Immedia Group Plc

Directors' report and consolidated financial statements
31 December 2011

Registered number 04947859

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General Information

Directors

Geoff Howard-Spink *Chairman*

Bruno Brookes *Chief Executive*

Charles Barker-Benfield

Mark Horrocks

Ross Penney

Peter Teague

Company Secretary

Charles Barker-Benfield

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The Pavilions

Bridgwater Road

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BS99 6ZZ

The Directors' Report on pages 9 to 13 including the Directors' Remuneration Report on pages 11 to 12 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the directors for these reports is owed solely to Immedia Group Plc.

The directors submit to the members the Directors' report and consolidated financial statements of the Group for the year ended 31 December 2011. Pages 5 to 14, including the Chairman's Statement, Chief Executive's Review, Financial Review, Directors' Report and the Directors' Responsibilities Statement form part of the Report of the Directors.

Chairman's Statement

2011 was a difficult year for the UK economy. Immedia, as a supplier to the retail sector, felt the consequences of the tightening of marketing budgets on turnover, which was down by 15.4% on the previous year.

As the outlook for the economy remained uncertain the directors reviewed all of the activities of the business and as a result decided in the mid-year to make a substantial investment in sales and marketing with the objective of creating a platform from which to grow revenue.

A positioning statement, 'The Sound of Your Brand' is now the central part of a social media communications programme that began at the back end of the year. The full effect of this investment will be felt in 2012 and beyond but early indications are that the flow of new business enquiries has increased.

All other expense has been tightly controlled and cash balances have been substantially maintained.

The loss for the year of £142,066 is largely attributable to the £150,000 one-off expense of creating and tooling up for the marketing programme. You will see that EBITDA as a percent of turnover was up on 2010 if the marketing spend is excluded.

The determination to realise value for shareholders remains the Board's key strategic objective and all options to achieve this objective will be on the table for the coming year.

Geoff Howard-Spink
Chairman

9 May 2012

Chief Executive's Review

I am pleased to present our full year results for the financial year ended 31 December 2011.

Results & Financial Performance

Revenues for the year were £2,968,184 (2010: £3,509,421). Earnings before interest, tax, depreciation and amortisation (EBITDA) were £21,383 (2010: £52,530). Operating loss was £166,307 (2010: loss £59,724). Research and development tax credits of £22,434 (2010: £11,878) reduced the loss after tax attributable to equity shareholders to £142,066 (2010 loss £48,566).

The Group has remained operationally cash generative and ended 2011 with £738,150 cash in the bank (2010: £817,242).

During the year the Group suffered as a result of a number of our existing clients tightening their belt, reducing revenues year on year by some £540,000 compared to 2010. Most of these lost revenues were attributed to reduced marketing production, hardware installations and store development.

Commercial development

Despite being a victim of the current UK economy, as illustrated by the negative headlines dominating the newspapers and demonstrated by some of our clients reducing spend, we have identified a new pool of potential retail and hospitality brands that are proactively developing a need to invest in services that improve customer experience and staff communications. Consequently, we have spent considerable time repositioning our own product and service message with a new web presence and marketing strategy which we launched in the fourth quarter of the year.

This has resulted in higher visibility and helped to secure a new client, O2 Retail. Following a successful tender process, we were selected to provide our unique 'LIVE' and localised content solution to all O2 retail stores using our proprietary technology - 'Dreamstream'. The technology enables our clients to 'Storecast' live 'events' from flagship stores and other external locations to their retail estate. Together with these unique features 'Dreamstream" delivers music strategy, localised marketing and interactive staff communications.

We have also expanded our sales team and have since signed agreements to appoint strategic individuals and partners to develop new commercial opportunities in specific sectors including e.g. the health sector. We expect to continue to develop similar positions throughout 2012.

We have improved our installations and maintenance business by adding more specialist partnership teams creating more efficiency and an even higher level of expertise to the sales force across the UK and Ireland. This is already opening new sales opportunities with collaborative solutions.

As mentioned in my 2010 report we are continuing to research and develop relationships outside the UK and expect to finalise new business in another territory this year.

Technology

We continue to invest in our own propriety technologies designed to offer flexibility in the delivery of our content services, helping our clients to future-proof their own requirements and further benefit from ancillary features like localised marketing, data collection and reduced maintenance requirements. In addition, our IT infrastructure has been further strengthened to deliver a wide range of interactive connectivity solutions to our clients.

Outlook

There is no doubt that the last few years have been challenging for many businesses including Immedia. While we remain cautious about the economic climate for the forthcoming year, I remain confident that our services are more relevant than ever before in assisting our clients to improve their customer experience. I am also confident that our people and infrastructure are best placed to accelerate more new business.

We are passionate about quality and continue to drive exceptional solutions and good value to our clients. This extends to our shareholders, where I and the Immedia team remain absolutely committed to shareholder value moving forward.

Bruno Brookes

Chief Executive
9 May 2012

Directors

Geoff Howard-Spink, Chairman aged 67

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 53

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 58

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 49, 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.

Ross Penney, Business Affairs Director aged 48

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 57, 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

2011 was an important year in which we achieved improvements despite also suffering setbacks in performance during very difficult economic and trading conditions.

Recognising the need to raise its market profile the Group made a strategic investment of £150,000 in communications and marketing strategies to position the business for future growth. Our EBITDA before including the cost of this investment was c. £170,000 or 5.7% of turnover which represents an improvement in performance over the equivalent 1.5% achieved in 2010.

However, revenues fell by 15% in 2011 as the effect of reduced marketing expenditure by customers was fully felt. Although we exceeded our budgeted gross profit for the year, and reduced our cash overheads before communications investment by 10%, some areas of business were impaired - we record in 2011 the impairment of our video library assets which we seek to recover with new revenue sources in 2012.

The Group is focussed on winning new business in 2012.

Consolidated balance sheet and cash flows

In 2011 we established invoice financing arrangements with our bank to facilitate growth in our equipment installation work. Inventories and trade receivables reached seasonal peaks at the end of our financial year. We concluded arrangements for the settlement of historic licencing liabilities with music licencing authorities in March 2012 and the 2011 financial statements reflect the terms of this settlement.

The Group closed the year with cash balances of £738,150.

Charles Barker-Benfield
Finance Director

9 May 2012

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 2011.

Principal activities
The principal activity of the Company in the year under review was that of a holding company. The principal activity of its trading subsidiary Immedia Broadcast Limited was the provision of in store music and communications solutions as more fully described under Business Review below (also see notes 3(m) and 3(s)). Other subsidiary companies in the group remain dormant (see note 14).

Business Review

The following consolidated financial information is presented for the Company and its subsidiaries (together referred to as the "Group"). Revenue in 2011 was £2,968,184 *(2010: £3,509,421)*. Earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA) were £21,383 *(2010: £52,530)*. The operating loss was £166,307 *(2010: loss £59,724)* and the loss before taxation was £164,500 *(2010: loss £60,444)*. The loss for the year attributable to equity shareholders was £142,066 *(2010: loss £48,566)*. The basic and diluted loss per share were 1.04 pence *(2010: loss 0.35 pence)*. Further financial information is given in the Financial Review on page 8.

The Group provides in store music and communications solutions designed to drive experiential marketing strategies. Its mission is to help companies in retail, banking, leisure and hospitality to meet the expectations of customers by creating sensory content and marketing communications to drive product awareness and sales. The Group's services include 'The Sound of your Brand' music and tonality strategies, designed and delivered to amplify a brand's personality with interactive audio communications. Immedia also provides leading edge visual display technology and its systems enable the management of essential marketing communications to a localised level.

The markets targeted by the Group include those brands 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 objective 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 undertakes research and development through its own resources as well as in collaboration with technology suppliers, and protects its designs by patents and trademarks. Development projects include new methods for the integration and delivery of the Group's services to its clients.

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 2011 production performed 9.4% above budget, operations performed 4.6% above budget and overall the business performed 7.7% above budget (see also Financial review on page 8);
- Performance against budget by overall gross profit percentage where the business achieved 60.8% in 2011 against its budget of 53.8%;
- Cash overheads where in 2011 expenditure was 1.1% above budget (before inclusion of one off development costs for communications and marketing);
- Cash conversion (including R&D tax credits) where in 2011 the business converted the equivalent of 178% of its EBITDA to cash.

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

Risk

The Board is responsible for the identification and evaluation of key risks to the business. These risks are assessed continuously and include operational risks (business interruption, disruption to computer and other business systems, competition, regulation) and financial risks (capital, market, credit, liquidity). The Board seeks to minimise the effect of financial risk by management of the Group's financial resources.

Principal risks and uncertainties

The principal 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 4) would adversely impact performance and the board continues to pursue its strategy of diversification and growth to reduce this risk.

Other primary risks remain within the economic cycle (including the effect of prolonged reduction in consumer spending adversely impacting marketing expenditure amongst clients), competition (for new technologies and for market share) and regulation (including licencing costs and their effect on pricing). The Group offers material from artists not represented by PPL or the PRS/MCPS alliance for those customers unable to afford the cost of public performance licence fees across multiple site estates.

The economic risk continues to be balanced by the resilience of the Group's blue chip clients whilst 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 21.

Capital management

The Group's capital management objectives are to ensure its ability to continue as a going concern, to support opportunities for growth, to provide financial stability, and to provide adequate returns to shareholders. Capital comprises total equity and reserves.

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%, Dr. J Gayner 8.0%, Draganfly Investments Limited 7.6%, Mrs. A Clough 5.8%, Immedia Broadcasting Trustees Limited 5.7%, Mr. R Penney 3.0%.

Employee Benefit Trust

At 31 December 2011 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 *(2010: 832,374 shares)*. This holding represents 5.7% of the company's issued shares.

Market value of shares

The share price at 31 December 2011 was 6.5 pence and shares were traded between 6.0 pence and 10.75 pence during the year.

Staff development

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.

Charitable and political donations

The Group made charitable donations totalling £175 in 2011 *(2010: £700)*. No political donations were made.

Environment

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

Proposed dividend

The Directors do not recommend the payment of a dividend *(2010: £nil)*.

Directors

The directors who held office during the year were as follows:
G Howard-Spink
T Brookes
C Barker-Benfield
M Horrocks
R Penney
P Teague
S Loftus (resigned 11 November 2011)

The directors retiring by rotation are Bruno Brookes and Mark Horrocks 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.

No new options to subscribe for shares in the Company were granted to directors during the year and no options to subscribe for shares in the Company were exercised by directors or their immediate families during the financial year. According to the register of Directors' interests, options held are as shown in note 25 below.

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 UK Corporate Governance 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 (* to date of resignation) 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	2011 Total	2010 Total
	£	£	£	£	£	£	£
G Howard-Spink	35,000	-	-	35,000	3,767	38,767	38,749
T Brookes	165,000	-	11,783	176,783	22,601	199,384	176,000
C Barker-Benfield	93,500	-	2,467	95,967	11,693	107,660	98,686
M Horrocks	17,500	-	-	17,500	1,395	18,895	19,008
R Penney	83,000	-	8,158	91,158	11,157	102,315	94,002
P Teague	17,500	-	-	17,500	1,395	18,895	19,008
S Loftus *	70,928	-	9,097	80,025	9,244	89,269	60,722
	482,428	-	31,505	513,933	61,252	575,185	506,175

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.

Report of the Board of Directors on remuneration *(continued)*

In the second half of 2010 executive directors' salaries were temporarily reduced by an average of 17.1% which, with the addition of NIC, reduced the 2010 total of directors' remuneration by £42,800 compared to contracted rates. This temporary reduction ended on 31 December 2010 and in 2011 executive directors' salaries were paid at the same contracted levels extant during the first half of 2010. Other differences in 2011 include increased NIC rates and the inclusion of Mr Loftus for a longer period than in 2010.

New temporary reductions were introduced on 1 March 2012 for both executive and non-executive directors, equivalent to an overall reduction of 19.2% or £93,000 in annual board costs including NIC.

Corporate Governance Report

The Group is not required to comply with the UK Corporate Governance 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 UK Corporate Governance Code as described in this statement and the Report on Directors' Remuneration.

Board of Directors

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

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

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

Board Committees

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

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

Remuneration Committee
The Remuneration Committee, which comprises the three Non-Executive Directors, is chaired by 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.

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 2011 was 46 days *(2010: 43 days)* and an average of 43 days was outstanding at the year-end. Immedia Group Plc is a holding company and therefore has no trade suppliers.

Going concern

On the basis of current financial projections prepared up to the end of 2013, 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 2 to the financial statements and in the liquidity risk disclosures in note 21.

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

9 May 2012

The Old Brewery
The Broadway
Newbury
Berkshire
RG14 1AU

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 elected 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 judgements 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 2011 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 consolidated 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 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2011 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

9 May 2012

Consolidated statement of comprehensive income

for the year ended 31 December 2011

	Note	**2011**	2010
		£	£
Revenue	4	**2,968,184**	3,509,421
Cost of sales		**(1,163,891)**	(1,625,096)
Gross profit		**1,804,293**	1,884,325
Administrative expenses before depreciation, amortisation and impairment charges		**(1,782,910)**	(1,831,795)
Earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)		**21,383**	52,530
Depreciation, amortisation and impairment charges		**(187,690)**	(112,254)
Results from operating activities		**(166,307)**	(59,724)
Finance income	8	**1,807**	1,726
Finance cost	8	**-**	(2,446)
Net finance income/(cost)		**1,807**	(720)
Loss before income tax	5	**(164,500)**	(60,444)
Income tax income	9	**22,434**	11,878
Loss and total comprehensive income for the year attributable to equity shareholders of the parent		**(142,066)**	(48,566)
Continuing and total operations			
Loss per share – basic and diluted	10	**(1.04)p**	(0.35)p

Consolidated balance sheet

At 31 December 2011

	Note	2011 £	2010 £
Assets			
Property, plant and equipment	11	**205,112**	218,585
Intangible assets	12	**229,137**	304,925
Total non-current assets		**434,249**	523,510
Current assets			
Inventories	13	**146,117**	117,857
Trade and other receivables	15	**744,146**	319,177
Prepayments		**89,932**	122,461
Cash and cash equivalents	16	**738,150**	817,242
Total current assets		**1,718,345**	1,376,737
Total assets		**2,152,594**	1,900,247
Equity			
Share capital	17	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Merger reserve		**2,245,333**	2,245,333
Retained losses		**(6,804,794)**	(6,662,728)
Total equity		**482,764**	624,830
Liabilities			
Trade and other payables	20	**150,000**	-
Total non-current liabilities		**150,000**	-
Loans and borrowings	18	**-**	22,000
Trade and other payables	20	**1,126,779**	1,153,455
Deferred income	22	**393,051**	99,962
Total current liabilities		**1,519,830**	1,275,417
Total liabilities		**1,669,830**	1,275,417
Total equity and liabilities		**2,152,594**	1,900,247

These financial statements were approved by the Board of Directors on 9 May 2012 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

Company balance sheet

At 31 December 2011

	Note	**2011** **£**	2010 £
Assets			
Investments in subsidiaries	14	**761,700**	761,700
Total non-current assets		**761,700**	761,700
Current assets			
Prepayments		**1,502**	1,403
Total current assets		**1,502**	1,403
Non-current assets			
Trade and other receivables	15	**53,482**	52,882
Total non-current assets		**53,482**	52,882
Total assets		**816,684**	815,985
Equity			
Share capital	17	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Retained losses		**(4,504,113)**	(4,344,752)
Total equity		**538,112**	697,473
Liabilities			
Trade and other payables	20	**278,406**	116,012
Total non-current liabilities		**278,406**	116,012
Trade and other payables	20	**166**	2,500
Total current liabilities		**166**	2,500
Total liabilities		**278,572**	118,512
Total equity and liabilities		**816,684**	815,985

These financial statements were approved by the Board of Directors on 9 May 2012 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

Consolidated and company statements of changes in equity

Consolidated

Total equity as at 31 December 2011	Attributable to equity shareholders of the Company				
	Share capital £	Share premium account £	Merger reserve £	Profit & loss account £	Total equity £
Balance at 1 January 2011	1,455,684	3,586,541	2,245,333	(6,662,728)	624,830
Equity settled share based payments	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Loss and total comprehensive income for the year	-	-	-	(142,066)	(142,066)
Balance at 31 December 2011	**1,455,684**	**3,586,541**	**2,245,333**	**(6,804,794)**	**482,764**

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**

Company

Total equity as at 31 December 2011	Attributable to equity shareholders of the Company			
	Share capital £	Share premium account £	Profit & loss account £	Total equity £
Balance at 1 January 2011	1,455,684	3,586,541	(4,344,752)	697,473
Loss and total comprehensive income for the year	-	-	(159,361)	(159,361)
Balance at 31 December 2011	**1,455,684**	**3,586,541**	**(4,504,113)**	**538,112**

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**

Consolidated and company statements of cash flows

for the year ended 31 December 2011

	Note	Consolidated		Company	
		2011	2010	**2011**	2010
		£	£	**£**	£
Cash flows from operating activities					
Loss for the year before income tax		**(164,500)**	(60,444)	**(159,361)**	(127,130)
Adjustments for:					
Depreciation amortisation and impairment charges		**187,690**	112,254	**-**	-
Financial income		**(1,807)**	(1,726)	**(600)**	(600)
Financial expense		**-**	2,446	**-**	-
Profit on sale of property, plant and equipment		**(1,300)**	(376)	**-**	-
(Increase)/decrease in trade and other receivables		**(149,828)**	294,467	**(699)**	16,234
(Increase) in inventories		**(28,260)**	(38,179)	**-**	-
Increase/(decrease) in trade and other payables		**173,797**	(126,183)	**160,060**	110,896
Net cash from operating activities		**15,792**	182,259	**(600)**	(600)
Taxation					
Taxation		**22,436**	-	**-**	-
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**2,790**	985	**-**	-
Interest received		**1,807**	1,726	**600**	600
Acquisition of property, plant and equipment	11	**(96,122)**	(97,594)	**-**	-
Acquisition of intangible assets	12	**(3,795)**	(39,040)	**-**	-
Net cash from investing activities		**(95,320)**	(133,923)	**600**	600
Cash flows from financing activities					
Interest paid		**-**	(2,446)	**-**	-
Repayment of borrowings		**(22,000)**	(22,000)	**-**	-
Purchase of own shares for EBT		**-**	(23,360)	**-**	-
Net cash from financing activities		**(22,000)**	(47,806)	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(79,092)**	530	**-**	-
Cash and cash equivalents at 1 January		**817,242**	816,712	**-**	-
Cash and cash equivalents at 31 December	16	**738,150**	817,242	**-**	-

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 2011 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 £159,361 *(2010 loss: £127,130)*.

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 2010.

As highlighted in note 21 below, the group meets its day to day working capital requirements through the combined use of its cash balances 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.

The Directors have taken the settlement agreement made with a music licencing authority into account when reviewing forecasts of future cash flows of the Group. They have also considered the Group’s prospects for winning new business and reviewed a range of possible outcomes. On the basis of current financial projections prepared up to the end of 2013, 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 9 May 2012.

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 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 12 intangible assets (goodwill impairment tests);
- Note 15 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. 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.

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

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

Plant and machinery	-	3 years
Fixtures and fittings, 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) 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.

(d) Research and development expenditure (intangible assets)

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.

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

Content delivery	-	3 years
Video library	-	10 years

Content delivery includes certain development costs for equipment to deliver content to customers which has been recognised as intangible assets and is being amortised over 3 years as shown above.

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

Notes *(continued)*

3 Significant accounting policies *(continued)*

(e) Investments in subsidiaries

Investments in subsidiaries in the parent company accounts 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.

(g) Inventories

Inventories include audio, screen and content delivery equipment and 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.

(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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

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

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.

(m) Revenue

Revenue represents the amounts receivable by the Group for the provision of its services, excluding value added tax. In the **production** segment (see note 3(s) below), revenue from services is billed on time based subscriptions and recognised on the date of broadcast. In the **operations** segment (see note 3(s) below), revenue from equipment sales is recognised on the date of delivery and configuration whilst revenue from content delivery and equipment maintenance services is billed on time based subscriptions and recognised on completion.

(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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(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.

(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 19).

Notes *(continued)*

3 Significant accounting policies *(continued)*

(s) Segment reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main services and products provided by the Group. There are two operating segments: production and operations.

The revenue streams in the **production** segment comprise the content created for customers, including audio (live and recorded radio, music, advertising and branding) and visual (RadioVision, TextVision, music, advertising and branding).

The revenue streams in the **operations** segment comprise the supply and installation of equipment to deliver content to customers, the delivery of the content (including via satellite or broadband technologies), and the maintenance of the equipment.

The Group's segment reporting is based on internal management reporting information. 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.

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. All inter-segment transfers are carried out at arm's length prices.

(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 2015)
- IFRS 10, 11 & 12, IAS 27 & 28 Consolidations, Joint arrangements and Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- IFRS 1 Severe hyperinflation (effective 1 July 2011)
- IAS 19 Defined Benefit Plans (effective 1 January 2013)
- IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012).

4 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.

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 2011 £	**EEA 2011 £**	**Total 2011 £**	UK 2010 £	EEA 2010 £	Total 2010 £
Revenue	**2,959,888**	**8,296**	**2,968,184**	3,491,859	17,562	3,509,421

Notes *(continued)*

4 Segment reporting *(continued)*

Operating segment analysis	**Production 2011 £**	**Operations 2011 £**	**Total 2011 £**	Production 2010 £	Operations 2010 £	Total 2010 £
Revenue	**1,802,754**	**1,165,430**	**2,968,184**	2,202,282	1,307,139	3,509,421
Cost of sales	**(635,007)**	**(528,884)**	**(1,163,891)**	(865,191)	(759,905)	(1,625,096)
Gross profit	**1,167,747**	**636,546**	**1,804,293**	1,337,091	547,234	1,884,325
Administrative expenses before depreciation, amortisation and impairment charges			**(1,782,910)**			(1,831,795)
Earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)			**21,383**			52,530
Depreciation, amortisation and impairment charges			**(187,690)**			(112,254)
Results from operating activities			**(166,307)**			(59,724)
Finance income			**1,807**			1,726
Finance cost			**-**			(2,446)
Net finance income/(cost)			**1,807**			(720)
Loss before income tax			**(164,500)**			(60,444)
Income tax income			**22,434**			11,878
Loss and total comprehensive income for the year attributable to equity shareholders of the parent			**(142,066)**			(48,566)

There were four customers where revenue was greater than 10% of the total *(2010: five)*. Revenue from each of these customers is derived from both the production and operations segments.

Significant customer analysis	**Total revenue 2011 £**	**2011 %**	Total revenue 2010 £	2010 %
Customer 1	**867,593**	**29.2**	741,043	21.1
Customer 2	**496,790**	**16.7**	610,924	17.4
Customer 3	**391,705**	**13.2**	573,782	16.3
Customer 4	**370,029**	**12.5**	407,690	11.6
Customer 5	**n/a**	**n/a**	369,049	10.5

Analysis of revenue between goods and services	**2011 £**	2010 £
Goods	**647,142**	773,107
Services	**2,321,042**	2,736,314

Notes *(continued)*

5 Loss before income tax

	2011	2010
	£	£
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	**3,950**	9,350
- 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 property, plant and equipment and intangible assets		
- Owned	**187,690**	112,254
Profit on disposal of property, plant and equipment	**(1,300)**	(376)
Research and development costs	**69,510**	70,800
Hire of other assets – operating leases	**69,181**	86,267
Foreign exchange gains	**(376)**	(32)

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.

6 Remuneration of Directors

	2011	2010
	£	£
Directors' emoluments (including employer's national insurance of £61,252 in 2011 and £52,420 in 2010)	**575,185**	506,175
Contributions to defined contribution plans	**-**	-
	575,185	506,175

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £176,783 *(2010: £156,955)*.

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

	2011 Number of Directors	2010 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)*

7 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	
	2011	2010	**2011**	2010
Administration	**14**	17	**4**	4
Production and distribution	**7**	9	**-**	-
	21	26	**4**	4

The aggregate payroll costs of these persons were as follows:

	2011	2010	**2011**	2010
	£	£	**£**	£
Wages and salaries	**1,036,910**	1,192,396	**505,508**	447,350
Compulsory social security contributions	**115,998**	129,159	**61,253**	52,420
Contributions to defined contribution plans	**-**	-	**-**	-
	1,152,908	1,321,555	**566,761**	499,770

The Group made no pension contributions in the year *(2010: £nil).*

Key management of the Group and the parent company are considered to be only the Board of Directors. The remuneration of key management is therefore as set out above in note 6. 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.

8 Finance income and cost

	2011	2010
	£	£
Interest income on bank deposits	**1,775**	1,726
Interest expense on bank loan and invoice finance facility	**(2,267)**	(2,446)
Interest adjustment at end of term loan	**2,299**	-
Net finance income/(cost)	**1,807**	(720)

Notes *(continued)*

9 Income tax credit in the income statement

	2011	2010
	£	£
Current tax credit		
Current period	**-**	-
Adjustment in respect of prior periods	**(22,434)**	(11,878)
Total tax credit in consolidated income statement	**(22,434)**	(11,878)

Reconciliation of effective tax rate

The current tax charge for the period is based on an effective rate of 20% *(2010: 21%)* and is lower *(2010: lower)* than the standard rate of corporation tax in the UK for small companies (20%, *2010: 21%*). The differences are explained below:

	2011	2010
	£	£
Loss before tax	**(164,500)**	(60,444)
Current tax at 20% *(2010: 21%)*	**(32,900)**	(12,693)
Effects of:		
Expenses not deductible for tax purposes	**13,848**	619
Surrender of tax losses for R&D tax credit refund	**32,908**	-
Capital allowances (in excess of)/less than depreciation	**(28,371)**	839
Additional deduction for R&D expenditure	**(17,169)**	-
Unrelieved tax losses	**31,992**	11,235
Other short term timing differences	**(308)**	-
Adjustments to tax charge in respect of previous periods	**(22,434)**	(11,878)
Total tax credit	**(22,434)**	(11,878)

10 Loss per share

	2011 Number	2010 Number
Weighted average number of shares in issue	**14,556,844**	14,556,844
Less weighted average number of own shares	**(832,374)**	(681,153)
Weighted average number of shares in issue for basic loss per share	**13,724,470**	13,875,691

The basic and diluted loss per share are calculated using the after tax loss attributable to equity shareholders for the financial period of £142,066 *(2010: loss of £48,566).* The weighted number of shares used for the diluted loss 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.

Notes *(continued)*

11 Property, plant and equipment

	Plant and equipment £	Fixtures & fittings £	Motor Vehicles £	Network equipment £	Total £
Group					
Cost					
At 1 January 2011	**763,669**	**456,084**	**-**	**661,286**	**1,881,039**
Additions	**33,913**	**40,059**	**22,000**	**150**	**96,122**
Internal reclassifications	**304**	**(304)**	**-**	**-**	**-**
Disposals & retirements	**(2,827)**	**(6,420)**	**-**	**-**	**(9,247)**
At 31 December 2011	**795,059**	**489,419**	**22,000**	**661,436**	**1,967,914**
Depreciation and impairment losses					
At 1 January 2011	**706,411**	**297,625**	**-**	**658,418**	**1,662,454**
Charge for year	**27,660**	**74,321**	**4,854**	**1,272**	**108,107**
Internal reclassifications	**304**	**(304)**	**-**	**-**	**-**
On disposals & retirements	**(2,827)**	**(4,932)**	**-**	**-**	**(7,759)**
At 31 December 2011	**731,548**	**366,710**	**4,854**	**659,690**	**1,762,802**
Carrying amounts					
At 31 December 2011	**63,511**	**122,709**	**17,146**	**1,746**	**205,112**
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

Finance leases
There were no outstanding finance leases in respect of property, plant and equipment at 31 December 2011 *(2010: £nil).*

Notes *(continued)*

12 Intangible assets

	Customer relationships	Video library	Content delivery	Goodwill	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2011	**566,880**	**126,000**	**39,040**	**1,173,310**	**1,905,230**
Additions in year	**-**	**-**	**3,795**	**-**	**3,795**
At 31 December 2011	**566,880**	**126,000**	**42,835**	**1,173,310**	**1,909,025**
Amortisation and impairment losses					
At 1 January 2011	**566,880**	**59,425**	**-**	**974,000**	**1,600,305**
Charge for year	**-**	**12,600**	**13,008**	**-**	**25,608**
Impairment losses	**-**	**53,975**	**-**	**-**	**53,975**
At 31 December 2011	**566,880**	**126,000**	**13,008**	**974,000**	**1,679,888**
Carrying amounts					
At 31 December 2011	**-**	**-**	**29,827**	**199,310**	**229,137**
Cost					
At 1 January 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

Impairment review and movements in intangible assets and goodwill

During the second half of 2011 it became apparent that opportunities for generating future income from the Production segment's video library assets were diminishing and as a result an impairment review was completed. The carrying value of the video library assets was found to be impaired and an impairment loss of £53,975 was recognised.

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 2012.
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% *(2010: 17%)* applied to its cash flow projections (equivalent to a pre-tax rate of approximately 24% *(2010: 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%.
The annual impairment review of goodwill concluded that there is no impairment.

Notes *(continued)*

13 Inventories

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Work in progress	**45,076**	1,522	**-**	-
Finished goods	**101,041**	116,335	**-**	-
	146,117	117,857	**-**	-

Work in progress represents the cost of equipment installations in course of completion where the project has not yet been handed over to customers. The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £187,895 *(2010: £370,383)*. Impairment charges for obsolete and slow moving inventories totalled £23,249 *(2010: £309)* and the carrying value of inventories subjected to impairment charges and included in the above totals was £26,874 *(2010: £6,528)*.

14 Investments in subsidiaries

Subsidiary undertakings - Company

	2011	2010
	£	£
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 2011 and 31 December 2010 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 2011 and 31 December 2010, Immedia Broadcast Limited held 100% of the ordinary share capital of Immedia Broadcasting Trustees Limited (a trust holding company), Pay to Play Music Limited, Play 4 Pay Limited, Pay to Play Limited and Dreamstream Music Limited.

At 31 December 2011 and 31 December 2010, The Cube Group of Companies Limited held 100% of the ordinary share capital of Cube Music Limited.

Notes *(continued)*

15 Trade and other receivables

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Trade receivables	**706,742**	277,726	**-**	-
Amounts owed by subsidiary undertakings (note 24)	**-**	-	**53,482**	52,882
Other debtors	**37,404**	41,451	**-**	-
	744,146	319,177	**53,482**	52,882

At 31 December 2011 trade receivables are shown after a provision for impairment of £18,284 *(31 December 2010: £20,000)* arising from slow moving debts and disputed charges. During 2011 £1,716 of the 2010 provision for impairment was released.

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

	Company	
	2011	2010
	£	£
Amounts owed by subsidiary undertakings (note 24)	**53,482**	52,882

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

	Group	
	2011	2010
	£	£
Up to 3 months past due	**169,104**	110,195

16 Cash and cash equivalents

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank balances	**6,272**	11,947	**-**	-
Call deposits	**731,878**	805,295	**-**	-
Cash and cash equivalents	**738,150**	817,242	**-**	-

Notes *(continued)*

17 Share capital

The Group's objectives when managing its capital structure are:

- to provide adequate working capital to support growth;
- to protect against volatility in earnings and net asset values;
- to ensure the Group's ability to continue as a going concern;
- and over the longer term to provide adequate returns to equity shareholders.

The Group regularly reviews and manages its capital in order to maintain an optimal structure, taking account of its future capital requirements, projected profitability, operating cash flows, capital expenditure and projected strategic investment opportunities. The management regards capital as total equity and reserves.

Reconciliation of movement in capital

Share capital	**2011**	2010
	£	£
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.

18 Loans and borrowings

	Group		**Company**	
	2011	2010	**2011**	2010
	£	£	**£**	£
Current liabilities				
Current portion of unsecured bank loans	**-**	22,000	**-**	-

The bank loan was repaid in November 2011.

19 Deferred tax – Group

There were no recognised deferred tax liabilities *(2010: £nil)*.

The deferred tax asset arising in respect of temporary differences between capital allowances and depreciation of £86,000 *(2010: asset of £130,000)* has been added to *(2010: added to)* accumulated trading losses. The residual trading losses carried forward of £4,022,000 create a potential deferred tax asset of £804,000 *(2010: £926,000)* which has not been recognised due to the uncertainty of the recovery of the asset.

Notes *(continued)*

20 Trade and other payables

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Current				
Invoice financing facility (secured)	**242,612**	-	**-**	-
Other trade payables (i)	**254,022**	353,907	**-**	-
Other taxation and social security	**154,769**	107,785	**-**	-
Non-trade payables and accrued expenses (ii) (iii)	**475,376**	691,763	**166**	2,500
	1,126,779	1,153,455	**166**	2,500

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

(i) There were no foreign currency amounts included within Other trade payables *(2010: €1,067)*.

(ii) In 2011 and 2010 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) In March 2012 the Group concluded negotiations with certain music licensing authorities on the amount of a prior period liability which is included in non-trade payables and accrued expenses.

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Falling due after more than one year				
Amounts owed to subsidiary undertakings (note 24)	**-**	-	**278,406**	116,012
Non-trade payables and accrued expenses (iii)	**150,000**	-	**-**	-
	150,000	-	**278,406**	116,012

Notes *(continued)*

21 Financial instruments

Treasury

The Group's financial instruments through which it meets its day to day working capital requirements comprise cash and liquid resources, an invoice financing facility, and receivables and payables. The principal risk on the financial assets 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.

Borrowing facilities

The Group had borrowings of £242,612 at 31 December 2011 *(2010: £22,000)*. In 2011 these borrowings were under an invoice financing facility provided by HSBC Invoice Financing (UK) Limited, secured by floating charge on Immedia Broadcast Limited's assets. In 2010 the Group's borrowings comprised one covenant-free unsecured bank loan with an original repayment term of three years which was fully repaid in November 2011. There were no further committed borrowing facilities at 31 December 2011 under the invoice financing facility which provides a total of up to £250,000 *(2010: none).*

Interest rate risk

The Group finances part of its operations through a secured invoice financing facility where it has borrowed at floating rates of interest. At 31 December 2011 borrowings were charged interest at 2.56% above the HSBC Bank Plc base rate. The HSBC Bank base rate was 0.5% at 31 December 2011. The exposure to interest rates for the Group's borrowings is not considered material: an increase in interest rates of 100 basis points if applied throughout 2012 would reduce profits by £1,000 per £100,000 borrowed.

Liquidity risk

Short-term flexibility is normally achieved by the combined use of cash balances (primarily held on short term deposit) and the invoice financing facility. All financial liabilities are payable within one year except as shown in note 20. The directors consider that the Group's exposure to liquidity risk is minimal.

Foreign currency risk

The Group's foreign currency denominated transactions remain a low percentage of the total value of its transactions and are expected to remain so in 2012. In 2011, €9,000 of revenues were denominated in Euros *(2010: €18,000*) with Euro denominated costs totalling €21,000 *(2010: €19,000)*. In addition there were US $ denominated costs totalling US $1,500 in 2011 *(2010 none)*. 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 20, 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 £706,742 *(2010: £277,726)* 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)*

21 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		**Company Carrying amount**	
	2011	2010	**2011**	2010
	£	£	**£**	£
Financial assets: loans and receivables				
Cash and cash equivalents (note 16)	**738,150**	817,242	**-**	-
Trade receivables (note 15)	**706,742**	277,726	**-**	-
Total financial assets	**1,444,892**	1,094,968	**-**	-
Financial liabilities: measured at amortised cost				
Interest bearing loans and borrowings (notes 18 & 20)	**242,612**	22,000	**-**	-
Trade payables (note 20)	**254,022**	353,907		
Total financial liabilities	**496,634**	375,907	**-**	-

Notes *(continued)*

22 Deferred income

Group

	2011	2010
	£	£
Media services	**244,371**	99,962
Equipment sales	**148,680**	-
Total	**393,051**	99,962

Where media services and equipment sales have been billed in advance, income is deferred until it can be recognised in accordance with the revenue recognition policy as detailed in note 3 (m).

In 2011 the Group replaced its practise of issuing proforma invoices for media services in advance with issuing ordinary invoices in advance which resulted in higher values of deferred income as shown in the table above.

23 Commitments

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

	2011		2010	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Group				
Amount payable				
Not later than one year	**69,000**	**742**	69,000	-
Later than one year and not later than five years	**59,500**	**1,524**	128,500	-
	128,500	**2,266**	197,500	-

The land and buildings 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 2011 *(2010: £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.

Steve Loftus' wife supplied health and safety consultancy services totalling £1,500 to Immedia Broadcast Limited in 2011 *(2010: none)*.

The Ditty, a restaurant jointly controlled by Bruno Brookes, purchased equipment from Immedia Broadcast Limited in 2010 totalling £27. At 31 December 2011 and 2010 there was no indebtedness by The Ditty to Immedia Broadcast Limited.

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 2011 and 2010 there was no indebtedness by Immedia Broadcast Limited to Rodography.

Immedia Group Plc and its subsidiary companies:

During the year to 31 December 2011 Immedia Group Plc completed the following transactions with its subsidiary companies:

With Immedia Broadcast Limited:

- recharge of management charges totalling £441,576 *(2010: £410,664);*

With the Immedia Broadcasting Employee Benefit Trust:

- loan interest charge of £600 *(2010: £600).*

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

	2011	2010
	£	£
Amounts owed by subsidiary undertakings		
Immedia Broadcasting Employee Benefit Trust	**53,482**	52,882
Amounts owed to subsidiary undertakings		
Immedia Broadcast Limited	**278,406**	116,012

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	**2011** Number of shares	2010 Number of shares
Immedia EMI Share Option Scheme	(i)	29 Oct 2003	20.0 pence	**-**	15,000
Immedia EMI Share Option Scheme	(ii)	16 Oct 2009	10.67 pence	**-**	178,500
Immedia EMI Share Option Scheme	(iii)	28 Sep 2010	10.0 pence	**-**	60,000
Immedia EMI Share Option Scheme	(iv)	02 Nov 2010	10.0 pence	**153,000**	202,000
Immedia EMI Share Option Scheme	(v)	02 Nov 2010	10.0 pence	**16,665**	19,998
				169,665	475,498

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 2010	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
Cancelled	(178,500)	10.00
Forfeited	(127,333)	11.18
Outstanding at 31 December 2011	**169,665**	**10.00**
Of which		
Exercisable at 31 December 2011	16,665	10.00
Exercisable at 31 December 2010	94,998	11.58

No options were exercised in 2011 or in 2010.

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 (v) below.

(ii) 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 and were cancelled in 2011.

(iii) 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 was exercisable in tranches of not less than 20,000 shares. It lapsed following Mr Loftus' resignation from the board on 11 November 2011.

(iv) 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.

(v) 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 2011 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 *(2010: 832,374 shares).*

There was no IFRS 2 charge in 2011 as the amount was not material *(2010: £8,716 was released in respect of charges no longer required, net of charges for options issued in the year)*.

Notes *(continued)*

25 Employee benefits *(continued)*

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

At 31 December 2011 Directors' and other employees' share options were outstanding as follows:

	Number of shares during the year					Exercise price	Date from which exercisable	Expiry date
	At start of year	Granted	Exercised	Cancelled or forfeited	At end of year			
T Brookes	30,000	-	-	(30,000)	-	10.67p	See note (ii) above	See note (ii) above
T Brookes	30,000	-	-		30,000	10p	See note (iv) above	See note (iv) above
C Barker-Benfield	27,000	-	-	(27,000)	-	10.67p	See note (ii) above	See note (ii) above
C Barker-Benfield	28,500	-	-		28,500	10p	See note (iv) above	See note (iv) above
R Penney	27,000	-	-	(27,000)	-	10.67p	See note (ii) above	See note (ii) above
R Penney	27,000	-	-		27,000	10p	See note (iv) above	See note (iv) above
S Loftus	27,000	-	-	(27,000)	-	10.67p	See note (ii) above	See note (ii) above
S Loftus	60,000	-	-	(60,000)	-	10p	See note (iii) above	See note (iii) above
S Loftus	27,000	-	-	(27,000)	-	10p	See note (iv) above	See note (iv) above
Other employees	15,000	-	-	(15,000)	-	20p	12 Dec 2003	28 Oct 2013
Other employees	67,500			(67,500)	-	10.67p	See note (ii) above	See note (ii) above
Other employees	89,500	-	-	(22,000)	67,500	10p	See note (iv) above	See note (iv) above
Other employees	19,998	-	-	(3,333)	16,665	10p	See note (v) above	See note (v) above
Totals	475,498	-	-	(305,833)	169,665			

The weighted average remaining contractual life of the share options in issue at 31 December 2011 was 4.01 years.

Notes *(continued)*

25 Employee benefits *(continued)*

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 *(2010: £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 *(2010: £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 2011 will be held at the Company's Newbury offices, The Old Brewery, The Broadway, Newbury, Berkshire RG14 1AU at 10 am on 21 June 2012 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 2011 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 2011.
3 To re-elect Bruno Brookes as a director of the Company, who retires by rotation.
4 To re-elect Mark Horrocks 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 2013 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 £291,136;
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
9 May 2012

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 19 June 2012 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 19 June 2012 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.