Immedia Group Plc

Directors' report and consolidated financial statements
31 December 2010

Registered number 04947859

Contents

General Information

Directors

Geoff Howard-Spink *Chairman*

Bruno Brookes *Chief Executive*

Charles Barker-Benfield

Mark Horrocks

Steve Loftus

Ross Penney

Peter Teague

Company Secretary

Charles Barker-Benfield

Registered Office

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Berkshire RG14 1AU

Registered number 4947859

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The Directors' Report on pages 9 to 12 and the Directors' Remuneration Report on page 11 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 2010. Pages 5 to 13, 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

The opening months of 2010 proved to be frustrating as the pressures on our customers from the wider economy caused projects that had been approved for implementation to be postponed. As the year progressed and the economic outlook appeared to improve so confidence began to recover and projects were reinstated. The latter part of the year was consequently stronger, but not sufficiently so for the out-turn for the full year to maintain the solid performances recorded by your company in the two previous financial years.

The cost base has been tightly controlled in 2010 and we believe that your company is operating as cost effectively as possible whilst maintaining the levels of service required by our customers.

Cash balances have been maintained at broadly the level of 2009 and cash control is one of the major focuses for the management.

Contract renewals continue and there has been a healthy flow of inquiries from new customers. Our new music streaming product will enable us to provide services to a wider range of customers.

I assured shareholders in my statement last year that the Board of Immedia is committed to restoring shareholder value in the medium term. Although it is disappointing to have to report a loss after two years of profit, I do not believe that this reflects anything more than a temporary change of fortune. The profitable outcomes that your company delivers for its customers have a real value. Realising this value in a tangible form for shareholders is uppermost in the mind of the Board.

Geoff Howard-Spink
Chairman

30 March 2011

Chief Executive's Review

I am pleased to present our full year results for the financial year ended 31 December 2010.

Results & Financial Performance

Revenues for the year were £3,509,421 (2009: £3,771,135). Operating loss was £59,724 (2009: profit £59,789). Research and development tax credits of £11,878 reduced the loss after tax attributable to equity shareholders to £48,566 (in 2009 the profit attributable to equity shareholders was £75,238).

The Group has remained operationally cash generative. We ended 2010 with £817,242 cash in the bank (2009: £816,712).

During the year the Group continued its investment in improved technology and equipment for the delivery of its services; ongoing investment in these areas ensures Immedia's services remain market leading.

Subscription Stations

Our subscription radio stations are our core service and their development continues. We are currently trialling a live radio station for a new blue chip client and are developing trials with other similar clients.

Installation and maintenance services

Our audio and visual equipment installation and maintenance services business has also developed opportunities for further expansion and we are optimistic for its future growth.

Current Trading and Outlook

Last year we reported the launch of initiatives to provide our services to a greater number of clients both small and large, and have created a collection of generic music channels for a wide variety of retail business sectors which we will launch in the first half of 2011. As a result we can deliver content not just within the UK but also in EMEA territories. Our work in supporting this growth includes the development of indirect reseller channels.

We are engaged in several significant tender processes and also in designing 'stores of the future' for existing and potential new clients. Our product range has broadened significantly over the last 12 months enhancing our capabilities to deliver audio and visual marketing content internationally as well as locally.

While we remain cautious about the outlook for 2011, instore media is now an established part of retail store design and we are pursuing a number of exciting opportunities in this sector. We believe that our services are the best on the market and will continue to develop product offerings for new and existing audiences.

Bruno Brookes
Chief Executive

30 March 2011

Directors

Geoff Howard-Spink, Chairman aged 66

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 51

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 57

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.

Mark Horrocks, Non-Executive Director aged 48, Chairman of Remuneration Committee

Mark joined the city in 1983 as a Financial Analyst to the Guardian Royal Exchange Group Plc and went on to 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.

Steve Loftus, Chief Operating Officer aged 43

Steve's career has developed from extensive experience within the Insurance industry, where as a qualified Loss Adjustor he developed risk management programs for the international market. Steve has enjoyed entrepreneurial commercial success at Managing Director level with new product launches and specialist IT distribution channels in to the UK market place. Steve started with Immedia in 2007 and was rapidly elevated to Development and Operations Director before joining the plc Board as Chief Operating Officer in May 2010.

Ross Penney, Business Affairs Director aged 47

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 56, 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, a Commissioner on the Board of The Gambling Commission and a non-executive member of the audit and spectrum clearance finance committees of Ofcom.

Financial review

Group trading results

In his commentary on the first half 2010 results the Chief Executive noted the setback suffered against the progress the business had made in 2009 whilst expecting a better financial performance for the second half of 2010. We can now report that the business achieved the same £141,000 improvement in its operating profits (H2 2010 vs. H1 2010) as had been achieved the year before (H2 2009 vs. H1 2009), emphasising a degree of resilience in the difficult conditions which continue to prevail in the retail sector where most of our customers operate.

Internal performance targets are robust but remain sensitive to external events. In 2010 we experienced delay in the implementation of some customers' investment programmes which resulted in the underperformance against gross profit plan noted for the operations segment (see key performance indicators on page 9). Had this work been undertaken in 2010 the business is likely to have surpassed the level of operating profit achieved in 2009. Some of this work will now be undertaken in 2011 under rescheduled investment programmes.

We have continued to invest in new content delivery services during 2010, the first of which (music streaming) is now available. We use a mix of internal and external resources to develop, improve and innovate our services for customers. Certain development costs have been upheld as intangible assets at 31 December 2010 (see note 13).

Consolidated balance sheet and cash flows

During the year the Group increased its investment in inventories to provide equipment for its music steaming services and in readiness for first quarter 2011 installations for customers' confirmed store refurbishment programmes. Fixed asset investment in replacement studio equipment and new IT servers has also continued.

The policy on prompt payment of suppliers has been maintained and collections from debtors have been improved. Overall the total cash generated from operating activities increased by 140% over 2009 and loan repayments have been made as planned. A further 267,520 shares were purchased for the Employee Benefit Trust (see note 25).

The Group closed the year with cash balances of £817,242.

Charles Barker-Benfield
Finance Director

30 March 2011

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 2010.

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 2010 was £3,509,421 *(2009: £3,771,135)*. The operating loss was £59,724 *(2009: profit £59,789)* and the loss before taxation was £60,444 *(2009: profit £59,942)*. The loss for the year attributable to equity shareholders was £48,566 *(2009: profit £75,238).* The basic and diluted loss per share were 0.35 pence *(2009: earnings 0.54 pence)*. Further financial information is given in the Financial Review on page 8.

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 2010 production under performed by 2.2%, operations under performed by 27.3% and overall the business under performed by 11.1% (see also Financial review on page 8);
- Performance against budget by overall gross profit percentage where the business achieved 53.7% in 2010 against its budget of 53.2%;
- Cash overheads where in 2010 expenditure was on budget;
- Cash conversion, where in 2010 the business converted the equivalent of 300% of its operating loss 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.

Proposed dividend

The Directors do not recommend the payment of a dividend *(2009: £nil)*.

Principal risks and uncertainties

The risks the Group faces remain similar to those faced by other small companies servicing larger businesses within the UK retail sector and where a relatively small number of long-term customers makes up a large proportion of the business; the loss of a key customer (see note 5) would adversely impact performance and the board continues to pursue its strategy of diversification to mitigate this (see Chief Executive's Review).

Other primary risks remain within the economic cycle (e.g. the effect of prolonged reduction in consumer spending adversely impacting marketing expenditure amongst clients), competition (for market share) and licensing costs (where the dichotomy between the interests of composers, performers, copyright holders and music users continues unabated, not helped by the growing consumer led perception that music should be free). For customers unable to afford the cost of public performance licence fees across multiple sites the Group is able to provide material from artists not represented by PPL or the PRS/MCPS alliance.

The economic risk continues to be balanced by the relative financial resilience of the Group's blue chip clients; the competitive risk is reduced by 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 board continuously monitors all these risks to ensure the Group is able to adapt its activities and minimise potentially adverse effects to the business.

Specific risks associated with interest rates, liquidity, foreign currency and credit are discussed further in note 22.

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.

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 2010 was 43 days *(2009: 43 days)*. Immedia Group Plc is a holding company and therefore has no trade suppliers.

Political and charitable donations

The Group made charitable donations totalling £700 during the year. No political donations were made.

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 17.8%, Draganfly Investments Limited 7.6%, Mrs. A Clough 5.8%, Immedia Broadcasting Trustees Limited 5.7%, Mr. J Gayner 3.8%, Mr. R Penney 3.0%.

Market value of shares

The share price at 31 December 2010 was 10.75 pence and shares were traded between 6.0 pence and 13.0 pence during the year.

Purchase of own shares

During the year the Employee Benefit Trust purchased 267,520 ordinary shares for a consideration of £23,360. At 31 December 2010 the Employee Benefit Trust held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2009: 564,854 shares)*. This holding represents 5.7% of the company's issued shares.

Going concern

On the basis of current financial projections prepared up to the end of 2012, recent news of contract renewals and continuing improvements in management of costs, 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
M Horrocks
S Loftus (appointed 19 May 2010)
R Penney
P Teague

The directors retiring by rotation are Ross Penney and Peter Teague 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 25 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 Mark Horrocks (as Chairman), Geoff Howard-Spink and Peter Teague. 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	NIC total	2010 Total	2009 Total
	£	£	£	£	£	£	£
G Howard-Spink	35,000	-	-	35,000	3,749	38,749	38,749
T Brookes	150,000	-	6,955	156,955	19,045	176,000	198,402
C Barker-Benfield	86,750	-	1,563	88,313	10,373	98,686	92,340
M Horrocks	17,500	-	-	17,500	1,508	19,008	19,008
S Loftus *	43,280	5,000	6,017	54,297	6,425	60,722	n/a
R Penney	79,000	-	5,190	84,190	9,812	94,002	100,559
P Teague	17,500	-	-	17,500	1,508	19,008	19,008
	429,030	5,000	19,725	453,755	52,420	506,175	468,066

* from appointment

Directors' remuneration *continued*

Taxable benefits relate to car allowances and private medical cover for the Directors and their immediate families. No pension contributions were made for directors during the year. Details of share options held by directors are discussed in note 25 to the financial statements.

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, Steve Loftus as Chief Operating Officer (appointed 19 May 2010) 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 Mark Horrocks 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

30 March 2011

Directors’ Responsibilities Statement

The directors are responsible for preparing the Directors’ 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 the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 are sufficient to show and explain the company’s transactions and 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 2010 which comprise the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the group and parent company statements of cash flow, 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, 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 and express an opinion on 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/private.cfm.

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 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs 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 Directors' Report 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

30 March 2011

Consolidated statement of comprehensive income

for the year ended 31 December 2010

	Note	**2010**	2009
		£	£
Revenue	*5*	**3,509,421**	3,771,135
Cost of sales		**(1,625,096)**	(1,722,984)
Gross profit		**1,884,325**	2,048,151
Administrative expenses		**(1,944,049)**	(1,988,362)
Results from operating activities		**(59,724)**	59,789
Finance income	*9*	**1,726**	2,290
Finance cost	*9*	**(2,446)**	(2,137)
Net finance (cost)/income		**(720)**	153
(Loss)/profit before income tax	*6*	**(60,444)**	59,942
Income tax income	*10*	**11,878**	15,296
(Loss)/profit and total comprehensive income for the year attributable to equity shareholders		**(48,566)**	75,238
Continuing and total operations			
(Loss)/earnings per share – basic and diluted	*11*	**(0.35)p**	0.54 p

Consolidated balance sheet

At 31 December 2010

	Note	**2010** £	2009 £
Assets			
Property, plant and equipment	12	**218,585**	221,254
Intangible assets	13	**304,925**	278,485
Total non-current assets		**523,510**	499,739
Current assets			
Inventories	14	**117,857**	79,678
Trade and other receivables	16	**319,177**	613,644
Prepayments		**122,461**	119,541
Cash and cash equivalents	17	**817,242**	816,712
Total current assets		**1,376,737**	1,629,575
Total assets		**1,900,247**	2,129,314
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		**(6,662,728)**	(6,582,086)
Total equity		**624,830**	705,472
Liabilities			
Loans and borrowings	19	**-**	22,000
Total non-current liabilities		**-**	22,000
Loans and borrowings	19	**22,000**	22,000
Trade and other payables	21	**1,153,455**	1,312,252
Deferred income		**99,962**	67,590
Total current liabilities		**1,275,417**	1,401,842
Total liabilities		**1,275,417**	1,423,842
Total equity and liabilities		**1,900,247**	2,129,314

These financial statements were approved by the board of Directors on 30 March 2011 and were signed on its behalf by:

T Brookes
Director

Company balance sheet

At 31 December 2010

	Note	**2010** **£**	2009 £
Assets			
Investments in subsidiaries	15	**761,700**	761,700
Total non-current assets		**761,700**	761,700
Current assets			
Trade and other receivables	16	**52,882**	69,288
Prepayments		**1,403**	1,231
Total current assets		**54,285**	70,519
Total assets		**815,985**	832,219
Equity			
Share capital	18	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Retained losses		**(4,344,752)**	(4,217,622)
Total equity		**697,473**	824,603
Trade and other payables	21	**118,512**	7,616
Total current liabilities		**118,512**	7,616
Total equity and liabilities		**815,985**	832,219

These financial statements were approved by the board of Directors on 30 March 2011 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 2010	Share capital £	Share premium account £	Merger reserve £	Profit & loss account £	Total equity £
Balance at 1 January 2010	1,455,684	3,586,541	2,245,333	(6,582,086)	705,472
Purchase of own shares by employee benefit trust	-	-	-	(23,360)	(23,360)
Equity settled share based payments	-	-	-	(8,716)	(8,716)
Transactions with owners	-	-	-	(32,076)	(32,076)
Loss and total comprehensive income for the year	-	-	-	(48,566)	(48,566)
Balance at 31 December 2010	**1,455,684**	**3,586,541**	**2,245,333**	**(6,662,728)**	**624,830**

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	-	-	-	9,000	9,000
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**

Company

Attributable to equity shareholders of the Company

Total equity as at 31 December 2010	Share capital £	Share premium account £	Profit & loss account £	Total equity £
Balance at 1 January 2010	1,455,684	3,586,541	(4,217,622)	824,603
Loss and total comprehensive income for the year	-	-	(127,130)	(127,130)
Balance at 31 December 2010	**1,455,684**	**3,586,541**	**(4,344,752)**	**697,473**

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 income 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**

Consolidated and company statements of cash flows

for the year ended 31 December 2010

	Note	**Group consolidated**		**Company**	
		2010	2009	**2010**	2009
		£	£	**£**	£
Cash flows from operating activities					
(Loss)/profit for the year before income tax		**(60,444)**	59,942	**(127,130)**	(1,726,608)
Adjustments for:					
Depreciation and amortisation charges		**112,254**	108,244	**-**	-
Financial income		**(1,726)**	(2,290)	**(600)**	(658)
Financial expense		**2,446**	2,137	**-**	-
(Profit)/loss on sale of property, plant and equipment		**(376)**	242	**-**	-
Decrease in trade and other receivables		**294,467**	15,100	**16,234**	1,727,023
(Increase)/decrease in inventories		**(38,179)**	16,464	**-**	-
(Decrease)/increase in trade and other payables		**(126,183)**	(123,816)	**110,896**	(415)
Net cash from operating activities		**182,259**	76,023	**(600)**	(658)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**985**	139	**-**	-
Interest received		**1,726**	2,290	**600**	658
Acquisition of property, plant and equipment	12	**(97,594)**	(120,800)	**-**	-
Acquisition of intangible assets	13	**(39,040)**	-	**-**	-
Net cash from investing activities		**(133,923)**	(118,371)	**600**	658
Cash flows from financing activities					
Interest paid		**(2,446)**	(2,137)	**-**	-
Repayment of borrowings		**(22,000)**	(22,000)	**-**	-
Purchase of own shares for EBT		**(23,360)**	-	**-**	-
Net cash from financing activities		**(47,806)**	(24,137)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**530**	(66,485)	**-**	-
Cash and cash equivalents at 1 January		**816,712**	883,197	**-**	-
Cash and cash equivalents at 31 December	17	**817,242**	816,712	**-**	-

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 2010 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 company's loss for the year is £127,130 *(2009 loss: £1,726,608)*.

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 2009.

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.

On the basis of current financial projections prepared up to the end of 2012, recent news of new contracts and of contract renewals, and continuing improvements in the management of costs, 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 30 March 2011.

Notes *(continued)*

2 Basis of preparation *(continued)*

(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 where explicitly stated otherwise.

(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).

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 acquisition 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 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 profit and loss account.

(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 carrying amount of any part that is replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment is 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 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
Content delivery	-	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;
- 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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(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) Lease payments

A lease is treated as a finance lease if the lessee bears substantially all the risks and rewards of the ownership of the leased asset. All other leases are treated as operating leases. 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.

(g) 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.

(h) Trade receivables

Trade receivables classified as loans and receivables under IAS 39 are stated initially at fair value plus transaction costs 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.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(j) Trade payables

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

Notes *(continued)*

3 Significant accounting policies *(continued)*

(k) 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 profit and loss account. 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.

(l) 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, content delivery, property plant & equipment) 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, 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)*

(m) Revenue

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

(n) 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.

(o) 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.

(p) Share capital

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

(q) 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)*

(r) 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 25).

(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 18).

(s) Segment reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. 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)*

(t) 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 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- 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)
- IFRS 1 Amendment – Limited Exemption from comparative IFRS7 Disclosures for First-time Adopters (effective 1 July 2010)
- Improvements to IFRS May 2010 (effective 1 July 2010, 1 January 2011).

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).

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5 Segment reporting

Segment information is presented in respect of the Group's two operating segments as described in note 3(s) 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.

Geographical analysis

	UK	**EEA**	**Total**	UK	EEA	Total
	2010	**2010**	**2010**	2009	2009	2009
	£	**£**	**£**	£	£	£
Revenue	**3,491,859**	**17,562**	**3,509,421**	3,759,115	12,020	3,771,135

Notes *(continued)*

5 Segment reporting *continued*

Operating segment analysis	**Production 2010 £**	**Operations 2010 £**	**Total 2010 £**	Production 2009 £	Operations 2009 £	Total 2009 £
Revenue	**2,202,282**	**1,307,139**	**3,509,421**	2,480,016	1,291,119	3,771,135
Cost of sales	**865,191**	**759,905**	**1,625,096**	(993,128)	(729,856)	(1,722,984)
Gross profit	**1,337,091**	**547,234**	**1,884,325**	1,486,888	561,263	2,048,151
Administrative expenses			**(1,944,049)**			(1,988,362)
Results from operating activities			**(59,724)**			59,789
Finance income			**1,726**			2,290
Finance cost			**(2,446)**			(2,137)
Net finance (cost)/income			**(720)**			153
(Loss)/profit before income tax			**(60,444)**			59,942
Income tax income			**11,878**			15,296
(Loss)/profit and total comprehensive income for the year attributable to equity shareholders			**(48,566)**			75,238

There were five customers where revenue was greater than 10% of the total *(2009: five)*. Revenue from each of these customers is derived from both the production and operations segments.

Significant customer analysis	**Total revenue 2010 £**	**2010 %**	Total revenue 2009 £	2009 %
Customer 1	**741,043**	**21.1**	796,942	21.1
Customer 2	**610,924**	**17.4**	673,720	17.9
Customer 3	**573,782**	**16.3**	539,878	14.3
Customer 4	**407,690**	**11.6**	459,683	12.2
Customer 5	**369,049**	**10.5**	422,306	11.2

Notes *(continued)*

6 (Loss)/profit before income tax

	2010 £	2009 £
Included in profit/loss are the following:		
Auditor's remuneration		
Group - audit of these financial statements	**22,000**	22,000
- fees paid to the auditor and their associates in respect of taxation services	**9,350**	3,100
- fees paid to the auditor and their associates in respect of other services	**750**	750
Included in Group audit total: Company - audit	**2,500**	2,500
Depreciation and amounts written off tangible and intangible fixed assets		
- Owned	**112,254**	108,244
(Profit)/loss on disposal of tangible fixed assets	**(376)**	242
Research and development costs	**70,800**	35,840
Hire of other assets – operating leases	**86,267**	129,800
Foreign exchange (gains)/losses	**(32)**	547

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

	2010 £	2009 £
Directors' emoluments (including employer's national insurance of £52,420 in 2010 and £41,587 in 2009)	**486,450**	468,067
Contributions to defined contribution plans	**-**	-
	486,450	468,067

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £156,955 *(2009: £176,632)*.

Remuneration for each individual director, which is required to be disclosed under the AIM rules, is shown in the Directors' Report on page 11.

	2010 Number of Directors	2009 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	
	2010	2009	**2010**	2009
Administration	**17**	13	**4**	2
Production and distribution	**9**	10	**-**	-
	26	23	**4**	2

The aggregate payroll costs of these persons were as follows:

	2010	2009	**2010**	2009
	£	£	**£**	£
Wages and salaries	**1,192,396**	1,075,526	**447,350**	356,500
Compulsory social security contributions	**129,159**	110,621	**52,420**	41,637
Contributions to defined contribution plans	**-**	-	**-**	-
	1,321,555	1,186,147	**499,770**	398,137

The Group made no pension contributions in the year *(2009: £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. Details of share options held by key management are shown in note 25. The share-based payment charge for the year in respect of these options is immaterial.

9 Finance income and cost

	2010	2009
	£	£
Interest income on bank deposits	**1,726**	2,290
Interest expense on bank loans and overdrafts	**2,446**	2,137
Net finance (cost)/income	**(720)**	153

Notes *(continued)*

10 Income tax credit in the income statement

	2010	2009
	£	£
Current tax credit		
Current period	**-**	-
Adjustment in respect of prior periods	**(11,878)**	-
Deferred tax credit		
Reversal of temporary differences	**-**	(15,296)
Total tax credit in consolidated income statement	**(11,878)**	(15,296)

Reconciliation of effective tax rate

The current tax charge for the period is based on an effective rate of 21% *(2009: 28%)* and is lower *(2009: lower)* than the standard rate of corporation tax in the UK for small companies (21%, *2009: 28%*). The differences are explained below:

	2010	2009
	£	£
(Loss)/profit before tax	**(60,444)**	59,942
Current tax at 21% *(2009: 28%)*	**(12,693)**	16,784
Effects of:		
Expenses not deductible for tax purposes	**619**	12,642
Capital allowances less than/(in excess of) depreciation	**839**	(64,592)
R&D tax credits	**(11,878)**	-
Unrelieved tax losses	**11,235**	34,407
Other short term timing differences	**-**	759
Deferred tax credit	**-**	(15,296)
Total tax credit	**(11,878)**	(15,296)

11 (Loss)/earnings per share

	2010 Number	2009 Number
Weighted average number of shares in issue	**14,556,844**	14,556,844
Less weighted average number of own shares	**(681,153)**	(564,854)
Weighted average number of shares in issue for basic earnings per share	**13,875,691**	13,991,990

The basic and diluted (loss)/earnings per share are calculated using the after tax (loss)/profit attributable to equity shareholders for the financial period of £(48,566) *(2009: profit of £75,238).* The weighted number of shares used for the diluted (loss)/earnings per share is calculated after reflecting the outstanding share options throughout the year, but in accordance with IAS 33 the diluted basic loss per share is stated as the same amount as basic as there is no dilutive effect *(in 2009 the outstanding share options had no dilutive effect)*.

Notes *(continued)*

12 Property, plant and equipment

	Plant and equipment £	Fixtures & fittings £	Network equipment £	Total £
Group				
Cost				
At 1 January 2010	**736,187**	**465,625**	**660,545**	**1,862,357**
Additions	**31,669**	**63,052**	**2,873**	**97,594**
Internal reclassifications	**1,850**	**(1,850)**	**-**	**-**
Disposals & retirements	**(6,037)**	**(70,743)**	**(2,132)**	**(78,912)**
At 31 December 2010	**763,669**	**456,084**	**661,286**	**1,881,039**
Depreciation and impairment losses				
At 1 January 2010	**689,642**	**298,281**	**653,180**	**1,641,103**
Charge for year	**22,744**	**69,540**	**7,370**	**99,654**
Internal reclassifications	**62**	**(62)**	**-**	**-**
On disposals & retirements	**(6,037)**	**(70,134)**	**(2,132)**	**(78,303)**
At 31 December 2010	**706,411**	**297,625**	**658,418**	**1,662,454**
Carrying amounts				
At 31 December 2010	**57,258**	**158,459**	**2,868**	**218,585**
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

Disposals and retirements
In 2010 fixtures, fittings and office equipment were disposed of following the relocation of the company's Kingston offices to Newbury.

Finance leases
There were no outstanding finance leases in respect of property, plant and equipment at 31 December 2010 *(2009: £nil).*

Notes *(continued)*

13 Intangible assets

	Customer relationships	Video library	Content delivery	Goodwill	Total
	£	£	£	£	£
Group					
Cost					
At 1 January and 31 December 2010	**566,880**	**126,000**	**-**	**1,173,310**	**1,866,190**
Additions in year	**-**	**-**	**39,040**	**-**	**39,040**
At 31 December 2010	**566,880**	**126,000**	**39,040**	**1,173,310**	**1,905,230**
Amortisation and impairment losses					
At 1 January 2010	**566,880**	**46,825**	**-**	**974,000**	**1,587,705**
Charge for year	**-**	**12,600**	**-**	**-**	**12,600**
At 31 December 2010	**566,880**	**59,425**	**-**	**974,000**	**1,600,305**
Carrying amounts					
At 31 December 2010	**-**	**66,575**	**39,040**	**199,310**	**304,925**
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

Content delivery

Expenditure on developing new content delivery systems was capitalised at the end of the 2010 and will be amortised from 1 January 2011.

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 (l) 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; estimated changes in selling prices and direct costs are based on past experience and expectations of future change in the market, excluding new business, and have been extrapolated over a five year period starting 1 January 2011.

The following assumptions were used for the value in use calculations: management's range of forecasts using minus 10% to plus 2% growth to extrapolate future cash flows, with a post-tax discount rate of 17% *(2009: 17%)* applied to its cash flow projections (equivalent to a pre-tax rate of approximately 24% *(2009: 24%)*.

The growth rates used to test value in use reflect management's estimate of the range of potential changes in the Production segment CGU over the medium term, excluding new business, in preference to using the long-term UK economy average growth rate of c. 2.25%.

Notes *(continued)*

14 Inventories

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Work in progress	**1,522**	26,060	**-**	-
Finished goods	**116,335**	53,618	**-**	-
	117,857	79,678	**-**	-

The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £370,383 *(2009: £428,478)*. Impairment charges for obsolete and slow moving inventories totalled £309 *(2009: £4,137)* and the carrying value of inventories subjected to impairment charges and included in the above totals was £6,528 *(2009: £3,169)*.

15 Investments in subsidiaries

Subsidiary undertakings - Company

	2010	2009
	£	£
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; dormant
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
Pay to Play Music Limited	07303112	England & Wales	100%	Dormant
Play 4 Pay Limited	07303130	England & Wales	100%	Dormant
Pay to Play Limited	07303663	England & Wales	100%	Dormant
Dreamstream Music Limited	07375463	England & Wales	100%	Dormant

At 31 December 2010 and 31 December 2009 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 2010 and 31 December 2009, Immedia Broadcast Limited held 100% of the ordinary share capital of Immedia Broadcasting Trustees Limited (a trust holding company) and at 31 December 2010 held 100% of the ordinary share capital of Pay to Play Music Limited, Play 4 Pay Limited, Pay to Play Limited and Dreamstream Music Limited.

At 31 December 2010 and 31 December 2009, 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	
	2010	2009	**2010**	**2009**
	£	£	**£**	**£**
Trade receivables due from related parties (note 24)	**-**	230	**-**	**-**
Trade receivables	**277,726**	578,411	**-**	**-**
Amounts owed by subsidiary undertakings (note 24)	**-**	-	**52,882**	**69,288**
Other debtors	**41,451**	35,003	**-**	**-**
	319,177	613,644	**52,882**	**69,288**

At 31 December 2010 trade receivables are shown after a provision for impairment of £20,000 *(31 December 2009: £26,716)* arising from slow moving debts and disputed charges. During 2010 £6,716 of the 2009 provision for impairment was released. Amounts owed by subsidiary undertakings were shown in 2009 after reduction for debt forgiven by the Company (see note 24 below).

The above totals include the following amounts falling due after more than one year:

	Company	
	2010	2009
	£	£
Amounts owed by subsidiary undertakings (note 24)	**52,882**	-

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

	Group	
	2010	2009
	£	£
Up to 3 months past due	**110,195**	219,207

17 Cash and cash equivalents

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Bank balances	**11,947**	13,434	**-**	-
Call deposits	**805,295**	803,278	**-**	-
Cash and cash equivalents	**817,242**	816,712	**-**	-

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	**2010**	2009
	£	£
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**	
	2010	2009	**2010**	2009
	£	£	**£**	£
Non-current liabilities				
Unsecured bank loans	**-**	22,000	**-**	-
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

There were no recognised deferred tax liabilities *(2009: £nil)*.

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

	2010	2009
	£	£
At beginning of year	**-**	15,296
Adjustment in respect of prior periods (note 10)	**-**	-
Reversal of temporary differences (note 10)	**-**	(15,296)
At end of year	**-**	-

The deferred tax asset arising in respect of temporary differences between capital allowances and depreciation of £130,000 *(2009: asset of £219,000)* has been added to *(2009: added to)* accumulated trading losses. The residual trading losses create a potential deferred tax asset of £926,000 *(2009: £1,250,000)* which has not been recognised due to the uncertainty of the recovery of the asset.

21 Trade and other payables

	Group		**Company**	
	2010	2009	**2010**	2009
	£	£	**£**	£
Current				
Trade payables due to related parties (note 24)	**-**	4,252	**-**	-
Other trade payables (i)	**353,907**	494,969	**-**	-
Amounts owed to subsidiary undertakings (note 24)	**-**	-	**116,013**	-
Other taxation and social security	**107,785**	126,795	**-**	-
Non-trade payables and accrued expenses (ii)	**691,763**	686,236	**2,500**	7,616
	1,153,455	1,312,252	**118,513**	7,616

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

(i) In 2010 included within Other trade payables were foreign currency amounts of €1,067 *(2009: €132)*.

(ii) In 2010 and 2009 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.

(iii) 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.

The above totals include the following amounts falling due after more than one year:

	Company	
	2010	2009
	£	£
Amounts owed to subsidiary undertakings	**116,013**	-

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 credit 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 2010 and 2009 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 2010 *(2009: 0.5%)*. 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 2011 would reduce profits by £110 based on average loan balances.

Borrowing facilities

The Group had borrowings of £22,000 at 31 December 2010 *(2009: £44,000)*. These borrowings comprised one covenant-free unsecured bank loan with an original repayment term of three years which matures in December 2011. There were no further committed borrowing facilities at 31 December 2010 *(2009: 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 including the residual balance of the unsecured bank loan (whose original term was repayable over three years). Further details of this loan are given in note 19. The directors consider that the Group's exposure to liquidity risk is minimal.

Foreign currency risk

In 2010 €18,000 of revenues in the EEA were denominated in Euros *(2009: €14,365)*, with a similar level expected in 2011. Euro denominated costs totalled €19,000 in 2010 *(2009: €81,000)* with a similar level also expected in 2011. 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 £280,490 *(2009: £578,641)* 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	
	2010	2009
	£	£
Financial assets: loans and receivables		
Cash and cash equivalents (note 17)	**817,242**	816,712
Trade receivables (note 16)	**336,934**	578,641
Total financial assets	**1,154,176**	1,395,353
Financial liabilities: measured at amortised cost		
Interest bearing loans and borrowings (note 19)	**22,000**	44,000
Trade payables (note 21)	**341,717**	499,221
Total financial liabilities	**361,717**	543,221

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:

	2010		2009	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Group				
Amount payable				
Not later than one year	**69,000**	**-**	69,000	-
Later than one year and not later than five years	**161,000**	**-**	230,000	-
	230,000	**-**	299,000	-

The leases shown above relate to the Group's rental of offices in Newbury. During 2010, following completion of the lease term, the Group's offices at Kingston-upon-Thames were closed and activities relocated to Newbury.

(b) Capital commitments

There were no unprovided capital commitments outstanding at 31 December 2010 *(2009: £nil)*.

Notes *(continued)*

24 Related party disclosures

The Group defines related parties as the senior executives of the Group, their immediate families and 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 2010 *(2009: none)*.

The Ditty, a restaurant jointly controlled by Bruno Brookes, purchased equipment from Immedia Broadcast Limited in 2010 totalling £27 *(2009: £298)*. At 31 December 2010 there was no indebtedness by The Ditty to Immedia Broadcast Limited *(2009: £230)*.

Morchard Bishop & Co, an accountancy practice controlled by Charles Barker-Benfield, contracted up to 31 December 2009 with Immedia Group Plc to provide accountancy services to the Group, after which date this arrangement ceased and no related party disclosures arise for 2010. *(During the year to 31 December 2009 Immedia Broadcast Limited paid £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 for 2009 on page 12. At 31 December 2009 Immedia Broadcast Limited owed Morchard Bishop & Co £4,252).*

Rodography, a photographic business controlled by Charles Barker-Benfield's son, was contracted to supply photographic material for the group's website to the value of £282 during 2010. At 31 December 2010 there was no indebtedness by Immedia Broadcast Limited to Rodography *(2009: £nil)*.

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 2010 *(2009: none)*.

Immedia Group Plc and its subsidiary companies:

During the year to 31 December 2010 Immedia Group Plc completed the following transactions with its subsidiary companies:

With Immedia Broadcast Limited:

- recharge of management charges totalling £410,664 *(2009: £309,191);*
- in 2009: write off of historic indebtedness £1,600,000.

With the Immedia Broadcasting Employee Benefit Trust:

- loan interest charge of £600 *(2009: £658).*

The indebtedness between Immedia Group Plc and its subsidiary undertakings was as follows:

	2010	2009
	£	£
Amounts owed by subsidiary undertakings		
Immedia Broadcast Limited	-	17,006
Immedia Broadcasting Employee Benefit Trust	**52,882**	52,282
	52,882	69,288
Amounts owed to subsidiary undertakings		
Immedia Broadcast Limited	**116,013**	-

Notes *(continued)*

25 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	Terms note (page 44)	Date of grant	Exercise price per share	**2010** Number of shares	2009 Number of shares
Immedia EMI Share Option Scheme	(i)	29 Oct 2003	20.0 pence	**15,000**	35,000
Immedia EMI Share Option Scheme	(ii)	7 Nov 2008	10.0 pence	**-**	200,000
Immedia EMI Share Option Scheme	(iii)	16 Oct 2009	10.67 pence	**178,500**	199,500
Immedia EMI Share Option Scheme	(iv)	28 Sep 2010	10.0 pence	**60,000**	-
Immedia EMI Share Option Scheme	(v)	02 Nov 2010	10.0 pence	**202,000**	-
Immedia EMI Share Option Scheme	(vi)	02 Nov 2010	10.0 pence	**19,998**	-
				475,498	434,500

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 2009	269,500	11.07
Granted	199,500	11.67
Forfeited	(34,500)	8.19
Outstanding at 31 December 2009	434,500	11.57
Granted	281,998	10.00
Cancelled	(220,000)	10.67
Forfeited	(21,000)	10.00
Outstanding at 31 December 2010	**475,498**	**10.32**
Of which		
Exercisable at 31 December 2010	94,998	11.58
Exercisable at 31 December 2009	35,000	20.00

No options were exercised in 2010 or in 2009.

Notes *(continued)*

25 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.

During 2010 Mr Brookes surrendered for cancellation options over 20,000 shares which had been granted on or before 11 December 2003. This facilitated the grant of new options to non-board employees under (vi) below.

(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 and were cancelled in 2010.

(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. Since the profit target for the year ended 31 December 2010 was not achieved, these options lapsed following the year end.

(iv) An option over 60,000 shares was granted to Steve Loftus on 28 September 2010 under the Immedia EMI Share Option Scheme on his appointment to the company's board. This option vested immediately on grant and is exercisable in tranches of not less than 20,000 shares. It expires on 28 September 2015.

(v) Options over a total of 202,000 shares were granted to employees on 2 November 2010 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 2011 of £173,333; the total number of options awarded rises to 288,625 where audited profits before income tax exceed £216,667, and to 375,250 where audited profits before income tax exceed £260,000. Vested options may be exercised over a three year period commencing twelve months after the date of first publication of the audited results for the financial year ending 31 December 2011.

(vi) Options over a total of 19,998 shares were granted to non-board employees on 2 November 2010 under the Immedia EMI Share Option Scheme in recognition of their contribution to the Group. These options vested immediately on grant and are exercisable at any time before expiry on 1 November 2013.

At 31 December 2010 the Employee Benefit Trust held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2009: 564,854 shares).*

Following review of IFRS 2 charges (representing the fair value of services received for all share options granted to staff and remaining outstanding at 31 December 2010), an amount of £8,716 has been released in respect of charges no longer required, net of charges for the options issued during the year (see Consolidated and company statements of changes in equity on page 18).

Notes *(continued)*

25 Employee benefits *(continued)*

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

At 31 December 2010 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 or * on appointment	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 (ii) above
T Brookes	30,000	-	-	-	30,000	10.67p	See note (iii) above	See note (iii) above
T Brookes	-	30,000	-	-	30,000	10p	See note (v) above	See note (v) above
C Barker-Benfield	27,000	-	-	(27,000)	-	10p	See note (ii) above	See note (ii) above
C Barker-Benfield	27,000	-	-	-	27,000	10.67p	See note (iii) above	See note (iii) above
C Barker-Benfield	-	28,500	-	-	28,500	10p	See note (v) above	See note (v) above
R Penney	27,000	-	-	(27,000)	-	10p	See note (ii) above	See note (ii) above
R Penney	27,000	-	-	-	27,000	10.67p	See note (iii) above	See note (iii) above
R Penney	-	27,000	-	-	27,000	10p	See note (v) above	See note (v) above
S Loftus *	27,000			(27,000)	-	10p	See note (ii) above	See note (ii) above
S Loftus *	27,000	-	-	-	27,000	10.67p	See note (iii) above	See note (iii) above
S Loftus	-	60,000	-	-	60,000	10p	See note (iv) above	See note (iv) above
S Loftus	-	27,000	-	-	27,000	10p	See note (v) above	See note (v) above
Other employees	15,000	-	-	-	15,000	20p	12 Dec 2003	28 Oct 2013
Other employees	89,000	-	-	(89,000)	-	10p	See note (ii) above	See note (ii) above
Other employees	88,500			(21,000)	67,500	10.67p	See note (iii) above	See note (iii) above
Other employees	-	89,500	-	-	89,500	10p	See note (v) above	See note (v) above
Other employees	-	19,998	-	-	19,998	10p	See note (vi) above	See note (vi) above
Totals	434,500	281,998	-	(241,000)	475,498			

Notes *(continued)*

25 Employee benefits *(continued)*

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

The weighted average remaining contractual life of the share options in issue at the year-end was 4.64 years.

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 *(2009: £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 *(2009: £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 2010 will be held at the Company's Newbury offices, The Old Brewery, The Broadway, Newbury, Berkshire RG14 1AU at 10 am on 24 May 2011 for the purpose of considering and, if thought fit, passing the following resolutions which in respect of resolutions numbered 1 to 6 (inclusive) will be proposed as ordinary resolutions and which in respect of resolutions numbered 7 to 9 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 2010 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 2010.
3 To re-elect Ross Penney as a director of the Company, who retires by rotation.
4 To re-elect Peter Teague as a director of the Company, who retires by rotation.
5 To re-appoint the auditors, Grant Thornton UK LLP.
6 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 2012 or the date which is 15 months after the date of the passing of the Resolution, whichever is the earlier and for such period:

7 the Section 551 (CA 2006) Amount shall be £485,228; and
8 the Section 570 (CA 2006) Amount shall be £145,568
9 that subject to the passing of resolutions 7 and 8 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
30 March 2011

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

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 20 May 2011 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 20 May 2011 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.