

IMMEDIA GROUP PLC

(“Immedia” or “the Company”)

INTERIM RESULTS

Immedia Group Plc (AIM: IME), the UK’s leading provider of live, bespoke radio stations, digital signage and music for retail, today announces its interim results for the half year to 30 June 2010.

Key Points

- First half operating loss of £100,375 (2009 H1 operating loss £40,615)
- Cash in bank £700,423 as at 30 June 2010 (£706,596 as at 30 June 2009)
- Continuing trials with potential new customers
- New service to be launched in the fourth quarter of 2010

Financial Highlights

	Unaudited Half year to 30 June 2010	Unaudited Half year to 30 June 2009	Unaudited Half year to 30 June 2008
Revenue	£1,717,883	£ 1,749,175	£1,608,872
Results from operating activities	£(100,375)	£ (40,615)	£ (115,423)
Loss before income tax	£(100,324)	£ (39,705)	£ (101,535)
Loss for period attributable to equity shareholders	£(100,324)	£ (38,655)	£ (101,535)
Basic and diluted loss per share (pence)	(0.72)p	(0.28)p	(0.71)p
Cash and cash equivalents	£700,423	£ 706,596	£ 645,143

Bruno Brookes, Chief Executive of Immedia, said:

“The first half results reflect the difficult conditions prevailing in the UK and our results are similar to those for the first half of 2008. Nevertheless the Company has continued to reduce its costs without loss of efficiencies or key personnel, whilst investing in developing its services and we look forward to the launch of a new service in the fourth quarter of 2010.”

Immedia Group Plc

Bruno Brookes – Chief Executive

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Chief Executive's Review

The results for the six months ended 30 June 2010 reflect our continuing work in developing the business during a difficult first half year.

Results

Immedia suffered a setback during the first half of 2010 in the progress we made last year. Revenue for the period reduced to £1,717,883 from a 2009 first half outcome of £1,749,175, whilst the operating loss increased from £40,615 to £100,375. These results reflect a change in mix of business and the difficult trading conditions prevailing in the UK retail sector.

Despite this our focus on cost control and profitability continues: overhead costs were reduced again during the first half of 2010 and the benefits will be seen from the second half of 2010. The Group closed the period with £700,423 cash in the bank (30 June 2009: £706,596).

Subscription Services

Our subscription services continue to perform well, with opportunities to help our clients with new product development. We are currently completing trials for a number of subscription services with potential new customers and continue to work with existing customers to deliver developments in service and delivery.

Installation and maintenance services

During the first half of 2010 we completed audio and visual installations at various key locations in the UK and Eire and have other installation projects currently in progress for completion before Christmas.

We continue to provide maintenance services for the majority of our customers under contract.

Outlook

We have been working to develop a new service which enables us to offer content on new delivery platforms to a wider range of potential customers than at present and we look forward to its launch in the fourth quarter of 2010.

Bruno Brookes

Chief Executive

22 September 2010

Consolidated statement of comprehensive income

	<i>Note</i>	Unaudited Half year to 30 June 10 £	Unaudited Half year to 30 June 09 £	Audited Year ended 31 Dec 09 £
Revenue		1,717,883	1,749,175	3,771,135
Cost of sales		<u>(810,991)</u>	<u>(759,076)</u>	<u>(1,722,984)</u>
Gross profit		906,892	990,099	2,048,151
Administrative expenses		<u>(1,007,267)</u>	<u>(1,030,714)</u>	<u>(1,988,362)</u>
Results from operating activities		(100,375)	(40,615)	59,789
Finance income		1,274	1,824	2,290
Finance cost		(1,223)	(914)	(2,137)
Net finance income		<u>51</u>	<u>910</u>	<u>153</u>
(Loss)/profit before income tax		<u>(100,324)</u>	<u>(39,705)</u>	<u>59,942</u>
Income tax income	4	<u>-</u>	<u>1,050</u>	<u>15,296</u>
(Loss)/profit and total comprehensive (expense)/income for the period attributable to equity shareholders		<u>(100,324)</u>	<u>(38,655)</u>	<u>75,238</u>
Continuing and total operations				
(Loss)/earnings per share – basic and diluted	12	(0.72)p	(0.28)p	0.54p

Consolidated balance sheet

	Note	Unaudited as at 30 June 10	Unaudited as at 30 June 09	Audited as at 31 Dec 09
		£	£	£
Assets				
Property, plant and equipment	5	226,569	158,298	221,254
Intangible assets	6	272,185	284,785	278,485
Total non-current assets		498,754	443,083	499,739
Current assets				
Inventories	7	122,199	102,415	79,678
Trade and other receivables	8	401,921	485,996	613,644
Prepayments		112,166	134,251	119,541
Cash and cash equivalents	9	700,423	706,596	816,712
Total current assets		1,336,709	1,429,258	1,629,575
Total assets		1,835,463	1,872,341	2,129,314
Equity				
Share capital	10	1,455,684	1,455,684	1,455,684
Share premium		3,586,541	3,586,541	3,586,541
Merger reserve		2,245,333	2,245,333	2,245,333
Retained losses		(6,690,602)	(6,695,979)	(6,582,086)
Total equity		596,956	591,579	705,472
Liabilities				
Loans and borrowings		11,000	33,000	22,000
Deferred tax liabilities		-	14,246	-
Total non-current liabilities		11,000	47,246	22,000
Loans and borrowings		22,000	22,000	22,000
Trade and other payables	11	1,073,933	1,143,853	1,312,252
Deferred income		131,574	67,663	67,590
Total current liabilities		1,227,507	1,233,516	1,401,842
Total liabilities		1,238,507	1,280,762	1,423,842
Total equity and liabilities		1,835,463	1,872,341	2,129,314
Total net current assets				
		109,202	195,742	227,733
Total net non-current assets				
		487,754	395,837	477,739
Net assets				
		596,956	591,579	705,472

Consolidated statement of changes in equity

Attributable to equity shareholders of the Company

	Share capital £	Share Premium account £	Merger reserve £	Profit & loss account £	Total equity £
Total equity at 30 June 2010 (unaudited)					
Balance at 1 January 2010	1,455,684	3,586,541	2,245,333	(6,582,086)	705,472
Purchase of own shares by employee benefit trust	-	-	-	(8,192)	(8,192)
Transactions with owners	1,455,684	3,586,541	2,245,333	(6,590,278)	697,280
Loss and total comprehensive expense for the period	-	-	-	(100,324)	(100,324)
Balance at 30 June 2010	1,455,684	3,586,541	2,245,333	(6,690,602)	596,956

Total equity at 30 June 2009 (unaudited)

Balance at 1 January 2009	1,455,684	3,586,541	2,245,333	(6,666,324)	621,234
Equity settled share based payments	-	-	-	9,000	9,000
Transactions with owners	1,455,684	3,586,541	2,245,333	(6,657,324)	630,234
Loss and total comprehensive expense for the period	-	-	-	(38,655)	(38,655)
Balance at 30 June 2009	1,455,684	3,586,541	2,245,333	(6,695,979)	591,579

Total equity at 31 December 2009 (audited)

Balance at 1 January 2009	1,455,684	3,586,541	2,245,333	(6,666,324)	621,234
Equity settled share based payments	-	-	-	9,000	9,000
Transactions with owners	1,455,684	3,586,541	2,245,333	(6,657,324)	630,234
Profit and total comprehensive income for the period	-	-	-	75,238	75,238
Balance at 31 December 2009	1,455,684	3,586,541	2,245,333	(6,582,086)	705,472

Consolidated statement of cash flows

	Note	Unaudited Half Year to 30 June 10 £	Unaudited Half Year to 30 June 09 £	Audited Year ended 31 Dec 09 £
Cash flows from operating activities				
(Loss)/profit for the period before income tax		(100,324)	(39,705)	59,942
<i>Adjustments for:</i>				
Depreciation and amortisation charges		55,117	64,616	108,244
Financial income		(1,274)	(1,824)	(2,290)
Financial expense		1,223	914	2,137
Loss on sale of property, plant and equipment		-	294	242
Decrease in trade and other receivables		219,098	128,038	15,100
(Increase)/decrease in inventories		(42,521)	(6,273)	16,464
Decrease in trade and other payables		(174,335)	(301,142)	(123,816)
Net cash from operating activities		(43,016)	(155,082)	76,023
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	89	139
Interest received		1,274	1,824	2,290
Acquisition of property, plant and equipment	5	(54,132)	(20,518)	(120,800)
Net cash from investing activities		(52,858)	(18,605)	(118,371)
Cash flows from financing activities				
Interest paid		(1,223)	(914)	(2,137)
Repayment of borrowings		(11,000)	(11,000)	(22,000)
Equity settled share options		-	9,000	-
Purchase of own shares for EBT		(8,192)	-	-
Net cash from financing activities		(20,415)	(2,914)	(24,137)
Net decrease in cash and cash equivalents		(116,289)	(176,601)	(66,485)
Cash and cash equivalents at beginning of period		816,712	883,197	883,197
Cash and cash equivalents at end of period	9	700,423	706,596	816,712

Notes to the condensed consolidated interim financial statements

1. Reporting entity

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

The condensed consolidated interim financial statements of the Company as at and for the half year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the “Group”). The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 December 2009 have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available on request from the Company’s registered office (address as above) or at www.immediapl.com/investors.html

The Group primarily is involved in marketing and communication services through music, radio and screen based media.

2. Basis of preparation

These consolidated financial statements for the half year ended 30 June 2010 are unaudited. They have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”); they do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

On the basis of current financial projections prepared up to the end of 2011, recent news of contract renewals, continuing improvements in management of costs, and ongoing availability of facilities, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 22 September 2010.

3. Significant accounting policies

The accounting policies set out in detail in note 3 of the Group’s consolidated financial statements to 31 December 2009 have been applied consistently to these unaudited financial statements to 30 June 2010, including:

(a) Revenue

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

Notes to the condensed consolidated interim financial statements *continued*

4. Income tax credit in the income statement

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Current tax			
Current period	-	-	-
Deferred tax credit			
Reversal of temporary differences	-	(1,050)	(15,296)
Total tax credit in consolidated income statement	<u>-</u>	<u>(1,050)</u>	<u>(15,296)</u>

5. Property, plant and equipment

	Plant & equipment £	Fixtures & fittings £	Network equipment £	Total £
Cost				
At 1 January 2010	736,187	465,625	660,545	1,862,357
Additions	27,387	26,745	-	54,132
Disposals	-	(25,671)	-	(25,671)
At 30 June 2010	<u>763,574</u>	<u>466,699</u>	<u>660,545</u>	<u>1,890,818</u>
Depreciation and impairment losses				
At 1 January 2010	689,642	298,281	653,180	1,641,103
Charge for period	10,925	33,220	4,672	48,817
On disposals	-	(25,671)	-	(25,671)
At 30 June 2010	<u>700,567</u>	<u>305,830</u>	<u>657,852</u>	<u>1,664,249</u>
Carrying amounts				
Unaudited at 30 June 2010	<u>63,007</u>	<u>160,869</u>	<u>2,693</u>	<u>226,569</u>
Audited at 31 December 2009	<u>46,545</u>	<u>167,344</u>	<u>7,365</u>	<u>221,254</u>
Unaudited at 30 June 2009	<u>17,076</u>	<u>128,193</u>	<u>13,029</u>	<u>158,298</u>

Notes to the condensed consolidated interim financial statements *continued*

6. Intangible assets

	Customer relationships £	Video library £	Goodwill £	Total £
Cost				
At 1 January and 30 June 2010	566,880	126,000	1,173,310	1,866,190
Amortisation and impairment losses				
At 1 January 2010	566,880	46,825	974,000	1,587,705
Charge for period	-	6,300	-	6,300
At 30 June 2009	566,880	53,125	974,000	1,594,005
Carrying amounts				
Unaudited at 30 June 2010	-	72,875	199,310	272,185
Audited at 31 December 2009	-	79,175	199,310	278,485
Unaudited at 30 June 2009	-	85,475	199,310	284,785

There were no indications of impairment of intangible assets at 30 June 2010 and the annual impairment tests will be carried out at the year end.

7. Inventories

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Work in progress	52,968	28,455	26,060
Finished goods	69,231	73,960	53,618
	122,199	102,415	79,678

The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £169,729 (30 June 2009: £119,836; 31 December 2009: £428,478). Impairment charges for obsolete and slow moving inventories were £nil (30 June 2009: £nil; 31 December 2009: £4,137).

Notes to the condensed consolidated interim financial statements *continued*

8. Trade and other receivables

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Trade receivables due from related parties	32	-	230
Trade receivables	352,974	380,132	578,411
Other debtors	48,915	105,864	35,003
	<u>401,921</u>	<u>485,996</u>	<u>613,644</u>

As 30 June 2010 trade receivables are shown after a provision for impairment of £20,000 (30 June 2009: £26,716; 31 December 2009: £26,716) arising from slow moving debts and disputed charges. During the period to 30 June 2010 £6,716 of the 2009 provision for impairment was released. All debts are due within one year.

At 30 June 2010 the total of trade receivables past due, net of provision for impairment, was as follows:

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Up to 3 months past due	63,601	178,396	219,207
Over 3 months past due	-	-	-
	<u>63,601</u>	<u>178,396</u>	<u>219,207</u>

9. Cash and cash equivalents

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Bank balances	77,830	70,565	13,434
Call deposits	622,593	636,031	803,278
Cash and cash equivalents	<u>700,423</u>	<u>706,596</u>	<u>816,712</u>

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

Notes to the condensed consolidated interim financial statements *continued*

10. Share Capital

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Authorised 36,000,000 Ordinary shares of 10 pence each	3,600,000	3,600,000	3,600,000
Allotted, called up and fully paid 14,556,844 Ordinary shares of 10 pence each	1,455,684	1,455,684	1,455,684

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

11. Trade and other payables

	Unaudited as at 30 June 10 £	Unaudited as at 30 June 09 £	Audited as at 31 Dec 09 £
Trade payables due to related parties	-	6,231	4,252
Other trade payables	131,149	421,782	494,969
Other taxation & social security	125,438	107,772	126,795
Non-trade payables and accrued expenses	817,346	608,068	686,236
	<u>1,073,933</u>	<u>1,143,853</u>	<u>1,312,252</u>

Notes to the condensed consolidated interim financial statements *continued*

12. (Loss)/earnings per share

	Unaudited as at 30 June 10 Number	Unaudited as at 30 June 09 Number	Audited as at 31 Dec 09 Number
Weighted average number of shares in issue	14,556,844	14,556,844	14,556,844
Less weighted average number of own shares	(600,872)	(564,854)	(564,854)
Weighted average number of shares in issue for basic (loss)/earnings per share	13,955,972	13,991,990	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 £(100,324) (30 June 2009: loss of £38,655; 31 December 2009: profit of £75,238) divided by the weighted average number of Ordinary shares in issue in each of the relevant periods: 30 June 2010: 13,955,972 shares (30 June and 31 December 2009: 13,991,990 shares).

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