Profit/(loss) for the year before income tax		**59,942**	82,934	**(1,726,608)**	(92,639)
Adjustments for:					
Depreciation and amortisation charges		**108,244**	247,827	**-**	-
Financial income		**(2,290)**	(25,925)	**(658)**	(2,275)
Financial expense		**2,137**	107	**-**	-
Loss on sale of property, plant and equipment		**242**	2,871	**-**	-
Decrease in trade and other receivables		**15,100**	79,240	**1,727,023**	85,719
Decrease/(increase) in inventories		**16,464**	(92,439)	**-**	-
(Decrease)/increase in trade and other payables		**(123,816)**	20,867	**(415)**	6,920
Net cash from operating activities		**76,023**	315,482	**(658)**	(2,275)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**139**	423	**-**	-
Interest received		**2,290**	25,925	**658**	2,275
Acquisition of property, plant and equipment	12	**(120,800)**	(152,658)	**-**	-
Net cash from investing activities		**(118,371)**	(126,310)	**658**	2,275
Cash flows from financing activities					
Interest paid		**(2,137)**	(107)	**-**	-
Repayment of borrowings		**(22,000)**	-	**-**	-
Proceeds from long term borrowings		**-**	66,000	**-**	-
Purchase of own shares for EBT		**-**	(33,713)	**-**	-
Net cash from financing activities		**(24,137)**	32,180	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(66,485)**	**221,352**	**-**	-
Cash and cash equivalents at 1 January		**883,197**	**661,845**	**-**	-
Cash and cash equivalents at 31 December	17	**816,712**	883,197	**-**	-

Notes to the consolidated and company financial statements

(forming part of the 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 parent company financial statements present information about the Company as a separate entity and not about its group. The consolidated financial statements of the Company as at and for the year ended 31 December 2009 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 together with the installation and maintenance of associated equipment.

2 Basis of preparation

Both the parent company financial statements and the consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year to 31 December 2008 except for the adoption of IAS 1 Presentation of Financial Statements (Revised 2007) and IFRS 8 Operating Segments.

The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. In accordance with the new standard the entity does not present a 'Statement of recognised income and expenses (SORIE)', as was presented in the 2008 consolidated financial statements. Further, a 'Statement of changes in equity' is presented as a primary statement.

IAS 1 (Revised 2007) also requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2007 balance sheet is the same as that previously published.

The adoption of IFRS 8 has changed the segments that are disclosed in the financial statements. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the group's risks and returns. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the chief operating decision maker, which distinguishes between **production** (provision of radio services and of audio visual content) and **operations** (installation of equipment and provision of equipment maintenance services). Disclosure is given in note 5.

As highlighted in note 22 below, the group meets its day to day working capital requirements through the combined use of its cash balances, a covenant-free unsecured bank loan, and receivables and payables balances. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its working capital.

Notes *(continued)*

2 Basis of preparation *(continued)*

Historically there have also been available overdraft facilities which the group chose in 2008 not to renew; however, the group holds regular discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal, when sought, would be forthcoming on any other than acceptable terms. Therefore the group will open renewal negotiations with the bank if and when required and has at this stage not sought any written commitment that previously available facilities will be renewed.

On the basis of current financial projections prepared up to the end of 2011, recent news of new contracts and 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 15 April 2010.

(a) Statement of compliance
The AIM Rules require that the consolidated financial statements of the Company be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated above, been applied consistently to all periods presented in these consolidated financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2(c).

(b) Measurement convention
The consolidated financial statements have been prepared on the historical cost basis except as noted in note 3 (a) below.

(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 judgements and 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 4 determination of fair values;
- Note 13 intangible assets (goodwill impairment tests);
- Note 16 trade and other receivables (review and provisions against doubtful debts);
- Note 24 contingent liabilities.

Additionally, management makes judgements about the outcome of disputes which arise during the normal course of business and for which estimates are made of amounts which may be required to settle the dispute.

Notes *(continued)*

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) Acquisitions

Acquisitions are accounted for using the purchase method. The cost of an acquisition is measured at fair value at the date of exchange of the consideration plus costs directly attributable to the acquisition. Identifiable assets and liabilities of the acquired business that meet the conditions for recognition under IFRS 3 ('Business Combinations') are recognised at their fair value at the date of acquisition. To the extent that the cost of an acquisition exceeds the fair value of the net assets acquired the difference is recorded as goodwill. Where the fair value of the net assets acquired exceeds the cost of an acquisition the difference is recorded in the income statement.

(iii) 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.

(iv) 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 Group 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 UK GAAP.

(b) Property plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income and expenditure as incurred.

Notes *(continued)*

3 Significant Accounting Policies *(continued)*

(b) Property plant and equipment *(continued)*

(iii) Depreciation

Depreciation is recognised as an expense in income and expenditure 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, office and IT equipment	-	3 to 5 years
Network equipment	-	5 years, or contract term if shorter

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

(c) Intangible assets and goodwill

(i) Goodwill
Goodwill arises on the acquisition of subsidiaries and is stated at cost less any accumulated impairment losses. Goodwill, which under IFRSs is not amortised, is tested annually for impairment.

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.

(ii) Amortisation
Amortisation is recognised as an administrative expense in income and expenditure 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) Research and development expenditure

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.
Costs that are directly attributable to the development phase of new customised technologies are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;

Notes *(continued)*

3 Significant accounting policies *(continued)*

(d) Research and development expenditure *(continued)*

- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

(e) Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment. Investments in subsidiaries are reviewed for impairment on an annual basis or when events or other changes in circumstances indicate that the investment carrying value may be impaired.

(f) Leased assets

Leases where 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 in the Group's balance sheet.

(g) 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(h) 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.

(i) Trade receivables

Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the income statement.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(k) Trade payables

Trade payables are not interest bearing and are recorded initially at fair value net of transaction costs and thereafter at amortised cost.

(l) Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rate ruling at the dates the fair value was determined. Non - monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(m) Impairment

Non financial assets
Assets that have indefinite lives (goodwill) are tested for impairment annually. Assets that are subject to amortisation or depreciation (customer relationships, video library) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The test for impairment under IAS 36 compares the carrying value of an intangible asset against its economic value (recoverable amount to the business), where economic value is defined as the higher of the asset’s fair value less costs to sell or its value in use. (These measures are based on the net present value of future cash flows). If the carrying value exceeds the economic value, an impairment exists.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit in which the asset is used 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 the income statement. 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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(n) 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 these 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.

(o) Finance income and cost

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

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

(p) Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Share capital

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

(r) 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 share options granted to employees.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due (see note 26).

(ii) Share-based compensation

The Group operates an equity settled compensation scheme which grants options to qualifying employees. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest unless this adjustment is due to the share price not achieving the set thresholds for vesting.

(iii) Employee benefit trust

The Group operates an employee benefit trust (EBT) for the benefit of its employees through Immedia Broadcasting Trustees Limited which acts as Trustee. Transactions of the EBT are treated as being those of the Group and are therefore reflected in the consolidated financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity (see statements of changes in equity on page 19).

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related services (a business segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on internal management reporting information.

The activities undertaken by the production segment include the provision of radio services and of audio and audio visual content. The operations segment includes the installation of equipment and provision of equipment maintenance services. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements except that corporate assets and central overheads are not allocated to a segment as they are not directly attributable to the activities of either operating segment.

The Chief Operating Decision Maker, which is deemed to be the executive Board, reviews management information which is the same as is reported and prepared under IFRS.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(u) Adopted IFRSs not yet applied
The following interpretations are in issue, but not yet effective. The Group does not believe that any will have a material impact on the Group's financial positions, results of operations or cash flows.

- IFRS 3 (Business Combinations (Revised 2008)) is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009. The new standard introduces changes to the accounting requirements for business combinations, but still requires the use of the purchase method.

- IAS 27 (Consolidated and Separate Financial Statements) has been revised to extend the application of IAS 39 (Financial Instruments: Recognition and Measurement) to investments in subsidiaries which are classified as held for sale in the parent's separate financial statements. The revised standard has to be applied to accounting periods beginning on or after 1 July 2009.

- IFRIC 17 (Distribution of Non-cash Assets to Owners (effective 1 July 2009)). This Interpretation provides guidance on the treatment of distributions of assets other than cash to its shareholders as dividends.

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1 January 2010)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010).

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 the particular asset or liability.

For intangible assets, the fair value for initial recognition and impairment review is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets (see note 13 below).

.

Notes *(continued)*

5 Segment reporting

Segment information is presented in respect of the Group's business segments and is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment. Unallocated items comprise administrative expenses, finance income and expense and income tax income or expense.

	Production 2009 £	**Operations 2009 £**	**Total 2009 £**	Production 2008 £	Operations 2008 £	Total 2008 £
Revenue	**2,480,016**	**1,291,119**	**3,771,135**	2,988,517	886,493	3,875,010
Cost of sales	**(993,128)**	**(729,856)**	**(1,722,984)**	(1,270,870)	(338,056)	(1,608,926)
Gross profit	**1,486,888**	**561,263**	**2,048,151**	1,717,647	548,437	2,266,084
Administrative expenses			**(1,988,362)**			(2,208,968)
Results from operating activities			**59,789**			57,116
Finance income			**2,290**			25,925
Finance cost			**(2,137)**			(107)
Net finance income			**153**			25,818
Profit before income tax			**59,942**			82,934
Income tax income/(expense)			**15,296**			(2,816)
Profit and total comprehensive income for the year attributable to equity shareholders			**75,238**			80,118

There were five customers where revenue was greater than 10% of the total *(2008: five)*. Revenue from these customers is derived from both the production and operations segments.

Geographical analysis

	UK 2009 £	**EEA 2009 £**	**Total 2009 £**	UK 2008 £	EEA 2008 £	Total 2008 £
Revenue	**3,759,115**	**12,020**	**3,771,135**	3,874,529	481	3,875,010

Notes *(continued)*

6 Profit before income tax

	2009	2008
	£	£
Included in profit/loss are the following:		
Auditor's remuneration		
Group - audit of these financial statements	**22,000**	25,000
- fees paid to the auditor and their associates in respect of other services	**3,850**	700
Included in Group audit total: Company - audit	**2,500**	6,250
Depreciation and amounts written off tangible and intangible fixed assets		
- Owned	**108,244**	247,827
Loss on disposal of tangible fixed assets	**242**	2,871
Hire of other assets – operating leases	**129,800**	106,870

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

7 **Remuneration of Directors**

	2009	2008
	£	£
Directors' emoluments (including employer's national insurance of £41,587 in 2009 and £39,897 in 2008)	**468,067**	457,818
Contributions to defined contribution plans	-	-
	468,067	457,818

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £176,632 *(2008: £175,500)*.

	2009 Number of Directors	2008 Number of Directors
The number of Directors who exercised share options was	-	-
Retirement benefits are accruing to the following numbers of Directors under money purchase pension schemes	**1**	1

Notes *(continued)*

8 Staff numbers and costs

The full time equivalent average number of persons employed (including Directors) during the year, analysed by category, was as follows:

	Group		Company	
	Number of employees		Number of employees	
	2009	2008	**2009**	2008
Administration	**13**	13	**2**	2
Production and distribution	**10**	13	**-**	-
	23	26	**2**	2

The aggregate payroll costs of these persons were as follows:

	2009	2008	**2009**	2008
	£	£	**£**	£
Wages and salaries	**1,075,526**	1,185,636	**356,500**	349,286
Compulsory social security contributions	**110,621**	125,910	**41,637**	40,780
Contributions to defined contribution plans	**-**	-	**-**	-
	1,186,147	1,311,546	**398,137**	390,066

The Group made no pension contributions in the year *(2008: £nil).*

Key management of the Group are considered to be only the Board of Directors. The remuneration of key management is therefore as set out above in note 7.

9 Finance income and cost

	2009	2008
	£	£
Interest income on bank deposits	**2,290**	25,925

	2009	2008
	£	£
Interest expense on bank loans and overdrafts	**2,137**	84
Other interest expense charges	**-**	23
Finance cost	**2,137**	107
Net finance income	**153**	25,818

Notes *(continued)*

10 Income tax (credit)/charge in the income statement

	2009	2008
	£	£
Current tax		
Current period	**-**	-
Deferred tax (credit)/charge		
Adjustment in respect of prior periods	**-**	17,167
Reversal of temporary differences	**(15,296)**	(14,351)
Total tax (credit)/charge in consolidated income statement	**(15,296)**	2,816

Reconciliation of effective tax rate

The current tax charge for the period is based on an effective rate of 28% *(2008: 21%)* and is lower *(2008: lower)* than the standard rate of corporation tax in the UK for small companies (28%, *2008: 21%*). The differences are explained below:

	2009	2008
	£	£
Profit before tax	**59,942**	82,934
Current tax at 28% *(2008: 21%)*	**16,784**	17,416
Effects of:		
Expenses not deductible for tax purposes	**12,642**	6,400
Capital allowances in excess of depreciation	**(64,592)**	-
Amortisation of intangibles	**-**	18,082
Unrelieved tax losses/(utilisation of tax losses)	**34,407**	(39,082)
Other short term timing differences	**759**	-
Deferred tax credit	**(15,296)**	-
Total tax (credit)/charge	**(15,296)**	2,816

11 Earnings per share

	2009 Number	2008 Number
Weighted average number of shares in issue	**14,556,844**	14,556,844
Less weighted average number of own shares	**(564,854)**	(367,097)
Weighted average number of shares in issue for basic earnings per share	**13,991,990**	14,189,747

The basic and diluted earnings per share are calculated using the after tax profit attributable to equity shareholders for the financial period of £75,238 *(2008: £80,118)*. The weighted number of shares used for the diluted earnings per share is calculated after reflecting the outstanding share options throughout the year, but no such share options had a dilutive effect *(2008: none)*.

Notes *(continued)*

12 Property, plant and equipment

	Plant and equipment	Fixtures & fittings	Network equipment	Total
	£	£	£	£
Group				
Cost				
At 1 January 2009	**695,484**	**396,938**	**659,509**	**1,751,931**
Additions	**40,864**	**78,900**	**1,036**	**120,800**
Disposals	**(161)**	**(10,213)**	**-**	**(10,374)**
At 31 December 2009	**736,187**	**465,625**	**660,545**	**1,862,357**
Depreciation and impairment losses				
At 1 January 2009	**679,125**	**256,406**	**619,921**	**1,555,452**
Charge for year	**10,678**	**51,707**	**33,259**	**95,644**
On disposals	**(161)**	**(9,832)**	**-**	**(9,993)**
At 31 December 2009	**689,642**	**298,281**	**653,180**	**1,641,103**
Carrying amounts				
At 31 December 2009	**46,545**	**167,344**	**7,365**	**221,254**
Cost				
At 1 January 2008	679,827	349,258	657,377	1,686,462
Additions	15,657	134,869	2,132	152,658
Disposals & retirements	-	(87,189)	-	(87,189)
At 31 December 2008	695,484	396,938	659,509	1,751,931
Depreciation and impairment losses				
At 1 January 2008	654,536	296,580	526,509	1,477,625
Charge for year	24,589	43,721	93,412	161,722
On disposals & retirements	-	(83,895)	-	(83,895)
At 31 December 2008	679,125	256,406	619,921	1,555,452
Carrying amounts				
At 31 December 2008	16,359	140,532	39,588	196,479

Disposals and retirements
In 2008 fixtures, fittings and office equipment were disposed of following the relocation of the company's main offices in Newbury.

Finance leases
There were no outstanding finance leases in respect of property, plant and equipment at 31 December 2009 *(2008: £nil).*

Notes *(continued)*

13 Intangible assets

	Customer relationships £	Video library £	Goodwill £	Total £
Group				
Cost				
At 1 January and 31 December 2009	**566,880**	**126,000**	**1,173,310**	**1,866,190**
Amortisation and impairment losses				
At 1 January 2009	**566,880**	**34,225**	**974,000**	**1,575,105**
Charge for year	**-**	**12,600**	**-**	**12,600**
At 31 December 2009	**566,880**	**46,825**	**974,000**	**1,587,705**
Carrying amounts				
At 31 December 2009	**-**	**79,175**	**199,310**	**278,485**
Cost				
At 1 January and 31 December 2008	566,880	126,000	1,173,310	1,866,190
Amortisation and impairment losses				
At 1 January 2008	493,375	21,625	974,000	1,489,000
Charge for year	73,505	12,600	-	86,105
At 31 December 2008	566,880	34,225	974,000	1,575,105
Carrying amounts				
At 31 December 2008	-	91,775	199,310	291,085

Impairment review and movements in intangible assets and goodwill

The annual impairment review of goodwill in the Production segment is undertaken by reference to its 'value in use'; the Production segment (to which all goodwill has been allocated) forms its own cash generating unit (CGU) within the Group and the net present value test is performed on that CGU (see note 3 (m) above).

The recoverable amounts of the Production segment CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the forecasting period. Management has estimated the discount rate using the weighted average cost of capital of the business; changes in selling prices and direct costs are based on past experience and expectations of future change in the market.

The following assumptions have been used for the value in use calculations: management's forecast of 5% growth to extrapolate future cash flows and a post tax discount rate of 17% *(2008: 17%)* applied to its cash flow projections (which equates to a pre tax rate of approximately 24% *(2008: 22%)*. The growth rate used reflects management's expectation for growth in the Production segment CGU over the medium term in preference to using the long-term average growth rate for the UK economy of 2.25%.

Notes *(continued)*

14 Inventories

	Group		**Company**	
	2009	2008	**2009**	2008
	£	£	**£**	£
Work in progress	**26,060**	29,122	**-**	-
Finished goods	**53,618**	67,020	**-**	-
	79,678	96,142	**-**	-

The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £428,478 *(2008: £528,325).* Impairment charges for obsolete and slow moving inventories totalled £4,137 *(2008: £1,958)* and the carrying value of inventories subjected to impairment charges and included in the above totals was £3,169 *(2008: £264).*

15 Investments in subsidiaries

Subsidiary undertakings - Company

	2009	2008
	£	£
Cost and net book value		
At beginning and end of year	**761,700**	761,700

The following companies are wholly owned subsidiaries whose ultimate parent company is Immedia Group Plc.

Name	Registered No.	Country of incorporation	Shareholding	Activity
Immedia Broadcast Limited	03873102	England & Wales	100%	Marketing services
Immedia Broadcasting Trustees Limited	04552356	England & Wales	100%	Trustee to EBT
The Cube Group of Companies Limited	03845864	England & Wales	100%	Dormant
Cube Music Limited	03822694	England & Wales	100%	Dormant
Immedia Broadcasting Limited	06336935	England & Wales	100%	Dormant
You TV Limited	06546384	England & Wales	100%	Dormant
Immedia TV Limited	06546391	England & Wales	100%	Dormant

At 31 December 2009 and 31 December 2008 the Company held 100% of the ordinary share capital of Immedia Broadcast Limited, The Cube Group of Companies Limited, Immedia Broadcasting Limited, You TV Limited and Immedia TV Limited.

At 31 December 2009 and 31 December 2008, Immedia Broadcast Limited held 100% of the ordinary share capital of Immedia Broadcasting Trustees Limited (a trust holding company).

At 31 December 2009 and 31 December 2008, The Cube Group of Companies Limited held 100% of the ordinary share capital of Cube Music Limited.

Notes *(continued)*

16 Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Trade receivables due from related parties (note 25)	**230**	-	**-**	-
Trade receivables	**578,411**	554,607	**-**	-
Amounts owed by subsidiary undertakings (note 25)	**-**	-	**69,288**	1,786,354
Other debtors	**35,003**	62,396	**-**	-
	613,644	617,003	**69,288**	1,786,354

At 31 December 2009 trade receivables are shown after a provision for impairment of £26,716 *(31 December 2008: £28,064)* arising from slow moving debts and disputed charges. During 2009 £1,348 of the 2008 provision for impairment was utilised. Amounts owed by subsidiary undertakings are shown in 2009 after reduction for debt forgiven by the Company (see note 25 below). All debts are due within one year.

At 31 December the total of trade receivables past due, net of provision for impairment, was as follows:

	Group	
	2009	2008
	£	£
Up to 3 months past due	**219,207**	239,930
Over 3 months past due	**-**	55,177
	219,207	295,107

17 Cash and cash equivalents

	Group		Company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Bank balances	**13,434**	11,359	**-**	-
Call deposits	**803,278**	871,838	**-**	-
Cash and cash equivalents	**816,712**	883,197	**-**	-

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

Notes *(continued)*

18 Share capital

The Group's objective when managing its capital structure is to minimise the cost of capital while maintaining adequate capital to protect against volatility in earnings and net asset values. The strategy is designed to maximise shareholder return over the long term.

Reconciliation of movement in capital

Share capital	**2009**	2008
	£	£
Authorised		
36,000,000 Ordinary shares of 10 pence each	**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

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

19 Loans and borrowings

	Group		**Company**	
	2009	2008	**2009**	2008
	£	£	**£**	£
Non-current liabilities				
Unsecured bank loans	**22,000**	44,000	**-**	-
Current liabilities				
Current portion of unsecured bank loans	**22,000**	22,000	**-**	-

The covenant-free unsecured bank loan, initiated on 24 December 2008, was provided by Lombard North Central Plc for a total of £66,000 and bears interest at 4.0% above the National Westminster Bank Plc base rate; it is repayable in fixed value instalments over the term of 3 years (see note 22). Any reduction in the overall interest cost over the term will be adjusted for in the final instalment; any increase in the overall interest cost over the term will require additional instalment(s).

Notes *(continued)*

20 Deferred tax liabilities – Group

Recognised deferred tax liabilities are attributable to the following:

	2009	2008
	£	£
Intangible assets	-	15,296

The movements in deferred tax during the year were as follows:

	2009	2008
	£	£
At beginning of year	**15,296**	12,480
Adjustment in respect of prior periods (note 10)	-	17,167
Reversal of temporary differences (note 10)	**(15,296)**	(14,351)
At end of year	-	15,296

The deferred tax asset arising in respect of temporary differences between capital allowances and depreciation of £219,000 *(2008: asset of £284,000)* has been added to *(2008: added to)* accumulated trading losses. The residual trading losses create a potential deferred tax asset of £1,250,000 *(2008: £1,275,000)* which has not been recognised due to the uncertainty of the recovery of the asset.

21 Trade and other payables

	Group		**Company**	
	2009	2008	**2009**	2008
	£	£	**£**	£
Current				
Trade payables due to related parties (note 25)	**4,252**	4,266	**-**	-
Other trade payables (i)	**494,969**	615,626	**-**	-
Other taxation and social security	**126,795**	151,858	**-**	-
Non-trade payables and accrued expenses (ii)	**686,236**	663,048	**7,616**	8,031
	1,312,252	1,434,798	**7,616**	8,031

All trade payables are due within 30 days of the year end.

(i) In 2009 included within Other trade payables were foreign currency amounts of €132 *(2008: €18,000)*.

(ii) In 2009 and 2008 included within Non-trade payables and accrued expenses are uninvoiced charges for servicing, maintenance and licensing costs for the Group’s radio networks, plus accruals for legal and professional fees.

Notes *(continued)*

22 Financial instruments

There are no differences between the disclosures given here for the Group and those required for its parent company.

Treasury

The Group's financial instruments through which it meets its day to day working capital requirements comprise cash and liquid resources, unsecured bank borrowings, and receivables and payables. The principal risk on these financial instruments is market risk, which the Board has reviewed and manages through its policies summarised below. The Group maintains a policy of not trading in financial instruments. This policy has remained unchanged since the beginning of the year.

Interest rate risk

The Group finances part of its operations through an unsecured bank loan where it has borrowed at floating rates of interest. At 31 December 2009 and 2008 the unsecured bank loan was charged interest at 4.0% above the National Westminster Bank Plc base rate. The National Westminster Bank base rate was 0.5% at 31 December 2009 *(2008: 2.0%)*. The exposure to interest rates for the Group's borrowings is considered immaterial: an increase in interest rates of 100 basis points if applied throughout 2010 would reduce profits by £330 based on average loan balances.

Borrowing facilities

The Group had borrowings of £44,000 at 31 December 2009 *(2008: £66,000)*. These borrowings comprised one covenant-free unsecured bank loan with a repayment term of three years maturing in December 2011. There were no further committed borrowing facilities at 31 December 2009 *(2008: none).*

Liquidity risk

Short-term flexibility is normally achieved by the use of cash balances, primarily held on short term deposit. All financial liabilities are payable within one year except for the unsecured bank loan which is repayable over three years. Further details of this loan are given in note 19.

Foreign currency risk

In 2009 €14,365 of revenues in the EEA were denominated in Euros *(2008: €nil)*, with a similar level expected in 2010. Euro denominated costs totalled €81,000 in 2009 *(2008 c. €180,000)* but are expected to reduce to c. €20,000 in 2010. The Group has no material financial exposure to foreign exchange gains and losses on monetary assets and liabilities at the year end other than as disclosed in note 21, and does not hedge any of its trading activities.

Credit risk

The Group is not subject to significant credit risk with its exposure being limited to its multinational blue chip customers. The trade receivables balance of £578,641 *(2008: £554,607)* represents the maximum exposure to credit risk. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating.

Market risks

The risks the Group faces are similar to those faced by other small companies servicing larger business within the UK retail sector. Primary risks are in the economic cycle (e.g. the adverse effect of lower consumer spending leading to reduced marketing expenditure amongst clients), and competition (from others in an already crowded media marketplace).

Notes *(continued)*

22 Financial instruments *continued*

During the current recession management believes these risks remain balanced against the relative financial resilience of the Group's blue chip clients, the innovative and high quality services the Group provides to those clients, and the methods it uses to protect its position in the market.

IAS 39 categories of financial instruments

Group

	Carrying amount	
	2009	2008
	£	£
Financial assets: loans and receivables		
Cash and cash equivalents (note 17)	**816,712**	883,197
Trade receivables (note 16)	**578,641**	554,607
Total financial assets	**1,395,353**	1,437,804
Financial liabilities: measured at amortised cost		
Interest bearing loans and borrowings (note 19)	**44,000**	66,000
Trade payables (note 21)	**499,221**	619,892
Total financial liabilities	**543,221**	685,892

There is estimated to be no difference between the carrying amounts and the fair values of the Group's IAS 39 categories of financial instruments.

Notes *(continued)*

23 Commitments

(a) The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2009		2008	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Group				
Amount payable				
Not later than one year	**69,000**	**-**	98,733	-
Later than one year and not later than five years	**230,000**	**-**	273,000	-
Later than five years	-	-	26,000	-
	299,000	**-**	397,733	-

The leases above relate to the Group's rental of offices in Newbury and Kingston-upon-Thames.

(b) Capital commitments

There were no unprovided capital commitments outstanding at 31 December 2009 *(2008: £nil)*.

24 Contingent liability

The Group is in discussion with certain music licensing authorities on the existence and amount of a prior period liability for which management has included its best estimate within payables and for which the probability and amount of any outflow of resources is uncertain. This contingent liability is not described in detail so as not to seriously prejudice the Group's position in the related discussions.

Notes *(continued)*

25 Related party disclosures

The Group basically defines related parties as the senior executives of the Group and also companies that these persons could have a material influence on as related parties.

BBME Media Group Limited (BBME), a company controlled by Bruno Brookes, owns 1,150,000 shares in the Company. There were no transactions between BBME and any companies in the Group in 2008 *(2008: £nil)*.

The Ditty, a restaurant jointly controlled by Bruno Brookes, purchased equipment from Immedia Broadcast Limited in 2009 totalling £298 *(2008: n/a)*. At 31 December 2009 The Ditty owed Immedia Broadcast Limited £230 *(2008: n/a)*.

Morchard Bishop & Co, an accountancy practice controlled by Charles Barker-Benfield, contracts with Immedia Group Plc to provide accountancy services to the Group. During the year to 31 December 2009 Immedia Broadcast Limited paid £66,000 *(2008: £66,000)* to Morchard Bishop & Co in respect of fees for Charles Barker-Benfield. This amount is included in the total of his remuneration disclosed on page 11. At 31 December 2009 Immedia Broadcast Limited owed Morchard Bishop & Co £4,252 *(2008: £4,266)*.

Dewscope Limited and Horrocks Guardian Limited, companies controlled by Mark Horrocks, own a total of 3,161,638 shares in the Company. Draganfly Investments Limited, a company in which Mark Horrocks has an indirect beneficial interest, owns 1,108,000 shares in the Company. There were no transactions between Dewscope Limited, Horrocks Guardian Limited or Draganfly Investments Limited and any companies in the Group in 2009 *(2008: none)*.

Immedia Group Plc and its subsidiary companies:

During the year to 31 December 2009 Immedia Group Plc completed the following transactions with its subsidiary companies:

With Immedia Broadcast Limited:

- recharge of management charges totalling £309,191 *(2008: £341,270);*
- write off of historic indebtedness £1,600,000 *(2008: n/a).*

With the Immedia Broadcasting Employee Benefit Trust:

- loan interest charge of £658 *(2008: £2,275).*

Amounts owed to Immedia Group Plc by its subsidiary undertakings were as follows:

	2009	2008
	£	£
Immedia Broadcast Limited	**17,006**	1,734,729
Immedia Broadcasting Employee Benefit Trust	**52,282**	51,625
	69,288	1,786,354

Notes *(continued)*

26 Employee benefits

Share-based payments – Group and Company

The numbers of share options outstanding at 31 December (including options awarded to Directors) are as follows:

Option scheme	Date of grant	Exercise price per share	**2009** Number of shares	2008 Number of shares
Immedia EMI Share Option Scheme (i)	27 Jan 2003	3.75 pence	-	10,000
Immedia EMI Share Option Scheme (i)	29 Oct 2003	20.0 pence	**35,000**	35,000
Immedia EMI Share Option Scheme (ii)	7 Nov 2008	10.0 pence	**200,000**	224,500
Immedia EMI Share Option Scheme (iii)	16 Oct 2009	10.67 pence	**199,500**	-
			434,500	269,500

The movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Number of shares	Weighted average exercise price (pence)
Outstanding at 1 January 2008	135,000	78.80
Granted	224,500	10.00
Forfeited	(90,000)	110.00
Outstanding at 31 December 2008	269,500	11.07
Granted	199,500	11.67
Forfeited	(34,500)	8.19
Outstanding at 31 December 2009	434,500	11.57
Exercisable at 31 December 2009	35,000	20.00
Exercisable at 31 December 2008	45,000	16.39

No options were exercised in 2009 or in 2008.

Notes *(continued)*

26 Employee benefits *(continued)*

Share-based payments – Group and Company *(continued)*

The terms and conditions of share options awarded to employees (including Directors) are as follows:

(i) Options granted to employees on or before 11 December 2003 under the Immedia EMI Share Option Scheme are exercisable at any time between 12 December 2003 and their expiry on the tenth anniversary of the date of grant. These options were fully vested before the effective date of IFRS 2 so there was no impact on its adoption.

(ii) Options granted to employees on 7 November 2008 under the Immedia EMI Share Option Scheme were awarded subject to the Group achieving all of the following audited profits before taxation: for the financial year ending 31 December 2009: £250,000; 31 December 2010: £500,000; 31 December 2011: £750,000. Since the profit target for the year ended 31 December 2009 was not achieved, these options lapsed following the year end.

(iii) A total of 199,500 options were granted to employees on 16 October 2009 under the Immedia EMI Share Option Scheme subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2010 of £200,000; the total number of options awarded rises to 282,750 where audited profits before income tax exceed £250,000, and to 366,000 where audited profits before income tax exceed £300,000.

At 31 December 2009 the Employee Benefit Trust held 564,854 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2008: 564,854 shares).*

There was a share based payments charge of £9,000 during the year representing the fair value of services received to date in respect of share options granted to staff *(2008: £nil).*

Notes *(continued)*

26 Employee benefits *(continued)*

Share-based payments – Group and Company *(continued)*

At 31 December 2009 Directors' and other employees' share options were outstanding as follows:

	Number of shares during the year					Exercise price	Date from which exercisable	Expiry date
	At start of year	Granted	Exercised	Cancelled	At end of year			
T Brookes	20,000	-	-	-	20,000	20 p	12 Dec 2003	28 Oct 2013
T Brookes	30,000	-	-	-	30,000	10p	See note (ii) above	See note (iii) above
T Brookes	-	30,000	-	-	30,000	10.67p	See note (iii) above	See note (iv) above
C Barker-Benfield	27,000	-	-	-	27,000	10p	See note (ii) above	See note (iii) above
C Barker-Benfield	-	27,000	-	-	27,000	10.67p	See note (iii) above	See note (iv) above
R Penney	27,000	-	-	-	27,000	10p	See note (ii) above	See note (iii) above
R Penney		27,000	-	-	27,000	10.67p	See note (iii) above	See note (iv) above
Other employees	10,000	-	-	(10,000)	-	3.75p	12 Dec 2003	28 Oct 2013
Other employees	15,000	-	-	-	15,000	20p	12 Dec 2003	28 Oct 2013
Other employees	140,500	-	-	(24,500)	116,000	10p	See note (ii) above	See note (iii) above
Other employees	-	115,500	-	-	115,500	10.67p	See note (iii) above	See note (iv) above
Totals	269,500	199,500	-	(34,500)	434,500			

Pension schemes – Group and Company

The Group operates a defined contribution pension scheme (the Immedia Broadcast Limited Stakeholder Pension Scheme) with Allied Dunbar Assurance Plc which is open to all employees to join. There were no contributions paid or payable by the Group to the scheme during the year *(2008: £nil)* and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

The Group also operates a defined contribution pension scheme (the Immedia Broadcast Limited Retirement Benefit Scheme) which currently has two members. This scheme is closed to new members. There were no contributions paid or payable by the Group to the scheme during the year *(2008: £nil)* and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

Notice of Annual General Meeting

Immedia Group Plc ("the Company")

(Registered in England and Wales under number 04947859)

NOTICE is hereby given that the Annual General Meeting of the Company for the financial year ended 31 December 2009 will be held at the Company's Newbury offices, The Old Brewery, The Broadway, Newbury, Berkshire RG14 1AU at 10 am on 23 June 2010 for the purpose of considering and, if thought fit, passing the following resolutions which in respect of resolutions numbered 1 to 7 (inclusive) will be proposed as ordinary resolutions and which in respect of resolutions numbered 8 to 10 will be proposed as special resolutions.

ORDINARY BUSINESS:
Ordinary Resolutions

1. To receive and adopt the Company's annual accounts for the year ended 31 December 2009 together with the last directors' report and auditor's report.
2. To receive and approve the Directors' remuneration report for the year ended 31 December 2009.
3. To re-elect Geoff Howard-Spink as a director of the Company, who retires by rotation.
4. To re-elect Charles Barker-Benfield as a director of the Company, who retires by rotation.
5. To elect Steve Loftus as a director of the Company.
6. To re-appoint the auditors, Grant Thornton UK LLP.
7. To authorise the Directors to fix the remuneration of the auditors.

SPECIAL BUSINESS:
Special Resolutions

That in substitution for the existing authorities of the Company, the Directors be and they are hereby given the authority and power contained in Article 5 of the Company's Articles of Association for the period ending on the date of the Annual General Meeting in 2011 or the date which is 15 months after the date of the passing of the Resolution, whichever is the earlier and for such period:

8. the Section 551 (CA 2006) Amount shall be £485,228; and
9. the Section 570 (CA 2006) Amount shall be £145,568
10. that subject to the passing of resolutions 8 and 9 the Article 5.5.3 (relating to the Section 551 Amount) and Article 5.5.4 (relating to the Section 570 Amount) be amended to reflect the amounts given in these resolutions and that all reference to previous authorities be removed.

By Order of the Board

Charles Barker-Benfield
Company Secretary

Registered Office:
The Old Brewery
The Broadway
Newbury RG14 1AU

15 April 2010

Notes:
1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time for holding the meeting or the adjourned meeting. A form of proxy is enclosed with this notice.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of Members of the Company as at 6 pm on 21 June 2010 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 6 pm on 21 June 2010 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.